

HERO MOTORS LIMITED

Board's Report

To the Members,

The Board of Directors of your Company has the pleasure in presenting the 23rd Annual Report of the Company on the business and operations together with the Audited Financial Statements for the year ended on March 31, 2022.

1. FINANCIAL RESULTS:-

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

(Rs. in lakhs)

Particulars	Financial Year (2021-22)	Financial Year (2020-21)
Income from operations	90397.88	70595.69
Other income	636.68	96.97
Profit / (Loss) before Finance costs and Depreciation	16618.28	7685.84
Finance costs	1432.76	1092.59
Depreciation and amortisation expense	1590.26	1574.82
Profit / (Loss) before tax	13595.26	5018.43
Provision for current taxes	2688.43	1040.00
Deferred Tax (Credit) / Charge	1119.56	-
Profit / (loss) after tax	9787.27	3978.43
Other Comprehensive Income / (Loss)	25.32	(14.66)

2. DIVIDEND

Due to inadequate profits and future requirements for working capital, the Board of Directors of your Company has not recommended any dividend for the financial year ended March 31, 2022.

3. RESERVES

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

4. STATE OF COMPANY'S AFFAIRS

On standalone basis, the company achieved Revenue of Rs 91,034.56 lakhs for the FY 2021-22 as compared to Rs 70,692.66 lakhs in FY 2020-21, an increase of 28.8%. The profit before tax (PBT) from continuing operations stood at Rs. 13595.26 lakhs as against Rs 5,018.43 lakhs. Similarly, the profit after tax (PAT) was recorded at Rs 9787.27 as against Rs 3978.43 lakhs in last year.

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

The Company had issued 20,971,941 (Twenty Million Nine Hundred Seventy One Thousand Nine Hundred and Forty One) Compulsorily Convertible Preference Shares ("CCPS") of the Company

Hero Motors Limited



Director

Hero Motors Limited



Director

having a face value of INR 10/- (Ten) each at an issue price of INR 69.14 (Sixty-Nine point Four One) including premium of INR 59.14 (Fifty-Nine point One Four) per share to the Investors. The securities were issued under private placement in compliance of section 23, 42, 55 and 62 (1)(c) of The Companies Act, 2013 ("Act") read with The Companies (Prospectus and allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014.

The capital so raised shall be utilized for the purpose of funding the expansion plan of the Company, meeting the working capital requirements of the Company and for other general corporate purposes.

6. SHARE CAPITAL

There has been no change in the capital structure of the Company during the year under review.

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

During the year under review, pursuant to the provisions of section 230-232 and other applicable provisions of the Act read with The Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and other applicable provisions of law for the time being in force and pursuant to the approval of the Audit Committee at its meeting held on August 06, 2021 and the Board of Directors at its meeting held on September 06, 2021, the Company has filed a Scheme of Arrangement ("Scheme") between Hero Cycles Limited ("HCL") and Hero Motors Limited ("HML") and their respective shareholders and creditors with the Hon'ble National Company Law Tribunal, ("NCLT") Chandigarh Bench. In this Scheme, the auto components division of HCL will be demerged into and be part of the business and operations of HML with the appointed date as on April 01, 2021. The auto component division comprises of the following:

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

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

The Hon'ble NCL has approved the said Scheme vide its final order dated November 04, 2022. The Company has filed the copy of the formal order (in Form No. CAA7 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016), with the Registrar of Companies on November 30,

Hero Motors Limited



Director

Hero Motors Limited



Director

2022 making the Scheme effective. On and from the effective date i.e. November 30, 2022, the auto business has been transferred from HCL to the Company.

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

8. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has adequate internal control procedures and systems commensurate with the size of the Company. These systems and procedures have been designed to provide reasonable assurance with regard to maintaining proper accounting controls, monitoring economy and efficiency of operations, protecting assets from unauthorized use and losses and ensuring reliability of financial and operational system.

9. WEB ADDRESS FOR ANNUAL RETURN

The Annual Return for the financial year 2021-22 will be made available on the website of the Company at www.heromotors.com.

10. DETAILS OF SUBSIDIARY(IES), JOINT VENTURES & ASSOCIATE COMPANIES

During the financial year 2021-22, the Company has formed the following subsidiaries:

(i) **HYM Drive Systems Private Limited** ("HYM Drive"), a joint venture entity between the Company and Yamaha Motor Co. Ltd. was formed on February 18, 2022. The purpose of the joint venture is to manufacture hub-motors for e-bike.

(ii) **Hero Motors Thai Ltd.** ("HMT") was formed as a subsidiary of Hero Cycles Limited on July 07, 2021. The shares in HMT were held in the name of Hero Motors (a division of Hero Cycles Limited). Pursuant to the final order of Hon'ble NCLT on approval of the Scheme, HMT has become part of the auto component business and is a subsidiary of the Company with effect from November 30, 2022. HMT reported NIL revenue from operations and a net loss (after tax) of Rs. 2.46 millions for the period July 07, 2021 till March 31, 2022.

HYM Drive, the joint venture of the Company was incorporated on February 18, 2022, its first Financial Year shall commence on February 18, 2022 till March 31, 2023 and second and subsequent financial year for the period of 12 months commencing from 1st Day of April every year and ending on 31st March of the subsequent year, both days inclusive. Thus, the financial statements of HYM Drive are not required to be prepared for the FY 2021-22.

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

11. DEPOSITS

The Company has neither accepted nor renewed any deposits during the year under review within the purview of Section 73 of the Act read with The Companies (Acceptance of Deposits) Rules, 2014.

Hero Motors Limited



Director

Hero Motors Limited



Director

There are unpaid deposits lying with the Company as March 31, 2022 for an amount of Rs. 385.30 lakhs.

12. AUDITORS:

Statutory Auditors and Audit Report

M/s. S.R. Dinodia & Co. LLP, Chartered Accountants (FRN: 001478N/500005), were appointed as Statutory Auditors of the Company at the Annual General Meeting ("AGM") held on September 06, 2021, for a term of 5 (five) consecutive years. Accordingly, M/s. S.R. Dinodia & Co. LLP, Chartered Accountants, will hold office till the conclusion of the AGM to be held in the year 2026.

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

The auditor's report submitted by M/s. S.R. Dinodia & Co. LLP, Chartered Accountants, on the financial statements of the Company for the year ended March 31, 2022 forms part of the Annual Report. There has been no qualification, reservation or adverse remark or disclaimer in their report.

Secretarial Auditor

The Board has appointed M/s Ankit Singhal & Associates, Company Secretaries in Practice (CP No. 21720) as the Secretarial Auditor. The secretarial audit report submitted by the Secretarial Auditor for the financial year 2021-22 is annexed as **Annexure-B** and forms an integral part of this report.

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

Cost Auditor

The Board of Directors at its meeting held on December 01, 2022 has approved the appointment of M/s Ramanath Iyer & Co., Cost Accountants (Registration No. 000019) as the Cost Auditors of the Company to conduct audit of cost records made and maintained at its Ghaziabad Plant for financial year 2021-22, subject to ratification of the remuneration by the shareholders in General Meeting.

13. DISCLOSURE ON REQUIREMENT AND MAINTAINENCE OF COST RECORDS

Pursuant to the provisions of section 148 of the Act, read with The Companies (Audit and Auditors) Rules, 2014 made thereunder and as amended from time to time and line with the completion of demerger between HCL and HML, the auto component business at Ghaziabad plant has been transferred to the Company, thus your Company is required to maintain cost records. Due to delay in demerger order from the Hon'ble NCLT, the Company had applied for extension of the Annual General Meeting of the Company for three months i.e. till December 31, 2022. The financial statements of the Company have been adopted at the Annual General Meeting held on December 30, 2022. Accordingly, the cost audit shall be completed and the report will be filed by the Company.

Hero Motors Limited


Director

Hero Motors Limited


Director

14. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

One of the several commitments that continued to remain in force throughout the financial year was developing business along with improvement in environmental performance to maintain a reliable and sustainable future. During the course of the year, the manufacturing units of the Company have continued their efforts to reduce energy consumption in all areas of its operations. These manufacturing units are constantly encouraged to improve operational activities and maximizing production volumes and minimizing consumption of natural resources. Systems and processes have been put in place for utilization of alternate sources of energy and monitoring of energy consumption for all the units. Disclosure of information regarding Conservation of Energy, Research & Development and Technology Absorption under Section 134(3)(m) of the Act read with the Companies (Accounts) Rules, 2014, is given below:

A) Conservation of energy-

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

Ghaziabad Plant:

- (i) the steps taken or impact on conservation of energy –
 - The DG sets of 1250 KVA, 1000 KVA and 1000 KVA are running on dual fuel i.e. 50% on diesel and 50% on PNG. This has saved running costs.
 - Replaced the 500 CFM compressed Air compressor from existing screw type compressor with VFD. The running cost of screw compressor by saving electricity for running motor power by 15KW.
 - The push pull fitting has been replaced with nozzle type fitting to avoid air leakage.
 - The Company has rationalized the use of DG Set and structured the working hours of its production facilities in such a manner where dependence on DG Set has been reduced.
 - In its offices lighting system has been efficiently used and overall use of electricity has been minimized.
- (ii) the steps taken by the Company for utilizing alternate sources of energy;
 - The Company has invested in a solar power project to save electricity
- (iii) the capital investment on energy conservation equipment's;
 - Investment of Rs. 15.00 millions in solar power project. The benefits will be availed from FY 2023-24 onwards.

B) Technology absorption-

- (i) the efforts made towards technology absorption- the company has contributed significantly to development of:
 - New variants of Transmission systems for e-cycles.
 - Light weight Metallic frames and components for high end vehicles.
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution; in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-

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Director

Hero Motors Limited



Director

- Newer variants of transmission system are economical while keeping high end specs. The company has also localized product components erstwhile imported from other countries.
 - Light weighted frames and components improve the fuel / effort efficiency of the vehicles and hence are a significant improvement.
- (iii) the expenditure incurred on Research and Development.
- The Company proposes to spend an amount of Rs. 30.00 millions on development of e-transmission systems.

15. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

- i) Foreign Exchange earnings: Rs. 2723.39 millions
- ii) Foreign Exchange outgo: Rs. 19.72 millions

16. DIRECTORS & KEY MANAGERIAL PERSONNEL

As on March 31, 2022, the Board of Directors comprises of 5 (five) Directors including 3 (three), Non-Executive, Non-Independent Directors and 2 (two) Non-Executive, Independent Directors. The composition of the Board is in conformity with Section 149 of the Act read with Rule 4 of The Companies (Appointment and Qualifications of Directors) Rules, 2014.

Resignation

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

Mr. Rohit Maheshwari resigned from the position of Chief Financial Officer with effect from March 31, 2022.

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

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

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

Appointment

Ms. Pratibha Goyal (DIN: 07174666) was appointed an Additional Independent Director with effect from May 26, 2021. Her appointment was regularized as an Independent Director with effect from September 06, 2021.

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

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Director

Hero Motors Limited



Director

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

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

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

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

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

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

Retirement by rotation

In terms of Section 152 of the Act, Mr. Amit Gupta (DIN: 02990732) liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offered himself for re-appointment. The Board recommends his re-appointment.

Independent Directors' Declarations

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

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

As on March 31, 2022, the Company has 2 (two) Independent Directors namely Mr. Pawan Puri and Ms. Pratibha Goyal. All the independent directors are able to read and understand the financial statements and have successfully registered themselves with the Data Bank of Independent Directors as maintained by The Indian Institute of Corporate Affairs. In the opinion of the Board, all are proficient enough and understand business, finance, commercial and corporate governance matters of the Company. Pursuant to the proviso to Rule 6(4) of The Companies (Appointment and Qualifications of Directors) Rules, 2014, none of the independent director is required to pass online proficiency self-assessment test.

Hero Motors Limited



Director

Hero Motors Limited



Director

Board Evaluation:

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

17. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

During the year under review, 5 (five) meetings of Board of Directors were duly convened and held on 26.05.2021, 06.08.2021, 06.09.2021, 10.12.2021 and 21.03.2022. The intervening gap between the meetings was within the period prescribed under the Act and the Ministry of Corporate Affairs circular no. 11/2020 dated March 24, 2020.

18. NOMINATION AND REMUNERATION POLICY

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

19. VIGIL MECHANISM

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

20. AUDIT COMMITTEE

The Audit Committee comprises of 3 (three) members, namely Ms. Pratibha Goyal (Chairperson-Non-Executive, Independent Director), Mr. Pawan Puri (Member-Non-Executive, Independent Director) and Mr. Pankaj Munjal (Member-Non-Executive, Non-Independent Director). The Board of Directors at its meeting held on January 20, 2023 has reconstituted the Audit Committee with the following members:

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

Hero Motors Limited



Director

Hero Motors Limited



Director

21. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprises of 3 (three) members, namely Ms. Pratibha Goyal (Member-Non-Executive, Independent Director), Mr. Pawan Puri (Member-Non-Executive, Independent Director) and Ms. Charu Munjal (Member-Non-Executive, Non-Independent Director). The Board of Directors at its meeting held on January 20, 2023 has reconstituted the Nomination and Remuneration Committee with the following members:

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

22. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee comprises of 3 (three) members, namely Ms. Pratibha Goyal (Member-Non-Executive, Independent Director), Mr. Pawan Puri (Member-Non-Executive, Independent Director) and Ms. Charu Munjal (Member-Non-Executive, Non-Independent Director).

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

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

The details of outstanding investments and loans as on March 31, 2022 are mentioned in note no. 7A & 8 respectively, forming part of the financial statements for the financial year 2021-22.

24. PARTICULARS OF CONTRACTS & ARRANGEMENTS WITH RELATED PARTIES

During the year under review, all the contracts/arrangements/transactions entered with the related parties by the Company during the financial year were in the ordinary course of business and at arm's length basis and the provisions of Section 188 of the Act and rules made thereunder are not applicable. Thus, the disclosure under Form AOC-2 as per section 134 of the Act is not required.

25. CORPORATE SOCIAL RESPONSIBILITY

During the year under review, the Company was not required to spend any amount on CSR and the provisions of section 135 of the Act is not applicable.

26. BUSINESS RISK MANAGEMENT

The Company has a well-defined risk management framework in place. The risk management framework works at various levels across the enterprise. These levels form the strategic defense cover of the Company's risk management. The Company has a robust Organizational structure for managing and reporting on risks. Your Board has taken various steps and introduced various safeguards to mitigate the risks. However, the Board does not see any risk affecting the existence of the Company.

Hero Motors Limited



Director

Hero Motors Limited



Director

27. DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 134(3)(c) of the, 2013, and based on the representations received from the management, the Directors hereby confirm that:

(a) in the preparation of the annual accounts for the financial year ended March 31, 2022, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

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

(d) the Directors had prepared the annual accounts for the financial year ended March 31, 2022 on a going concern basis;

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

28. MANAGERIAL REMUNERATION

During the year under review, the Company has not paid any managerial remuneration.

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

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

30. PARTICULARS OF EMPLOYEES

During the year under review, there was no employee drawing remuneration of Rs. 1,02,00,000/- (Rupees One Crore Two Lakhs Only) or more per annum, if employed for whole of the financial year or Rs. 8,50,000 (Rupees Eight Lacs Fifty Thousand) or more per month, if employed for a part of the year.

Hero Motors Limited



Director

Hero Motors Limited



Director

Pursuant to Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the details of top ten employees in terms of remuneration drawn is annexed as “Annexure C”.

31. COMPLIANCE OF APPLICABLE SECRETARIAL STANDARDS

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

32. STATUTORY DISCLOSURES

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

33. ACKNOWLEDGEMENT

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

For and on behalf of Board of Directors
Hero Motors Limited

Place: Uttar Pradesh
Date: 19.12.2022

Hero Motors Limited



Director

Amit Gupta
Managing Director
DIN: 02990732

Hero Motors Limited



Director

Abhishek Munjal
Whole-time Director
DIN: 05355274

ANNEXURE "A" TO BOARD'S REPORT

Form AOC-1

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

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

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


Sl. No.	Particulars	Details
1.	Name of the subsidiary	HYM Drive Systems Private Limited
2.	The date since when subsidiary was acquired	18.02.2022
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A.
5.	Share capital	220,000,000
6.	Reserves & surplus	/-
7.	Total assets	-
8.	Total Liabilities	-
9.	Investments	-
10.	Turnover	-
11.	Profit / (Loss) before taxation	-
12.	Provision for taxation	-
13.	Profit (Loss) after taxation	-
14.	Proposed Dividend	-
15.	Extent of shareholding (in percentage)	90%

Hero Motors Limited



Director

Hero Motors Limited



Director

HYM Drive, the subsidiary of the Company was incorporated on February 18, 2022, its first Financial Year shall commence on February 18, 2022 till March 31, 2023 and second and subsequent financial year for the period of 12 months commencing from 1st Day of April every year and ending on 31st March of the subsequent year, both days inclusive. Thus, the financial statements of HYM Drive are not required to be prepared for the FY 2021-22 and the aforesaid details are not available.

Sl. No.	Particulars	Details
1.	Name of the subsidiary	Hero Motors Thai Ltd.
2.	The date since when subsidiary was acquired	07.07.2021
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A.
5.	Share capital	THB 16,500,000
6.	Reserves & surplus	
7.	Total assets	
8.	Total Liabilities	
9.	Investments	
10.	Turnover	
11.	Profit / (Loss) before taxation	
12.	Provision for taxation	
13.	Profit (Loss) after taxation	
14.	Proposed Dividend	
15.	Extent of shareholding (in percentage)	100%

Place: Uttar Pradesh
Date: 19.12.2022

Hero Motors Limited



Director

Amit Gupta
Managing Director
DIN: 02990732

For and on behalf of Board of Directors
Hero Motors Limited

Hero Motors Limited

Abhishek Munjal
Whole-time Director
DIN: 05355274

ANKIT SINGHAL & ASSOCIATES

Company Secretaries

Office:- K.D. 55, Kavinagar, Ghaziabad, Uttar Pradesh-201002

Form No.MR - 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

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

The Members,
Hero Motors Limited,
Hero Nagar, G.T. Road,
Ludhiana, Punjab-141003
CIN: U29299PB1998PLC039602

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to me and the representations made by the Management, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2022 according to the provisions of:

- (i) The Companies Act, 2013 ("the Act") and the rules made thereunder, as applicable;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder- Not Applicable being an unlisted company;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings:- Not Applicable during the year under review;
- (v) Being an unlisted company none of the following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were applicable during the year under review;

a. Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

Singhal

ANKIT SINGHAL & ASSOCIATES

Company Secretaries

Office:- K.D. 55, Kavinagar, Ghaziabad, Uttar Pradesh-201002

- c. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- d. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- e. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- f. Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g. Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and
- h. Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) Being an unlisted Company the Company has not entered into any Listing Agreement with any Stock Exchange.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above except to the extent as mentioned below:

I further report that:

- a) The Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors and Independent Directors. However, the Company has appointed one Woman Independent Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act;
- b) Adequate notice(s) were given to all directors regarding holdings of Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance to all Directors and wherever short notice of the meeting was given, compliance of relevant provisions of the Act read with secretarial standard on Board Meeting as issued by The Institute of Company Secretaries of India with respect to attendance of Independent Directors in the meeting was adhered. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting;
- c) Decisions at the Board Meetings were carried through with requisite majority & recorded as part of the minutes of the meetings. (No dissent was there).

I am of the opinion that the management has adequate systems and processes commensurate with its size and operations, to monitor and ensure compliance with the specifically applicable laws, rules and regulations and guidelines.

I further report that during the audit period the Company had following events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

Ankit Singhal



ANKIT SINGHAL & ASSOCIATES

Company Secretaries

Office:- K.D. 55, Kavinagar, Ghaziabad, Uttar Pradesh-201002

1. During the year under review, pursuant to the provisions of section 230-232 and other applicable provisions of the Act read with The Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and other applicable provisions of law for the time being in force and pursuant to the approval of the Audit Committee at its meeting held on August 06, 2021 and the Board of Directors at its meeting held on September 06, 2021, the Company had filed a Scheme of Arrangement ("Scheme") between Hero Cycles Limited ("HCL") and Hero Motors Limited ("HML") and their respective shareholders and creditors with the Hon'ble National Company Law Tribunal, ("NCLT") Chandigarh Bench. In this Scheme, the auto components division of HCL will be demerged into and be part of the business and operations of HML with the appointed date as on April 01, 2021. The Hon'ble NCL has approved the said Scheme vide its final order dated November 04, 2022. The Company has filed the copy of the formal order (in Form No. CAA7 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016), with the Registrar of Companies on November 30, 2022 making the Scheme effective. On and from the effective date i.e. November 30, 2022, the auto business has been transferred from HCL to the Company.
2. M/s. S.R. Dinodia & Co. LLP, Chartered Accountants (FRN: 001478N/500005), were appointed as Statutory Auditors of the Company at the Annual General Meeting ("AGM") held on September 06, 2021, for a term of 5 (five) consecutive years. Accordingly, M/s. M/s. S.R. Dinodia & Co. LLP, Chartered Accountants, will hold office till the conclusion of the AGM to be held in the year 2026.
3. Ms. Pratibha Goyal (DIN: 07174666) was appointed an Additional Independent Director with effect from May 26, 2021. Her appointment was regularized as an Independent Director with effect from September 06, 2021.
4. Mr. Rohit Maheshwari resigned from the position of Chief Financial Officer with effect from March 31, 2022.

For Ankit Singhal & Associates
Practicing Company Secretary



Ankit Singhal

CS Ankit Singhal
(Proprietor)
Membership No. 41744
COP: 21720
UDIN: A041744D003074906

Place: New Delhi
Dated: 30.01.2023

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

ANKIT SINGHAL & ASSOCIATES

Company Secretaries

Office:- K.D. 55, Kavinagar, Ghaziabad, Uttar Pradesh-201002

ANNEXURE TO THE SECRETARIAL AUDIT REPORT

The Members,
Hero Motors Limited,
Hero Nagar, G.T. Road,
Ludhiana, Punjab-141003
CIN: U29299PB1998PLC039602

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

Management's Responsibility

1. It is the responsibility of the management of the Company to maintain secretarial records, device proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

2. My responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. I believe that audit evidence and information obtained from the Company's management is adequate and appropriate for me to provide a basis for my opinion.
4. Wherever required, I have obtained the management's representation about the compliance of laws, rules and regulations and happening of events, etc.

Disclaimer

5. The Secretarial Audit is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
6. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

For Ankit Singhal & Associates
Practicing Company Secretary



Singhal

CS Ankit Singhal
(Proprietor)
Membership No.41744
COP:21720

UDIN:A041744D003074906

Place: New Delhi
Dated: 30.01.2023

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

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

S. No.	Name of Employee	Designation	Remuneration drawn (per annum)	Nature of employment (contractual or otherwise)	Qualification	Experience (in Yrs)	Date of Commencement of employment (Company Date of Joining)	Age (In years)	% of equity held by the employee	Relative of any Director or Manager	Last employed
1.	Ms. Purna Joshi	Company Secretary	2.42	Permanent	Company Secretary	5	April 10, 2020	32	NIL	NA	NA

B) Employees drawing salary of Rs. 1.02 crores or above per annum and posted in India (employed throughout the financial year): Not applicable

C) Employees drawing salary of Rs. 8.50 lakhs or above per month and posted in India (employed for part of the financial year): Not applicable

For and on behalf of Board of Directors
Hero Motors Limited

Place: Uttar Pradesh
Date: 19.12.2022

Hero Motors Limited

Hero Motors Limited

Director

Amit Gupta
Managing Director
DIN: 02990732

Director

Abhishek Munjal
Whole-time Director
DIN: 05355274

S.R. DINODIA & Co. LLP

CHARTERED ACCOUNTANTS

K-39 Connaught Place, New Delhi-110001 INDIA
Ph. : +91-(0)11-4370 3300 Fax : +91-(0)11-4151 3666

Independent Auditor's Report

To,

Hero Motors Limited
Hero Nagar, G.T Road
Ludhiana, Punjab-141003

We have audited the accompanying financial statements of Hero Motors Limited (herein after referred to as "the Company") which comprise the balance sheet as at March 31, 2022, the statement of profit and loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements"). The financial statements have been prepared by the Company to comply with the provision of Section - 139(1) Income Tax Act, 1961 in accordance with Companies Act 2013 and Indian Accounting Standards issued by the Institute of Chartered Accountant of India (ICAI).

Responsibilities of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India (ICAI). Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Company, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of Hero Motors Limited for the year ended March 31, 2022 are prepared, in all material respects, in accordance with Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and accounting principles generally accepted in India.



Other Matters

The Financial Statements of the Company for the year ended March 31, 2021 have been audited by the predecessor auditor who have expressed an unmodified opinion dated August 06, 2021 on such financial statements.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of preparation and presentation. The financial statements are prepared to assist the Company to comply with the financial reporting requirement as referred to above. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Entity and the Bank and should not be distributed to or used by other parties.

For S.R. Dinodia & Co. LLP.

Chartered Accountants,

Firm Registration Number 001478N/N500005



(Sandeep Dinodia)

Partner

Membership Number 083689

UDIN : 22083689BALIVY4299



Place of Signature: New Delhi

Date: 19.10.2022

Hero Motors Limited
Balance Sheet as at March 31, 2022

(All amounts in ₹ thousands, unless otherwise stated)

Particulars	Note No.	As March 31, 2022	At March 31, 2021
Assets			
I. Non-Current Assets			
(a) Property, Plant and Equipment	4	6.86	279,236.33
(b) Right-of-use assets		-	-
(c) Other Intangible Assets		-	-
(e) Financial Assets			
(i) Investments	5	-	-
(ii) Other Financial Assets	6	49,955.88	-
(f) Other Non Current Assets	7	-	-
(g) Non-current tax assets(net)	8	32,085.57	625.92
(h) Deferred Tax assets		-	-
Total Non-Current Assets		82,048.31	279,862.26
Current Assets			
(a) Inventories		-	-
(b) Financial Assets			
(i) Current Investment	5	244,652.28	-
(ii) Trade Receivables		-	-
(iii) Cash and Cash Equivalents	9	472,313.25	2,762.08
(iv) Bank Balances other than Cash and Cash Ec	10	-	-
(v) Other Financial Assets	6	50,312.59	-
(c) Other Current Assets	7	33.32	337.05
Total Current Assets		767,311.44	3,099.13
Total Assets		849,359.75	282,961.39
II. Equity And Liabilities			
Equity			
(a) Equity Share Capital	10	345,971.33	345,971.33
(b) Other Equity	11	486,291.26	(79,546.80)
Total Equity		832,262.59	266,424.53
Liabilities			
Non- Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings		-	-
(ia) Lease Liabilities		-	-
(ii) Other Financial Liabilities		-	-
(b) Provisions		-	-
(c) Deferred Tax Liabilities (Net)		-	-
Total Non- Current Liabilities		-	-
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings		-	-
(ia) Lease Liabilities		-	-
(ii) Trade Payables	12	-	-
a) Total Outstanding Dues to Micro and Small		-	-
b) Total Outstanding Dues to Parties Other than Micro and Small Enterprises		17,015.46	16,196.48



Hero Motors Limited**Balance Sheet as at March 31, 2022**

(All amounts in ₹ thousands, unless otherwise stated)

Particulars	Note No.	As March 31, 2022	At March 31, 2021
(iii) Other Financial Liabilities		-	-
(b) Other Current Liabilities	13	81.70	340.38
(c) Provisions		-	-
Total Current Liabilities		17,097.16	16,536.86
Total Equity and Liabilities		849,359.75	282,961.39
Summary of Significant Accounting Policies	3		


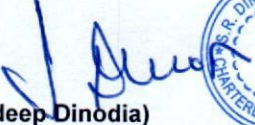
The accompanying notes are integral part of the financial statements.

As per our Report of even date attached

For S.R Dinodia & Co. LLP

Chartered Accountants

Firm's Registration Number 001478N/N500005



(Sandeep Dinodia)
Partner

Membership Number :- 083689

For and on behalf of the board of directors of**Hero Motors Limited**

(Abhishek Munjal)

Director

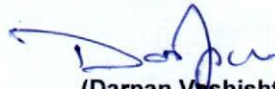
DIN:05355274



(Amit Gupta)

Managing Director

DIN:02990732



(Darpan Vashishtha)

CFO

Pan No.:- ACGPV3123M



(Sheeba Dhamija)

Company Secretary

M.No.:- 29705

Place of Signature:

Date: 19 OCT 2022

Hero Motors Limited

Statement of Profit and Loss for the Year Ended March 31, 2022

(All amounts in ₹ thousands, unless otherwise stated)

Particulars	Note No.	For the year ended March 31, 2022	For the year ended March 31, 2021
I Revenue from Operations		-	-
II Other Income	14	9,615.88	1,051.37
III Total Income (I+II)		<u>9,615.88</u>	<u>1,051.37</u>
IV Expenses			
(a) Purchases of Stock-in-Trade		-	-
(b) Changes in Inventories of Finished Goods, Work in Progress and Stock		-	-
(c) Employee benefits expense	15	242.41	218.19
(d) Finance costs	16	-	3,988.05
(e) Depreciation and amortization expense	17	702.49	4,612.47
(f) Other expenses	18	5,515.31	46,979.91
Total expenses		<u>6,460.21</u>	<u>55,798.62</u>
V Profit/ (loss) before exceptional items and tax (III-IV)		<u>3,155.67</u>	<u>(54,747.25)</u>
VI Exceptional Items	19	657,404.66	-
VII Profit/ (loss) before tax (V-VI)		<u>660,560.33</u>	<u>(54,747.25)</u>
VIII Tax expense:	20		
(a) Current tax		94,722.27	-
(b) Adjustment of tax relating to earlier periods		-	-
(c) Deferred tax		-	-
Total tax expense		<u>94,722.27</u>	<u>-</u>
IX Profit/(loss) for the year (VII-VIII)		<u>565,838.06</u>	<u>(54,747.25)</u>
X Other Comprehensive Income			
(A) (i) Items that will not be reclassified profit or loss		-	-
(a) Re-measurement gains/ (losses) on defined benefit plans		-	-
(ii) Income tax on items that will not be reclassified profit or loss		-	-
(B) (i) Items that will be reclassified profit or loss		-	-
(ii) Income tax on items that will be reclassified profit or loss		-	-
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
XI Total comprehensive income for the year, net of tax (IX+X)		<u>565,838.06</u>	<u>(54,747.25)</u>
XII Earnings per equity share: (Face value ₹ 10 per share)	21		
1) Basic (amount in ₹)		16.36	(1.58)
2) Diluted (amount in ₹)		16.36	(1.58)

Summary of Significant Accounting Policies 3

The accompanying notes are integral part of the financial statements.

As per our Report of even date attached

For S.R Dinodia & Co. LLP

Chartered Accountants

Firm's Registration Number 001478/N/500005

(Sandeep Dinodia)
Partner

Membership Number :- 083689

For and on behalf of the board of directors of
Hero Motors Limited

(Abhishek Munjal)
Director
DIN:05355274

(Amit Gupta)
Managing Director
DIN:02990732

(Darpan Vastishtha)
CFO
Pan No.: ACGPV3123M

(Sheeba Dhamija)
Company Secretary
M.No.: 29705

Place of Signature:

Date: 19 OCT 2022

Hero Motors Limited**Statement of changes in equity for the year ended March 31, 2022**

(All amounts in ₹ thousands, unless otherwise stated)

A. Equity Share Capital	Amount
Opening Balance as at April 01, 2020	345,971.33
Changes in equity share capital during the current year	-
Opening Balance as at March 31, 2021	345,971.33
Changes in equity share capital during the current year	-
Closing Balance as at March 31, 2022	345,971.33

B. Other Equity

As at March 31, 2021:	General Reserve	Retained earnings	Total equity
Balance as at April 01, 2020	-	(24,799.55)	(24,799.55)
Net Income/ Loss for the year	-	(54,747.25)	(54,747.25)
Add: Other comprehensive income	-	-	-
Balance as at March 31, 2021	-	(79,546.80)	(79,546.80)
Balance as at April 01, 2021	-	(79,546.80)	(79,546.80)
Net Income/ Loss for the year	-	565,838.06	565,838.06
Add: Other comprehensive income	-	-	-
Balance as at March 31, 2022	-	486,291.26	486,291.26

Summary of Significant Accounting Policies

The accompanying notes are integral part of the financial statements.

As per our Report of even date attached

For S.R Dinodia & Co. LLP

Chartered Accountants

Firm's Registration Number 001478N/N500005

(Sandeep Dinodia)

Partner

Membership Number :- 083689

**For and on behalf of the board of directors of
Hero Motors Limited**

(Abhishek Munjal)

Director

DIN:05355274

(Amit Gupta)

Managing Director

DIN:02990732

(Darpan Vashishtha)

CFO

Pan No.:- ACGPV3123M

(Sheeba Dhamija)

Company Secretary

M.No.:- 29705

Place of Signature:

Date: 19 OCT 2022

Hero Motors Limited

Statement of Cash Flows for the year ended March 31, 2022

(All amounts in ₹ thousands, unless otherwise stated)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Cash Flows From Operating Activities		
Profit Before Tax	660,560.33	(54,747.25)
Adjustments for:		
Depreciation and amortization	702.49	4,612.47
Interest Paid	-	3,993.08
Loss/(Gain) on sale of property, plant and equipment (including	(657,404.66)	44,932.30
Rent Received	-	(895.65)
Interest Income	8,057.68	(57.32)
Operating Profit Before Working Capital Changes	11,915.84	(2,162.36)
Movement In Working Capital:		
Increase/(Decrease) in Trade Payables & Other Current Liabilities	560.30	(67,972.30)
(Increase)/Decrease in Other Current Assets and other bank	(49,196.27)	495.56
(Increase)/Decrease in Other Non-Current Assets	(48,874.08)	-
Cash Generated From Operations	(85,594.23)	(69,638.93)
Direct Tax paid (Net of Refunds)	(126,807.84)	-
Net Cash Inflow From/(Used In) Operating Activities (A)	(212,402.07)	(69,638.93)
Cash Flows From Investing Activities		
Purchase of Property, Plant and Equipment, other intangible assets and capital advances	-	(2,045.56)
Purchase/Sale of Investment	(244,652.28)	72,900.00
Sale Proceeds of Property, Plant & Equipment	935,931.36	-
Rental Income	-	895.65
Interest Income	(9,326.14)	57.32
Net Cash From/ (Used In) Investing Activities (B)	681,953.23	71,807.40
Cash Flows From Financing Activities		
Interest paid (net)	-	(3,993.08)
Net cash inflow from/(used in) Financing Activities (C)	-	(3,993.08)
Net Increase (Decrease) In Cash And Cash Equivalents (A+B+C)	469,551.17	(1,824.61)
Opening Balance of Cash and Cash Equivalents	2,762.08	4,586.69
Total Cash And Cash Equivalent	472,313.25	2,762.08
Components Of Cash And Cash Equivalents		
Cash on hand (Note No. 9)	-	1.81
With banks - on current accounts	3,913.25	2,760.27
Short Term Deposits	468,400.00	-
Total Cash and Cash equivalent	472,313.25	2,762.08

Note:

(a) Purchase of Property, Plant and Equipment includes cash flows of capital work-in-progress (including Capital Advances) and movement in Capital Expenditure Creditors during the year

(b) The cash flow statement has been prepared under indirect method as set out in Indian Accounting Standard (IND AS-7)

Summary of Significant Accounting Policies

3

The accompanying notes form an integral part of these financial statements

As per our Report of even date attached

For S.R Dinodia & Co. LLP

Chartered Accountants

Firm's Registration Number 001478N/N500005

(Sandeep Dinodia)

Partner

Membership Number :- 083689



For and on behalf of the board of directors of Hero Motors Limited

(Abhishek Munjal)

Director

DIN:05355274

(Darpan Vashishtha)

CFO

Pan No.:- ACGPV3123M

(Amit Gupta)

Managing Director

DIN:02990732

(Sheeba Dhāmija)

Company Secretary

M.No.:- 29705

Place of Signature:

Date: 19 OCT 2022

Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

Note 1: Corporate Information

Hero Motors Limited, 'the company' was incorporated on April 30, 1998 as a unlisted Limited Company under the Companies Act, 1956, vide Current Registration Number U29299PB1998PLC039602. The Registered Office of the Company is at Hero Nagar G. T. Road Ludhiana Ludhiana PB 141003

The main objective of the Company's business is manufacturing, buying, selling, importing, exporting, improving, assembling, repairing and dealing of all kinds of machineries, component parts, replacement parts, spare accessories, tools, implements and fittings for engines upto 500 cc capacity, Mopeds (Auto Cycles), Scooters, Motorcycles, Three Wheelers, or Otherwise.

The financial statement are approved by the Board of Directors in their Board Meeting held on October 19, 2022

Note 2: Statement of Compliance

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

The accounting policies are applied consistently to all the periods presented in the financial statements.

Basis of Preparation and presentation

The Financial Statements are prepared on an accrual basis under historical cost Convention except for certain financial instruments which are measured at fair value, financial liabilities at amortized cost, at the end of each reporting period, as explained in the relevant accounting policies mentioned. The financial statements are presented in ₹ Rupees, which is the functional currency of the Company and all values are rounded to the nearest thousand with two decimals except otherwise stated.

Going Concern

The board of directors have considered the financial position of the Company at March 31, 2022, the projected cash flows and financial performance of the Company for at least twelve months from the date of approval of these financial statements as well as planned cost and cash improvement actions, and believe that the plan for sustained profitability remains on course.

The board of directors have taken actions to ensure that appropriate long-term cash resources are in place at the date of signing the accounts to fund the Company's operations.

Recent Accounting Pronouncement

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, which are as below. The effective date for adoption of this amendment are from annual periods beginning on or after April 01, 2022:

Ind AS 16 – Property Plant and equipment - The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The Company has evaluated the amendment and there is no impact on its financial statements

Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets – The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The Company has evaluated the amendment and there is no impact on its financial statements.

New Accounting Pronouncements effective from April 1, 2021:

The following Ind AS pronouncements pursuant to issuance of the Companies (Indian Accounting Standards) Amendment Rules 2021, were issued during the year:

- Amendment to Ind AS 103- Business Combinations
- Amendment to Ind AS 104- Insurance Contracts
- Amendment to Ind AS 116- Leases

None of the changes described above, or any of the other changes to the Ind AS, with the exception of Ind AS 116 (Leases), have a impact on the net worth, financial position, financial performance or on the cash flow of the Company.



Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

Note 3: Significant Accounting Policies

a) Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from the estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods affected.

Use of Estimates and Judgements

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. Also, the company has made certain judgements in applying accounting policies which have an effect on amounts recognized in the financial statements.

i) Income taxes

The Company is subject to income tax laws as applicable in India. Significant judgment is required in determining provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Where tax positions are uncertain, accruals are recorded within income tax liabilities for management's best estimate of the ultimate liability that is expected to arise based on the specific circumstances and the Company's historical experience. Factors that may have an impact on current and deferred taxes include changes in tax laws, regulations or rates, changing interpretations of existing tax laws or regulations, future levels of research and development spending and changes in pre-tax earnings.

ii) Contingencies

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

b) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

Assets:

An asset is treated as current when it is:

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

All other assets are classified as non-current.

Liabilities:

A liability is current when:

- (i) It is expected to be settled in normal operating cycle
- (ii) It is held primarily for the purpose of trading
- (iii) It is due to be settled within twelve months after the reporting period, or
- (iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Operating cycle: The operating cycle is the time between the acquisition of assets / liabilities for processing and their realisation / payment in cash and cash equivalents. The Company has identified twelve months as its operating cycle.



c) Property, Plant and Equipment (PPE)

Property, plant and equipment and capital work in progress are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Such cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct services, any other costs directly attributable to bringing the assets to its working condition for their intended use and cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition 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 within other income / expense (as applicable).

Items of stores and spares that meet the definition of property, plant and equipment are capitalised at cost and depreciated over their useful life. Otherwise, such items are classified as inventories.

Subsequent costs: The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item of property, plant and equipment, if it is probable that the future economic benefits embodied within the part will flow to the Company, its cost can be measured reliably with the carrying amount of the replaced part getting derecognised and there is increase of future benefits from the existing asset beyond previously assessed standard of performance. The cost for day-to-day servicing of property, plant and equipment are recognised in statement of profit and loss as and when incurred.

Capital work in progress: Capital work in progress comprises the cost of property, plant and equipment that are not ready for their intended use at the reporting date.

The Company had applied for the one time transition exemption of considering the carrying cost on the transition date i.e. 1st April, 2016 as the deemed cost under Ind AS.

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

d) Intangible Assets**Recognition and measurement**

Intangible assets that are acquired by the Company are measured initially at cost. Intangible assets with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses, if any.

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

Amortisation

All expenditures, qualifying as Intangible Assets are amortized over estimated useful life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The Company had applied for the one time transition exemption of considering the carrying cost on the transition date i.e. 1st April, 2016 as the deemed cost under Ind AS.

e) Borrowing Costs

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

f) Foreign Currency Transaction**Functional and presentational currency**

The Company's financial statements are presented in Indian Rupees (₹ in thousand) which is Company's functional currency and also the presentational currency. Functional currency is the currency of the primary economic environment in which a Company operates and is normally the currency in which the Company primarily generates and expends cash.



Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Advances received or paid in foreign currency are recognised at exchange rate on the date of transaction and are

g) Revenue Recognition

Revenue from contracts 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.

- Significant financing component - Generally, the Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised goods or services to the customer and when the customer pays for that goods or services will be

Use of significant Judgements in Revenue

- Judgement is required to determine the transaction price for the contract. The transaction price could be either a fixed amount of consideration or variable consideration with elements such as volume discounts, price concessions, incentives etc. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.

- The Company estimates variable considerations to be included in the transaction price for the sale of goods with volume rebates.

The Company's expected volume rebates are analysed on a per customer basis. Determining whether a customer will be entitled to rebate will depend on the customer's historical rebates entitlement and accumulated purchases to date. The Company updates its assessment of volume rebates on regular basis.

- The Company assesses its revenue arrangements against specific recognition criterias like exposure to the significant risks and rewards associated with the sale of goods. When deciding the most appropriate basis for presenting revenue or costs of revenue, both the legal form and substance of the agreement between the Company and its customers are reviewed to determine each party's respective role in the transaction.

Other Operating Revenue

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

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

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

h) Inventories

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

Goods	Cost includes purchase cost, duties, taxes and all other costs incurred in bringing the inventory to their present location. Cost is determined on Weighted Average Cost Method.
Scrap	Scrap is valued at Net realisable value.



i) Employee's Benefits

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

Defined Contribution Plan

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

Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. The Company accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation report using the projected unit credit method as at the year end.

The obligations are measured at the present value of the estimated future cash flows. The discount rate is generally based upon the market yields available on Government bonds at the reporting date with a term that matches that of the liabilities.

Re-measurements, comprising actuarial gains and losses including, the effect of the changes to the asset ceiling (if applicable), is reflected immediately in Other Comprehensive Income, they are included in retained earnings in the Statement of Changes in Equity and Balancesheet. All other expenses related to defined benefit plans are recognised in statement of profit and loss as employee benefit expenses. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs.

Other Long Term Benefits

Long term compensated absences are provided for on the basis of actuarial valuation, using the projected unit credit method, at the end of each financial year. Actuarial gains / loss are recognised in Statement of Profit & Loss. On the basis of companies policy, compensated absences are recognised as long term employee benefit & compensated absences beyond 60/50/30 days as may be applicable, shall lapse after the end of financial year.

j) Provisions, Contingent liabilities and Contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed in the case of;

- i) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle obligation;
- ii) a present obligation arising from past events, when no reliable estimate is possible.

Contingent assets are neither recognised nor disclosed. However, when realisation of income is virtually certain, related asset is recognised.

Provision, contingent liabilities and contingent assets are reviewed at each balance sheet date and adjusted where necessary to reflect the current best estimate of obligation or asset.

k) Financial Instruments

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



Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

1) Initial recognition and measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset is initially recognised at fair value. In case of financial assets which are recognised at fair value through profit and loss (FVTPL), its transaction cost are recognised in the statement of profit and loss. In other cases, the transaction cost are attributed to the acquisition value of the financial asset.

2) Classification and Subsequent measurement

(a) Financial Assets

For purposes of subsequent measurement, financial assets are classified in following categories:

- Financial Asset carried at amortised cost
- Financial Asset at fair value through other comprehensive income (FVTOCI)
- Financial Asset at fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

•Financial Asset carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

•Financial Asset at fair value through other comprehensive income (FVTOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

•Financial Asset at fair value through profit and loss (FVTPL)

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or

De-recognition

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognised (i.e. removed from the Company's Balance Sheet) when:

- (i) The contractual rights to receive cash flows from the asset has expired, or
- (ii) The Company has transferred its contractual rights to receive cash flows from the financial asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(b) Financial Liabilities

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at amortised cost
- Financial liabilities at fair value through profit and loss (FVTPL)

Financial liabilities at Amortized cost

Loans and borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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 as finance costs in the statement of profit and loss.

De-recognition

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 de-recognition of the original liability and the recognition of a new liability. The difference (if any) in the respective carrying amounts is recognised in the statement of profit and loss.

(c) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.



l) Impairment of Financial Assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgments in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

m) Impairment of Non-Financial Assets

The carrying amounts of the Company's non-financial assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit ('CGU') is the greater of its value in use or its fair value less costs to sell. 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely

An impairment loss is recognized, if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount and is recognised in statement of profit and loss.

Impairment losses recognised in prior periods are assessed at end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

n) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) In the principal market for the asset or liability, or
- (ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

o) Taxes on Income**Current income tax**

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

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

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



Deferred tax

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

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses (if any). Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

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 taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

p) 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, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash balance on hand, cash balance at banks and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

q) Earnings per share (EPS)

In determining earnings per share, the Company considers the net profit after tax and includes the post tax effect of any extra ordinary items.

- Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

- For the purpose of calculating Diluted Earning per share, the number of shares comprises of weighted average shares considered for deriving basic earning per share and also the weighted average number of equity share which could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. A transaction is considered to be antidilutive if its effect is to increase the amount of EPS, either by lowering the share count or

r) Segment Reporting

The Company has the policy of reporting the segments in a manner consistent with the internal reporting provided to the chief decision maker. The chief decision maker is considered to be the Board of Directors who makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments.



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Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

(All amounts in ₹ thousands, unless otherwise stated)

Note 4 : Property, Plant and Equipment

Particulars	Land- Leasehold	Buildings- Leasehold	Computer	Total
Gross Carrying Amount :				
As at April 01, 2020	263,318.00	144,636.26	124.37	408,078.63
Add: Additions made during the	-	2,045.56	-	2,045.56
Less: Disposals/adjustments during the year	-	127,520.87	-	127,520.87
As at March 31, 2021	263,318.00	19,160.95	124.37	282,603.32
Add: Adjustment due to remeasurement of Leases	-	-	-	-
Add: Additions made during the	-	-	-	-
Less: Disposals/adjustments during the year	263,318.00	19,160.95	-	282,478.95
As at March 31, 2022	-	0.00	124.37	124.37
Accumulated Depreciation :				
As at April 01, 2020	-	8,373.77	69.00	8,442.77
Add: Depreciation charge for the	-	4,579.78	33.00	4,612.78
Less: Disposals/adjustments during the year	-	9,688.57	-	9,688.57
As at March 31, 2021	-	3,264.99	102.00	3,366.98
Add: Depreciation charge for the	-	686.97	15.51	702.48
Less: Disposals/adjustments during the year	-	3,951.96	-	3,951.96
As at March 31, 2022	-	-	117.51	117.50
Net Carrying Amount :				
As at March 31, 2022	-	0.00	6.86	6.86
As at March 31, 2021	263,318.00	15,895.96	22.37	279,236.33



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Notes to financial statements for the year ended March 31, 2022

Note 5 : Investments

Non-Current		Current			
As	At	As	At	As	At
March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021

144 (March 31, 2021 : NIL) market linked debentures of Tata Capital Financial Services Limited of Rs 10,00,000 each

-	-	244,652.28	-
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(Unsecured, considered good unless otherwise stated)

Non-Current				Current			
As	At	As	At	As	At	As	At
March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	49,500.00	-		49,500.00	-		
	455.88	-		812.59	-		
	49,955.88	-		50,312.59	-		

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Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

(All amounts in ₹ thousands, unless otherwise stated)

Note 7 : Other Assets

(Unsecured, considered good, unless otherwise stated)

	Non-Current		Current	
	As March 31, 2022	At March 31, 2021	As March 31, 2022	At March 31, 2021
Balance with Government Authorities				
- Considered Good	-	-	-	148.03
- Considered Doubtful	-	-	-	-
Advances to Suppliers	-	-	33.32	189.02
Deposit with Government authorities	-	-	-	-
	-	-	33.32	337.05
Less: Allowances for doubtful advances	-	-	-	-
	-	-	33.32	337.05

Note 8 : Non-current tax assets(net)

Advance income tax (Net of Provisions
of ₹ 95383.44 (March 31, 2021: Nil)

As March 31, 2022	At March 31, 2021
32,085.57	625.92
32,085.57	625.92

Note 9 : Cash and Cash Equivalents (valued at amortised cost)

Balances with Banks:

- Current Accounts
- Deposits with Original Maturity of Less
than 3 Months
(Refer Note 10)
- Cash on Hand

As March 31, 2022	At March 31, 2021
3,913.25	2,760.27
468,400.00	-
-	1.81
472,313.25	2,762.08

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

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

Note 10 : Bank Balances other than Cash and Cash Equivalents

	Non-Current		Current	
	As March 31, 2022	At March 31, 2021	As March 31, 2022	At March 31, 2021
- Deposits with original maturity of more than 3 months but less than 12 months	-	-	-	-
- Deposits with original maturity of more than 12 months (refer Note 9)	49,500.00	-	49,500.00	-
	49,500.00	-	49,500.00	-
Less: Amount disclosed under "Other Financial Assets" (Refer Note 10)	49,500.00	-	49,500.00	-
	-	-	-	-

Note:-

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

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Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

(All amounts in ₹ thousands, unless otherwise stated)

Note 10 : Equity Share Capital

	As March 31, 2022	At March 31, 2021
Authorised		
6,20,00,000 (March 31, 2021: 6,20,00,000) Equity Shares of Rs. 10 each	620,000.00	620,000.00
	620,000.00	620,000.00
Issued, subscribed and fully paid up		
3,45,97,133 (March 31, 2021: 3,45,97,133) Equity Shares of Rs. 10 each	345,971.33	345,971.33
	345,971.33	345,971.33

a) Reconciliation of Issued and Subscribed Share Capital:

	No. of shares*	Amount
Balance as at April 1, 2020	34597133	345,971.33
Add: Shares issued during the year	-	-
Balance as at March 31, 2021	34597133	345,971.33
Add: Shares issued during the year	-	-
Balance as at March 31, 2022	34597133	345,971.33

* Number of Shares are given in absolute numbers.

b) Terms/ rights attached to equity shares:

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share and will rank pari passu with each other in all respect. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The Company has not paid any dividend during the year.

c) Details of Shareholders Holding More than 5% Shares In the Company

	As at March 31, 2022		As at March 31, 2021	
Name of Party	No. of shares*	Holding %	No. of shares*	Holding %
Hero Cycles Limited	33759948	97.58%	33759948	97.58%

d) Details of Promoter's Shareholding:

Promoter's Name	As at March 31, 2022		As at March 31, 2021		% Change during the year
	No. of Share	% of total share	No. of Share	% of total share	
Hero Cycles Limited	33759948	97.58%	33759948	97.58%	0.0%

Promoter's Name	As at March 31, 2021		As at March 31, 2020		% Change during the year
	No. of Share	% of total share	No. of Share	% of total share	
Hero Cycles Limited	33759948	97.58%	33759948	97.58%	0.0%

* Number of Shares are given in absolute numbers.

Note 10A : Preference Share Capital

	As March 31, 2022	At March 31, 2021
Authorised Preference Share Capital		
9,95,00,000 (March 31, 2021: 9,95,00,000) 6% Non Cumulative Convertible Redeemable Preference Shares	995,000.00	995,000.00
	995,000.00	995,000.00



Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

(All amounts in ₹ thousands, unless otherwise stated)

Note 11 : Other Equity

	As March 31, 2022	At March 31, 2021
Retained Earnings	486,291.26	(79,546.80)
	486,291.26	(79,546.80)

Notes:

i) For Movement during the period in Other Equity, refer "Statement of Change in Equity".

ii) Nature and Purpose of Other Reserves

a) Retained Earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. All the profits made by the Company are transferred to retained earnings from statement of profit and loss.



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Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

(All amounts in ₹ thousands, unless otherwise stated)

Note 12 : Trade Payable

- Outstanding Dues to Micro and Small
- Total Outstanding Dues to Parties Other than Micro and

As March 31, 2022	At March 31, 2021
-	-
17,015.46	16,196.48
17,015.46	16,196.48

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

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Unbilled dues	
(i) MSME	-	-	-	-	-	-	-
(ii) Others	-	674.73	978.72	83.56	14,308.13	970.32	17,015.46
(iii) Disputed dues — MSME	-	-	-	-	-	-	-
(iv) Disputed dues — Others	-	-	-	-	-	-	-

Trade Payables ageing schedule as at March 31, 2021:

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Unbilled dues	
(i) MSME	-	-	-	-	-	-	-
(ii) Others	8.19	994.36	84.68	2,227.73	12,090.48	791.05	16,196.48
(iii) Disputed dues — MSME	-	-	-	-	-	-	-
(iv) Disputed dues — Others	-	-	-	-	-	-	-

b) Trade payables are non-interest bearing and are normally settled within 90-day terms except for SME's (if any) which are settled within 45 days.

c) Trade payables to related parties amounts to ₹16035.571 as at March 31, 2022 (March 31, 2021: ₹15360.841)

d) The above doesn't include any amount which is required to be transferred to Investor Education and Protection Fund.

e) As per Schedule III of the Companies Act, 2013 and as certified by the management, the amount due to Micro, & small enterprises as defined in Micro, Small and Medium Enterprises Development Act, 2006 is as under:

As March 31, 2022	At March 31, 2021
----------------------	----------------------

- The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year.

- The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.

- The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.

- The amount of interest accrued and remaining unpaid at the end of each accounting year.

- The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.

Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act and as per the intimation received from them on requests made by the Company. There are no overdue principal amounts / interest payable amounts for delayed payments to such vendors at the Balance Sheet date except disclosed above.

Note 13 : Other Current Liabilities

Statutory dues

As March 31, 2022	At March 31, 2021
81.70	340.38
81.70	340.38



Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

(All amounts in ₹ thousands, unless otherwise stated)

Note 14 : Other income

	As March 31, 2022	At March 31, 2021
Interest Income		
- On Fixed deposits	8,020.12	57.32
- On Income Tax Refund	37.56	-
Remeasurement of Debentures at fair value through P&L	1,547.29	
Rental Income	-	895.65
Other Income	10.91	98.40
	9,615.88	1,051.37

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Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

(All amounts in ₹ thousands, unless otherwise stated)

Note 15 : Employee Benefits Expenses

	As March 31, 2022	At March 31, 2021
Salaries, Wages & Bonus	213.44	196.70
Contribution to Provident and Other fund	28.66	21.49
Staff Welfare Expenses	0.31	-
	242.41	218.19

Note 16 : Finance Cost

	As March 31, 2022	At March 31, 2021
Interest Expense		
- On Unsecured Loan from related party	-	3,988.05
	-	3,988.05

Note 17 : Depreciation and amortization expense

	As March 31, 2022	At March 31, 2021
Depreciation of Tangible Assets	702.49	4,612.47
	702.49	4,612.47



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Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

(All amounts in ₹ thousands, unless otherwise stated)

Note 18 : Other Expenses

	As March 31, 2022	At March 31, 2021
Repair & Maintenance	-	-
Buildings	721.65	849.40
Other	-	0.92
Insurance	-	38.42
Communication Costs	-	35.72
Legal & Professional Expenses	1,194.04	846.74
Rates & Taxes	3,285.49	1.41
Payment to the Auditors (Refer note 'a' below)	50.00	50.00
Bank Charges	11.19	5.03
Loss on sale of property, plant and equipment	-	44,932.30
Meeting Expenses	-	200.00
Prior Period (Refer note 'b' below)	159.79	-
Miscellaneous Expenses	93.15	20.17
Total	5,515.31	46,979.91

a) Details of payment made to auditors is as follows:

	As March 31, 2022	At March 31, 2021
As statutory auditor:		
- For Audit	50.00	50.00
- For Taxation Matters	-	-
- For Other Services	-	-
- Reimbursement of Expenses	-	-

b) Details of Prior Period Expenditure are as

	As March 31, 2022	At March 31, 2021
Legal & professional Expenses	4.10	-
Miscellaneous Expenditure	155.70	-
Total	159.80	-

Note 19 : Exceptional Items

	As March 31, 2022	At March 31, 2021
Profit on Sale of Land (Refer note below)	671,287.01	-
Loss on Demolition of Building	(13,882.35)	-
Total	657,404.66	-

Note:-

Particulars	Amount
Sales Consideration	999,900.00
Less: Transaction Cost	
Commission	58,994.10
Composition Fees	1,676.17
Labour Cess	1,274.72
Advisory Fees	3,350.00
Net Sales Consideration	934,605.01
Less:-WDV of Land	263,318.00
Profit on Sale of Land	671,287.01



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Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

(All amounts in ₹ thousands, unless otherwise stated)

Note 20: Income Tax

The major components of income tax expense for the years ended March 31, 2022 and March 31, 2021 are:

Statement of profit and loss:

Profit or loss section

	As March 31, 2022	At March 31, 2021
Tax Expense:		
a) Current tax	94,722.27	-
b) Adjustments in respect of current income tax of previous year	-	-
c) Deferred tax	-	-
Income tax expense reported in the statement of profit or loss	94,722.27	-
	As	At
	March 31, 2022	March 31, 2021
Accounting profit before income tax	660,560.33	(54,747.25)
At India's statutory income tax rate of 42.74% (March 31, 2021: Nil)	282,323.49	-
Adjustments in respect of current income tax of previous years	-	-
Tax Effect of Expenses not deductible for tax purposes	(187,601.22)	-
At the effective income tax rate	94,722.27	-
Income tax expense reported in the Statement of Profit and Loss	94,722.27	-
Difference	(0.00)	-

* As per Ind AS 12: Income Taxes, in the absence of probability of realization in the future, deferred tax on long term capital loss has not been recognized.

Income tax recognised in other comprehensive income

Deferred tax assets / (liabilities) related to items recognised in OCI during the year:

	As March 31, 2022	At March 31, 2021
Net loss/(gain) on remeasurements of defined benefit plans	-	-
Net amount charged to OCI	-	-
Bifurcation of the income tax recognised in other comprehensive income into : -		
- Items that will not be reclassified to profit or loss	-	-
- Items that may be reclassified to profit or loss	-	-
	-	-



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Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

(All amounts in ₹ thousands, unless otherwise stated)

Note 21 : Earnings per share (EPS)

Earning per share (EPS) is determined based on the net profit attributable to the shareholder before other comprehensive Income. Basic earning per share is computed using the weighted average number of equity shares outstanding during the year whereas Diluted Earning per share is computed using the weighted average number of common and dilutive equivalent shares.

	As March 31, 2022	At March 31, 2021
Profit attributable to the equity holders	565,838.06	(54,747.25)
Weighted average number of equity shares for Basic EPS	34,597,133	34,597,133
Basic earnings per share(in ₹) (face value ₹ 10 per	16.36	(1.58)
Weighted average number of Equity shares (including dilutive shares) outstanding for Dilutive EPS (A+B)	34,597,133	34,597,133
Diluted earnings per share(in ₹) (face value ₹ 10 per	16.36	(1.58)



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Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

(All amounts in ₹ thousands, unless otherwise stated)

Note 22 : Other Post-Employment Benefit Plans

a) Defined Contribution Plans

The Company makes contribution towards Employees Provident Fund. Under the rules of these schemes, the Company is required to contribute a specified percentage of payroll costs. The Company during the year recognised the following amount in the Statement of profit and loss account under company's contribution to defined contribution plan.

Particulars	For the year ended	For the year ended March 31, 2021
Employer's Contribution to Provident Fund and other Fund	28.66	21.49
Total	28.66	21.49

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



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Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

(All amounts in ₹ thousands, unless otherwise stated)

Note 23 : Contingent Liabilities (to the extent not provided for) and Commitments

(I) Commitments

Estimated amount of contracts remaining to be executed on capital account (net of advances) and which have not been provided for in the financial statements, amounts to ₹ Nil (March 31, 2021: ₹ Nil). The Company does not have any other long term commitments or material non-cancellable Contractual Commitments, which may have a material impact on the standalone financial statements.

(II) Contingent Liabilities

The Company has reviewed all its pending claims, litigations and other proceedings and has adequately provided for wherever required. The Company does not expect the outcome of these proceedings to have a material or adverse effect on financial position of the Company. In certain cases, it is difficult for the Company to estimate the timings of cash outflows, if any, as it is determinable only on receipt of judgement/decisions pending with various forums/authorities. The Company does not expect any reimbursements in respect of the below contingent liabilities.

	As March 31, 2022	At March 31, 2021
i) Claims against Company not acknowledged as debt	-	-
ii) Other money for which the Company is contingently liable Disputed liability under Income Tax	-	-



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Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

(All amounts in ₹ thousands, unless otherwise stated)

Note 24: Capital Management

The Company's objective for managing capital is to ensure:

- ability to continue as a going concern, so that the Company can continue to provide returns to shareholders and benefits for other stakeholders, and
- maintain optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital structure using Gearing Ratio, which is calculated as under:

	As March 31, 2022	At March 31, 2021
Borrowings	-	-
Less: Cash and Bank Balance	(472,313.25)	(2,762.08)
Adjusted Net Debt (A)	(472,313.25)	(2,762.08)
Equity Share Capital	345,971.33	345,971.33
Other Equity	486,291.26	(79,546.80)
Total Capital (B)	832,262.59	266,424.53
Net Debt and Capital (C= A+B)	359,949.34	263,662.45
Gearing ratio	(1.31)	(0.01)

a) No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2022 and March 31, 2021.

b) For the purpose of capital management, capital includes issued equity capital and all other reserves attributable to the equity holders of the Company.

Note 25 : Derivative Instruments and Unhedged Foreign Currency Exposure

The Company does not have any long term contracts including derivative Contracts for which there are any material foreseeable losses.

Note 26 : Segment Information

According to Ind AS 108, identification of operating segments is based on Chief Operating Decision Maker (CODM) approach for making decisions about allocating resources to the segment and assessing its performance. Accordingly, such segments may be presented under Ind AS 108. However, these segments have been aggregated because the core principles, economic characteristics, nature of products, production process, distribution method, regulatory environment and type of customers in all the divisions are similar. Hence the disclosure requirement of Ind AS 108 of "Segment Reporting" is not considered applicable. Further the Company sells its products mostly within India with insignificant export income and does not have any operation in economic environment with different risk and returns, hence its considered operating in single geographical segment.



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Hero Motors Limited**Notes to financial statements for the year ended March 31, 2022**

(All amounts in ₹ thousands, unless otherwise stated)

Note 27: Related Party Disclosure**a) List of related parties**

Name of Related Party	Nature of Relationship
Hero Cycles Limited	Holding Company
Munjal Kiri Industries Private Limited	Enterprise over which key managerial personnel has significant influence
Mr. Rohit Maheshwari (CFO) (upto 31st March, 2022)	Key Managerial Personnel
Mr. Pankaj Munjal (Director)	
Mr. Charu Munjal (Director)	
Mr. Pawan Puri (Director)	
Mr. Darpan Vashishtha (CFO) (effective from 01.05.2022)	
Ms. Perna Joshi (Company Secreatry) (upto May 31, 2022)	
Ms. Sheeba Dhamija (Company Secreatry) (effective from 01.05.2022)	
Mr. Pratibha Goyal (Director) (effective from 26.05.2021)	
Mr. Abhishek Munjal (Director)	

b) Transactions with related parties (Including bifurcation of material transaction)

Name of Related Party	Relationship	Nature of Transaction	For the Year ended	For the Year ended
Hero Cycles Limited	Holding Company	Expenses paid on behalf of compar	125,969.30	1,645.00
		Amount Paid	125,294.57	666,202.00
Munjal Kiri Industries Private Limited	Enterprises owned or significantly influenced by KMP	Rent Received	-	990.00
Pankaj Munjal	Key Managerial Personnel	Interest Paid	-	3,988.00
		Amount Paid	-	67,297.00
Perna Joshi	Company Secretary	Salary	242.10	218.19
Pratibha Goyal	Key Managerial Personnel	Sitting Fees	90.00	-
Pawan Puri	Key Managerial Personnel	Sitting Fees	90.00	-
Rohit Maheshwari	Key Managerial Personnel	Legal & professional Fees	600.00	-

c) Year end balances of related parties

Name of Related Party	Nature of Balance	For the Year ended	For the Year ended
Hero Cycles Limited	Trade Payables	16,035.57	15,360.84

d) Terms and conditions of transactions with related parties

All the transaction with the related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and carried interest rate. The unsecured loan from bank are secured against the property of Key Managerial Personnel. No expenses has been recognized in the current year in respect of bad or doubtful debts/advances and further no specific provision for doubtful debts/advances has been made in respect of outstanding balances.



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Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

(All amounts in ₹ thousands, unless otherwise stated)

Note 28 : Fair Values Disclosure

a) Financial Instruments by category

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments. Here the disclosure is made for non-current financial assets and non-current financial liabilities, carrying value of current financial assets and current financial liabilities including trade receivable, cash and cash equivalent, other bank balances, other financial assets, trade payables, current borrowing, other current financial liabilities etc. which represent the best estimate of fair value

The management assessed that fair value of these short term financial assets and liabilities significantly approximate their carrying amount largely due to short term maturities of these instruments and are measured at amortised cost.

b) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the standalone financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard.

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that has a significant effect on the fair value measurement are observable, either directly or indirectly.

Level 3: Valuation techniques for which the lowest level input which has a significant effect on the fair value measurement is not based on observable market data.

As at March 31, 2022:

Particulars	Carrying amount			Fair value			
	Other financial assets - amortised cost	Other financial liabilities - amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial Assets Measured at Amortised							
Investments	244,652.28	-	244,652.28	-	-	-	-
Trade Receivables	-	-	-	-	-	-	-
Security deposits	-	-	-	-	-	-	-
Cash and Cash Equivalents	472,313.25	-	472,313.25	-	-	-	-
Bank balance other than Cash and cash	-	-	-	-	-	-	-
Interest Accrued on Fixed Deposits	812.59	-	812.59	-	-	-	-
Total	717,778.12	-	717,778.12	-	-	-	-
Financial Liabilities Measured at Amortised							
Borrowings	-	-	-	-	-	-	-
Lease Liabilities	-	-	-	-	-	-	-
Trade Payables	-	17,015.46	17,015.46	-	-	-	-
	-	17,015.46	17,015.46	-	-	-	-

As at March 31, 2021:

Particulars	Carrying amount			Fair value			
	Other financial assets - amortised cost	Other financial liabilities - amortised cost	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial Assets Measured at Amortised							
Investments	-	-	-	-	-	-	-
Trade Receivables	-	-	-	-	-	-	-
Security deposits	-	-	-	-	-	-	-
Cash and Cash Equivalents	2,762.08	-	2,762.08	-	-	-	-
Bank balance other than Cash and cash	-	-	-	-	-	-	-
Interest accrued on Fixed Deposits	-	-	-	-	-	-	-
Total	2,762.08	-	2,762.08	-	-	-	-
Financial Liabilities Measured at Amortised							
Lease Liabilities	-	-	-	-	-	-	-
Trade Payables	-	16,196.48	16,196.48	-	-	-	-
Total	-	16,196.48	16,196.48	-	-	-	-



Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

(All amounts in ₹ thousands, unless otherwise stated)

c) Discount Rate Used in Determining Fair Value

The interest rate used to discount estimated future cash flows, where applicable, are based on the incremental borrowing rate of borrower which in case of financial liabilities is average market cost of borrowings of the Company and in case of financial asset is the average market rate of similar credit rated instrument. The Company maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available.

The Company has an established control framework with respect to the measurement of fair values. The finance and accounts team that has overall responsibility for overseeing all significant fair value measurements. The team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified. Significant valuation issues are reported to the Company's board of directors.

The following methods and assumptions were used to estimate the fair values:

a) Fair value for security deposits (other than perpetual security deposits) has been presented based on the discounting factor as at the reporting date. Fair value for all other non-current assets and liabilities is equivalent to the amortised cost, interest rate on them is equivalent to the market rate of interest.

b) For other financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.



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Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

(All amounts in ₹ thousands, unless otherwise stated)

Note 29: Financial Risk Management Objectives and Policies

The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations.

The Company's principal financial assets includes cash and cash equivalents, deposits with bank, interest accrued in deposits.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior level oversees the management of these risks.

A Market risk

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

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to interest rate risk.

	Increase or decrease in basis points	Effect on profit before tax
31-Mar-22		
INR	+50	-
INR	-50	-
31-Mar-21		
INR	+50	-
INR	-50	-

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

ii) Foreign Currency Risk

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in exchange rates. Foreign currency risk sensitivity is the impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant.

Particulars	Year	Changes in Currency rate	Effect on profit before tax
Trade Payables	31-Mar-22	+5%	-
		-5%	-
Trade Payables	31-Mar-21	+5%	-
		-5%	-

Particulars	Year	Changes in Currency rate	Effect on profit before tax
Foreign Currency on	31-Mar-22	+5%	-
		-5%	-
Foreign Currency on	31-Mar-21	+5%	-
		-5%	-

B. Credit Risk

Credit risk is the risk that counterparty will default on its contractual obligations resulting in finance loss to the Company. Credit risk arise from Cash and cash equivalents, deposit with banks, trade receivables and other financial assets measure at amortised cost. The Company continuously monitors defaults of customers and other counterparties and incorporate this information into its credit risk control.

The Company also uses expected credit loss model to assess the impairment loss in Trade Receivables and makes an allowance of doubtful trade receivables using this model.



Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

C. Liquidity Risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, maintain optimum levels of liquidity to meet its cash and collateral requirements. It maintains adequate sources of financing including loans from banks at an optimised cost.

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

As at March 31, 2022	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Trade payables	-	17,015.46	-	-	-	17,015.46
Total	-	17,015.46	-	-	-	17,015.46
As at March 31, 2021	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Trade payables	-	16,196.48	-	-	-	16,196.48
Total	-	16,196.48	-	-	-	16,196.48



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Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

(All amounts in ₹ thousands, unless otherwise stated)

Note 30: Ratio Analysis

Description	Numerator	Denominator	March 31, 2022	March 31, 2021	% change	Reason for variance
Current ratio	Current Assets	Current Liabilities	44.88	0.19	23847.54%	Investment in Debentures and FDR's resulted into improvement in ratio
Debt- Equity Ratio	Total Debt	Shareholder's Equity	-	-	0.00%	Not Applicable
Debt Service Coverage ratio	Earnings available for debt service *	Debt Service **	-	-	0.00%	Not Applicable
Return on Equity ratio	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	103.00%	-18.63%	121.64%	Profit on Sale of Fixed Assets resulted in improvement in ratio
Inventory Turnover ratio	Revenue	Average Inventory	-	-	0.00%	Not Applicable
Trade Receivable Turnover Ratio	Revenue	Average Trade Receivable:	0.00	0.00	0.00%	Not Applicable
Trade Payable Turnover Ratio	Purchases of goods and services	Average Trade Payables	-	-	0.00%	Not Applicable
Net Capital Turnover Ratio	Revenue	Working capital ***	-	-	0.00%	Not Applicable
Net Profit ratio	Net Profit after tax.	Revenue	0.00%	0.00%	0.00%	Not Applicable
Return on Capital Employed	Earnings before interest and taxes	Capital Employed ****	79.37%	-19.05%	-60.32%	Profit on Sale of Fixed Assets resulted in improvement in ratio

* Net Profit after taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of Fixed assets etc. "Net Profit after tax" means reported amount of "Profit / (loss) for the period" and it does not include items of other comprehensive income.

** Interest, Lease Payments and Principal Repayments

*** Current assets – Current liabilities

**** Tangible Net Worth + Total Debt + Deferred Tax Liability

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



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Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

(All amounts in ₹ thousands, unless otherwise stated)

Note 31:

No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries).

The Company has not received any fund from any party (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entity identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Note 32: Disclosure of transactions with struck off companies

The company did not have any material transactions with companies struck off under Section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956 during the financial years.

Note 33:

A) No transactions to report against the following disclosure requirements as notified by MCA pursuant to amended Schedule III:

(a) Crypto Currency or Virtual Currency

(b) Benami Property held under Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder

(c) Registration of charges or satisfaction with Registrar of Companies.

(d) Relating to borrowed funds:

i) Wilful defaulter

ii) Utilisation of borrowed funds & share premium

iii) Discrepancy in utilisation of borrowings

Note 34:

The financial statements of the Company for the year ended March 31, 2022 were approved by the Board of Directors and authorised for issue on 19th October, 2022

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



(Abhishek Munjal)

Director

DIN:05355274



(Darpan Vashishtha)

CFO

Pan No.:- ACGPV3123M



(Amit Gupta)

Managing Director

DIN:02990732



(Sheeba Dhamija)

Company Secretary

M.No.:- 29705

Place of Signature:

Date: 19 OCT 2022



Independent Auditor's Report**To The Members of Hero Motors Limited****Report on the Audit of the Financial Statements****Opinion**

We have audited the accompanying financial statements of **Hero Motors Limited** ("the Company"), which comprises the balance sheet as at March 31, 2022, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, the Profit (financial performance including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Emphasis of Matter

We draw attention to note 41 to the financial statements for the year ended March 31, 2022 which describes the overall accounting for and in particular basis for restatement of the previous year by the Company's management consequent to the Scheme of Demerger ('Scheme'), the Demerged Undertaking (Primarily related to Auto Business consisting, inter-alia, of all assets including movable and immovable properties and liabilities related thereto) was demerged from the Demerged Company Hero Cycle Limited (HCL) and transferred to the Company, with effect from April 01, 2021, the appointed date. The Scheme has been approved by the concerned National Company Law Tribunal, Chandigarh Bench on November 09, 2022.

Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibility of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

The Financial Statements of the Company for the year ended March 31, 2021 have been audited by the predecessor auditor who have expressed an unmodified opinion dated August 06, 2021 on such financial statements.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, based on our audit we report that:
 - I. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - II. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - III. The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Change in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
 - IV. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
 - V. On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
 - VI. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".
 - VII. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - a) The Company has disclosed the impact of pending litigations on its financial position in its financial statements. – refer Note No. 36 of the financial statements.
 - a) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - b) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - c)
 - (i). The Management has represented that, to the best of its knowledge and belief, as disclosed in the Note 43 to the accounts, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;



- (ii). The Management has represented, that, to the best of its knowledge and belief, as disclosed in the Note 43 to the accounts, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (iii). Based on such audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) & (ii) above, contain any material misstatement.
- b) No dividend have been declared and paid by the Company during the year which is in compliance with section 123 of the Act
3. With respect to the matter to be included in the Auditors' report under Section 197(16):
In our opinion and according to the information and explanation given to us, the Company has paid remuneration to its directors during the year is in accordance with the provisions of and limit laid down under section 197 read with Schedule V of the Act.

For S.R. Dinodia & Co. LLP.

Chartered Accountants,

Firm Registration Number 001478N/N500005



(Sandeep Dinodia)

Partner

Membership Number 083689

UDIN: 23083689 BUW0AN6716

Place of Signature: New Delhi

Date: 19 DEC 2022

Annexure 'A' to the Independent Auditors' Report of even date on the financial statements of Hero Motors Limited

The Annexure referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of Independent Auditors' Report to the members of the Company on the financial statements for the year ended March 31, 2022, we report that:

- i) In respect of Property, Plant and Equipment:
 - a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
 - (B) The Company has maintained proper records showing full particulars of Intangible assets.
 - b) The Company has a program of verification to cover all the items of Property, Plant and Equipment in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - c) According to the information and explanations given to us and the records examined by us, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
 - d) According to the records examined by us, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year. Accordingly, the provisions of clause 3(i) (d) of the Order are not applicable.
 - e) According to the information and explanations given to us, no proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) and rules made thereunder. Accordingly, the provisions of clause 3(i) (e) of the Order are not applicable.
- ii) In respect of its inventory:
 - a) On the basis of information and explanation provided, the Management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit. In our opinion, the coverage and procedure of such verification is appropriate having regard to the size of the Company and nature of its business. According to the information and explanations given to us, no discrepancies of 10% or more in the aggregate for each class of inventory between physical inventory and book records were noticed on such physical verification.
 - b) According to the information and explanations given to us and the records examined by us, during the year, the demerged undertaking of the Company has been sanctioned working capital limits in excess of five crore rupees in aggregate from the bank on the basis of security of entire current assets of the demerged company. According to the information and explanations given to us, the quarterly returns/statements filed by the demerged company with such bank were in agreement with the books of account of the demerged company. However in the absence of separate statements for demerged undertaking, we could not verify the same. No loan has been sanctioned from the financial institution.
- iii) According to the information and explanation given and based on the audit procedures performed by us, during the year, the Company has made investment and also given unsecured loan to its subsidiary company. Further, The Company has not given any corporate guarantee and security to companies, firms, Limited Liability Partnerships (LLPs) or other parties.
 - a) the aggregate amount during the year and balance outstanding at the balance sheet date with respect to such loan to its subsidiary is given below:

Particulars	Amount in ₹
Aggregate amount granted/ provided during the year	5,79,20,000
- Subsidiary	
Balance outstanding as at balance sheet date in respect of above case	5,79,20,000
- Subsidiary	
- b) The terms and conditions of the loan and investment made, are, prima facie, not prejudicial to the Company's interest.



- c) The schedule of repayment of principal and payment of interest in respect of loan has been stipulated, however no repayment of the principal amount and the interest has been due till reporting date.
- d) There is no overdue amount in respect of loan granted.
- e) No loans or advances in the nature of loan granted which has fallen due during the year or has been renewed or extended or fresh loans granted to settle the over dues of existing loans given to the same parties. Accordingly, the provisions of clause 3(iii) (e) of the Order are not applicable.
- f) According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the Company has granted loan which are repayable on demand after three years to its related party(i.e. subsidiary) as defined in clause (76) of section 2 of the Companies Act, 2013, the detail of which is follow:

Particulars	Amount (in ₹)
Aggregate amount of loans/ advances in nature of loans	
- Repayable on demand (A)	5,79,20,000
- Agreement does not specify any terms or period of repayment (B)	-
Total (A+B)	5,79,20,000
Percentage of loans/advances in nature of loans to the total loan	100%

- iv) In our opinion and according to the information and explanations given to us, Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loan and investment. During the year, Company has not given any guarantees and security.
- v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits during the year and had no unclaimed deposits at the beginning of the year within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products/services and are of the opinion that, *prima facie*, the prescribed accounts and record have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii) In respect of Statutory Dues:
- a) The Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Cess and any other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Cess and any other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

- b) According to the information and explanations given to us, the dues outstanding in respect of statutory dues referred to in sub-clause (a) on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹)	Amount paid under protest (₹)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Sales Tax	Sales Tax Demand	1,955,652	1,005,652	2009-10	Allahabad High Court	-

- viii) According to the information and explanations given to us and the records examined by us, there are no unrecorded transactions that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961). Accordingly, the provisions of clause 3(viii) of the Order are not applicable.
- ix) In respect of loan or other borrowings taken by the Company, according to the information and explanations given to us and audit procedures performed by us:



- a) The Company has not defaulted in repayment of loan or other borrowings or in the payment of interest thereon to any lender during the year.
 - b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
 - c) The Company has not taken any term loan during the year. We have been informed that term loan taken in the earlier year were utilized for the purpose for which it was obtained.
 - d) During the year, no funds raised on short-term basis have been used for long-term purposes by the Company.
 - e) The Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary. Further, the Company does not have any associate and Joint venture. Accordingly, the provisions of clause 3(ix) (e) of the Order are not applicable.
 - f) The Company has not raised loan during the year on the pledge of securities held in its subsidiary. Further the Company does not have any associate and joint venture. Accordingly, the provisions of clause 3(ix) (f) of the Order are not applicable.
- x) In respect of moneys raised by the Company through issue of shares & debt instruments:
- a) During the year, the Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, the provisions of clause 3(x) (a) of the Order are not applicable.
 - b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible). Accordingly, provisions of clause 3 (x) (b) of the Order are not applicable.
- xi)
- a) As per the information and explanations given to us on our enquiries on this behalf, no fraud of material significance on or by the Company has been noticed or reported during the year.
 - b) In our opinion and according to the information and explanations given to us, no report under sub-section (12) of section 143 of the Companies Act has been filed during the year and upto the date of this report in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
 - c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year.
- xii) The Company is not a Nidhi Company and hence, the provisions of paragraph 3(xii) of the Order are not applicable to the Company.
- xiii) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, and the details of such transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- xiv) In respect to internal audit system in the Company:
- (a) In our opinion and based on our examination, though the Company is not required to have an internal audit system as per the provisions of the Companies Act, 2013, however during the year, the demerged unit was covered under the internal audit system of demerged company. The same was commensurate with the size and nature of its business.
 - (b) We have considered the internal audit report of demerged undertaking issued till date by the internal auditor of demerged company, for the period under audit.
- xv) In our opinion and according to information and explanation given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him, covered under section 192 of the Act. Accordingly, provisions of clause 3 (xv) of the Order are not applicable:
- xvi)
- a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934). Accordingly, provisions of clause 3 (xvi) (a), (b) and (c) of the Order are not applicable.
 - b) According to the information and explanations given to us, there are no core investment company (CIC) within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016). Accordingly, provisions of clause 3 (xvi) (d) of the Order are not applicable.



- xvii) According to the information and explanations given to us, the Company has not incurred any cash losses in the current financial year, however Company has incurred ₹ 59,359,720 in the immediately preceding financial year.
- xviii) There has been resignation of the statutory auditors during the year. There was no issues, objections or concerns raised by the outgoing auditors.
- xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and Management's plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx) The Company is not required to spend any expenditure by way of corporate social responsibilities u/s 135 of the Companies Act, 2013, hence provisions of clause 3 (xx) of the Order are not applicable.
- xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of financial statements. Accordingly, no comment in respect of the said clause has been included in this report.

For S.R. Dinodia & Co. LLP.

Chartered Accountants,

Firm Registration Number 001478N/N500005

(Sandeep Dinodia)

Partner

Membership Number 083689

UDIN: 23083689B6W0AN6716

Place of Signature: New Delhi

Date: 19 DEC 2022



Annexure 'B' to the Independent Auditors' Report of even date on the Financial Statements of Hero Motors Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of Hero Motors Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established & maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. Dinodia & Co. LLP.

Chartered Accountants,

Firm Registration Number 001478N/N500005



(Sandeep Dinodia)

Partner

Membership Number 083689

UDIN: 23083689 B6W0AN 6716

Place of Signature: New Delhi

Date: 19 DEC 2022

Hero Motors Limited

Balance Sheet as at March 31, 2022

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

Particulars	Note	As March 31, 2022	At March 31, 2021
Assets			
Non-current assets			
(a) Property, plant and equipment	4	16,419.78	18,203.27
(b) Capital work in progress	5	912.13	439.87
(c) Other Intangible assets	6	75.83	62.42
(d) Financial assets			
(i) Investments			
- Investment in subsidiaries	7A	397.87	-
(ii) Loans	8	583.92	-
(iii) Other financial assets	9	793.26	266.40
(e) Non current tax assets (net)	10	-	14.22
(f) Other non current assets	11	818.16	440.57
Total Non-current assets		20,000.95	19,426.75
Current assets			
(a) Inventories	12	14,147.30	10,499.93
(b) Financial assets			
(i) Investments	7B	2,446.52	-
(ii) Trade receivables	13	19,134.30	15,258.03
(iii) Cash and cash equivalents	14	5,012.09	1,514.40
(iv) Bank balances other than cash and cash equivalents	15	-	-
(v) Loans	8	12.92	0.60
(vi) Other financial assets	9	2,805.84	1,840.20
(c) Other current assets	11	3,763.35	2,147.82
Total Current Assets		47,322.32	31,260.98
Total Assets		67,323.27	50,687.73
II. Equity and liabilities			
Equity			
(a) Equity share capital	16	3,459.71	3,459.71
(b) Other equity	17	12,230.77	2,418.18
Total Equity		15,690.48	5,877.89
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	18A	5,833.33	12,759.27
(ii) Others financial liabilities	19	385.30	360.15
(b) Other Non-current Liabilities	20	13.11	-
(c) Provisions	21	780.63	741.47
(d) Deferred tax liabilities (net)	22	1,128.08	-
Total Non- Current Liabilities		8,140.45	13,860.89
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	18B	19,170.93	16,318.52
(ii) Trade payables	23		
- Total outstanding due of micro enterprises and small enterprises		1,898.22	1,389.05
- Total outstanding due of creditors other than micro enterprises and small enterprises		17,867.85	11,586.92



Particulars	Note	As At March 31, 2022	As At March 31, 2021
(iii) Other financial liabilities	19	3,711.21	946.48
(b) Other current liabilities	20	589.45	524.31
(c) Provisions	21	195.10	183.67
(d) Current Tax Liabilities	10A	59.58	-
Total Current Liabilities		43,492.34	30,948.95
Total Equity and Liabilities		67,323.27	50,687.73

Summary of Significant Accounting Policies

3

The accompanying notes form an integral part of these financial statements

As per our Report of even date attached

For S.R. Dinodia & Co. LLP

Chartered Accountants

Firm's Registration Number 001478N/N500005

(Sandeep Dinodia)

Partner

Membership Number 083689



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

(Abhishek Munjal)

Director

(DIN: 05355274)

(Amit Gupta)

Managing Director

(DIN: 02990732)

(Darpan Vashistha)

CFO

Pan No. : ACGPV3123M

(Sheeba Dhamija)

Company Secretary

M. No. 29705

Place of Signature:

Date: 19 DEC 2022

Place of Signature:

Date: 19 DEC 2022

Hero Motors Limited

Statement of Profit and Loss for year ended March 31, 2022

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

Particulars	Note No.	For the year ended March 31, 2022	For the year ended March 31, 2021
I Revenue from operations	24	90,397.88	70,595.69
II Other income	25	636.68	96.97
III Total income (I+II)		91,034.56	70,692.66
IV Expenses			
(a) Cost of materials consumed	26	52,044.41	39,179.36
(b) Purchases of stock-in-trade	27	13,236.88	9,895.56
(c) Changes in inventories of finished goods, work in progress and stock in trade	28	-2,698.52	-1,030.51
(d) Employee benefits expense	29	5,479.83	4,942.90
(e) Finance costs	30	1,432.76	1,092.59
(f) Depreciation and amortisation expense	31	1,590.26	1,574.82
(g) Other expenses	32	12,927.73	10,019.51
Total expenses		84,013.35	65,674.23
V Profit/ (loss) before exceptional items and tax (III-IV)		7,021.21	5,018.43
VI Exceptional Items	33	6,574.05	-
VII Profit/ (loss) before tax (V-VI)		13,595.26	5,018.43
VIII Tax expense:	22		
(a) Current tax		2,688.43	1,040.00
(b) Deferred tax		1,119.56	-
Total tax expense		3,807.99	1,040.00
IX Profit/(loss) for the year (VII-VIII)		9,787.27	3,978.43
X Other comprehensive income			
(A) (i) Items that will not be reclassified to profit or loss			
(a) Re-measurement gains/ (losses) on defined benefit plans		33.84	-14.66
(ii) Income tax on items that will not be reclassified to profit or loss		-8.52	-
(B) (i) Items that will be reclassified to of profit or loss			
(a) Net movement in effective portion of cash flow hedge reserve		-	-
(ii) Income tax on items that will be reclassified to profit or loss		-	-
(b) Exchange differences in translating the financial statements of a foreign operation		-	-
Other comprehensive income for the year, net of tax		25.32	-14.66
XI Total comprehensive income for the year, net of tax		9,812.59	3,963.77
XII Earnings per share: (face value ₹ 10 per share)	34		
1) Basic (amount in ₹)		28.29	11.50
2) Diluted (amount in ₹)		28.29	11.50

Summary of Significant Accounting Policies

3

The accompanying notes form an integral part of these financial statements

As per our Report of even date attached

For S.R. Dinodia & Co. LLP

Chartered Accountants

Firm's Registration Number 001478/N/500005

(Sandeep Dinodia)

Partner

Membership Number 083689



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

(Abhishek Munjal)

Director

(DIN: 05355274)

(Darpan Vashistha)

CFO

Pan No. : ACGPV3123M

(Amit Gupta)

Managing Director

(DIN: 02990732)

(Sheeba Dhamija)

Company Secretary

M. No. 29705

Place of Signature:

Date: 19 DEC 2022

Place of Signature:

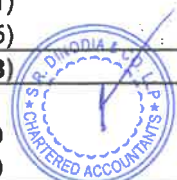
Date: 19 DEC 2022

Hero Motors Limited

Statement of Cash Flows for the year ended March 31, 2022

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Cash flows from operating activities		
Profit before and tax	13,595.26	5,018.43
Adjustments for:		
Depreciation and amortization	1,590.26	1,574.82
Interest Paid	1,301.65	934.04
Other borrowing cost	131.11	158.55
Provision/Sundry Balances written back	0.37	15.20
Grant amortised during the year	-	-
Loss/(Profit) on sale of PPE	1.47	449.02
Rental income	(6.41)	(17.67)
Interest income	(130.09)	(16.29)
Operating profit before working capital changes	16,483.62	8,116.10
Movement in working capital:		
(Increase)/decrease in trade receivables	(3,876.27)	(6,279.21)
(Increase)/decrease in other non-current financial assets	(526.86)	(280.62)
(Increase)/decrease in other current financial assets	(965.64)	(1,833.11)
(Increase)/decrease in other non-current assets	(377.59)	(439.58)
(Increase)/decrease in other current assets	(1,615.53)	(2,140.32)
(Increase)/decrease in inventories	(3,647.37)	(2,943.27)
Increase/(decrease) in trade payables	6,789.74	4,873.39
Increase/(decrease) in other non-current financial liabilities	25.15	360.15
Increase/(decrease) in other current financial liabilities	2,464.73	925.39
Increase/(decrease) in non-current provisions	17.99	726.81
Increase/(decrease) in current provisions	11.43	202.78
Increase/(decrease) in other current liabilities	65.14	(1,771.90)
Cash generated from operations	14,848.54	(483.39)
Direct tax paid (net of refunds)	(2,246.66)	(1,040.00)
Cash flow before exceptional items	12,601.88	(1,523.39)
Exceptional items:		
Profit/(loss) on sale of PPE	6,574.05	-
Net cash inflow from/(used in) operating activities	(A) 6,027.83	(1,523.39)
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,585.63)	(2,106.88)
Sale proceeds of property, plant and equipment	9,368.20	887.98
(Increase)/decrease in capital work in progress	(472.26)	(84.19)
Sale/(Purchase) of Intangible assets	(30.04)	(0.70)
(Increase)/decrease in Investment in subsidiaries	(397.87)	-
(Increase)/decrease in current investment - Others	(2,446.52)	-
(Increase)/decrease in non-current Loans	(583.92)	1,069.48
(Increase)/decrease in current Loans	(12.32)	1,770.86
Interest received	130.09	16.29
Rent received	6.41	17.67
Net Cash From/ (Used In) Investing Activities	(B) 2,976.14	1,570.51
Cash flows from financing activities		
Increase/ (decrease) in long term borrowings	(6,925.93)	11,864.20
Increase/ (decrease) in short term borrowings	2,852.41	(10,206.25)
Other borrowing cost	(131.11)	(158.55)
Interest paid	(1,301.65)	(934.04)
Net cash inflow from/(used in) financing activities	(C) (5,506.28)	565.36
Net Increase (decrease) In cash and cash equivalents (A+B+C)	3,497.69	612.48
Opening balance of cash and cash equivalents	1,514.40	901.92
Total cash and cash equivalent (Note no. 17)	5,012.09	1,514.40



Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Components of cash and cash equivalents		
Cash, Cheque/drafts on hand	1.23	1.12
With banks - Current account	326.86	1,513.28
With banks - Deposit account	4,684.00	-
Total cash and cash equivalent (Note no. 15)	5,012.09	1,514.40

Note :

(a) The above statement of Cash Flows has been prepared under the Indirect Method as set out in IND AS 7 'Statement of Cash Flows'.

b) During the FY 21-22, the company has made investment in a Subsidiary in Thailand in the name of "Hero Motors Thai

Summary of Significant Accounting Policies

3

The accompanying notes form an integral part of these financial statements

As per our Report of even date attached

For S.R. Dinodia & Co. LLP

Chartered Accountants

Firm's Registration Number 001478N/N500005



(Sandeep Dinodia)

Partner

Membership Number 083689

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

(Abhishek Munjal)

Director

(DIN: 05355274)

(Amit Gupta)

Managing Director

(DIN: 02990732)

(Darpan Vashistha)

CFO

Pan No. : ACGPV3123M

(Sheeba Dhamija)

Company Secretary

M. No. 29705

Place of Signature: New Delhi

Date: 19 DEC 2022

Place of Signature: Gurugram

Date: 19 DEC 2022

Hero Motors Limited

Statement of changes in equity for the year ended March 31, 2022

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

A. Equity Share Capital

As at April 01, 2020	3,459.71
Changes during the year	
As at March 31, 2021	3,459.71
Changes during the year	
As at March 31, 2022	3,459.71

B. Other Equity

Particulars	Security Premium	Demerger adjustment deficit account	Share Pending Issuance	Retained Earnings	Total Other Equity
Balance as at April 01, 2020	-	-	-	(248.00)	(248.00)
Effect of Business Combination				(1,297.59)	(1,297.59)
Profit for the year	-	-	-	3,978.43	3,978.43
Remeasurement of the benefit plan, net of tax effect	-	-	-	-14.66	(14.66)
Total Comprehensive Income for the year	-	-	-	3,963.77	3,963.77
Balance as at March 31, 2021	-	-	-	2,418.18	2,418.18
Effect of Business Combination	-	-75,279.98	75,279.98	-	-
Profit for the year	-	-	-	9,787.27	9,787.27
Remeasurement of the benefit plan, net of tax effect	-	-	-	25.32	25.32
Total Comprehensive Income for the year	-	-	-	9,812.59	9,812.59
Balance as at March 31, 2022	-	(75,279.98)	75,279.98	12,230.77	12,230.77

Summary of Significant Accounting Policies (Note No. 3)

The accompanying notes form an integral part of these financial statements

As per our Report of even date attached

For S.R. Dinodia & Co. LLP

Chartered Accountants

Firm's Registration Number 001478/N/500005



(Sandeep Dinodia)

Partner

Membership Number 083689

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

(Abhishek Munjal)
Director
(DIN: 05355274)

(Amit Gupta)
Managing Director
(DIN: 02990732)

(Darpan Vashistha)
CFO
Pan No. : ACGPV3123M

(Sheeba Dhamija)
Company Secretary
M. No. 29705

Place of Signature: New Delhi

Date: 19 DEC 2022

Hero Motors Limited

Notes to Financial Statements for the year ended March 31, 2022

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

Note 1: Corporate Information

Hero Motors Limited, 'the company' was incorporated on April 30, 1998 as a unlisted Limited Company under the Companies Act, 1956, vide Current Registration Number U29299PB1998PLC039602. The Registered Office of the Company is at Hero Nagar G. T. Road Ludhiana Ludhiana PB 141003

The main objective of the Company's business is manufacturing, buying, selling, importing, exporting, improving, assembling, repairing and dealing of all kinds of machineries, component parts, replacement parts, spare accessories, tools, implements and fittings for engines upto 500 cc capacity, Mopeds (Auto Cycles), Scooters, Motorcycles, Three Wheelers, or Otherwise.

Note 2: Statement of Compliance

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

The accounting policies are applied consistently to all the periods presented in the financial statements.

Basis of Preparation and presentation

The Financial Statements are prepared on an accrual basis under historical cost Convention except for certain financial instruments which are measured at fair value, financial liabilities at amortized cost, at the end of each reporting period, as explained in the relevant accounting policies mentioned. The financial statements are presented in Rupees, which is the functional currency of the Company and all values are rounded to the nearest thousand with two decimals except otherwise stated.

Going Concern

The board of directors have considered the financial position of the Company at March 31, 2022, the projected cash flows and financial performance of the Company for at least twelve months from the date of approval of these financial statements as well as planned cost and cash improvement actions, and believe that the plan for sustained profitability remains on course.

The board of directors have taken actions to ensure that appropriate long-term cash resources are in place at the date of signing the accounts to fund the Company's operations.

Recent accounting pronouncements notified by Ministry of Corporate Affairs are as under:-

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, which are as below. The effective date for adoption of this amendment are from annual periods beginning on or after April 01, 2022:

Ind AS 16 – Property Plant and equipment - The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The Company has evaluated the amendment and there is no impact on its financial statements

Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets – The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The Company has evaluated the amendment and there is no impact on its financial statements.

New Accounting Pronouncements effective from April 1, 2021:

The following Ind AS pronouncements pursuant to issuance of the Companies (Indian Accounting Standards) Amendment Rules 2021, were issued during the year:

- Amendment to Ind AS 1 and Ind AS 8- Word "Framework" replaced with "Conceptual Framework"
- Amendment to Ind AS 102- Amendment to the footnote to the definition of an equity instrument
- Amendment to Ind AS 103- Business Combinations
- Amendment to Ind AS 104- Insurance Contracts
- Amendment to Ind AS 16 and Ind AS 105- Definition of recoverable amount.
- Ind AS 107 and Ind AS 109- Interest Rate Benchmark Reform
- Amendment to Ind AS 115- Service Concession Arrangements: Disclosure
- Amendment to Ind AS 116- Leases

None of the changes described above, or any of the other changes to the Ind AS, with the exception of Ind AS 116 (Leases), have a impact on the net worth, financial position, financial performance or on the cash flow of the Company.

Note 3: Significant Accounting Policies

a) Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from the estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods affected.



Hero Motors Limited

Notes to Financial Statements for the year ended March 31, 2022

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

Use of Estimates and Judgements

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. Also, the company has made certain judgements in applying accounting policies which have an effect on amounts recognized in the financial statements.

i) Income taxes

The Company is subject to income tax laws as applicable in India. Significant judgment is required in determining provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Where tax positions are uncertain, accruals are recorded within income tax liabilities for management's best estimate of the ultimate liability that is expected to arise based on the specific circumstances and the Company's historical experience. Factors that may have an impact on current and deferred taxes include changes in tax laws, regulations or rates, changing interpretations of existing tax laws or regulations, future levels of research and development spending and changes in pre-tax earnings.

ii) Contingencies

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

iii) Recoverability of deferred taxes

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

iv) Defined benefit plans

The present value of the gratuity and compensated absences are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the actuary considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

b) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

Assets:

An asset is treated as current when it is:

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

All other assets are classified as non-current.

Liabilities:

A liability is current when:

- (i) It is expected to be settled in normal operating cycle
- (ii) It is held primarily for the purpose of trading
- (iii) It is due to be settled within twelve months after the reporting period, or
- (iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Operating cycle: The operating cycle is the time between the acquisition of assets / liabilities for processing and their realisation / payment in cash and cash equivalents. The Company has identified twelve months as its operating cycle.



Hero Motors Limited

Notes to Financial Statements for the year ended March 31, 2022

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

c) Property, Plant and Equipment (PPE)

Property, plant and equipment and capital work in progress are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Such cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct services, any other costs directly attributable to bringing the assets to its working condition for their intended use and cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition 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 within other income / expense (as applicable).

Items of stores and spares that meet the definition of property, plant and equipment are capitalised at cost and depreciated over their useful life. Otherwise, such items are classified as inventories.

Transition to Ind AS: On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment.

Subsequent costs: The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item of property, plant and equipment, if it is probable that the future economic benefits embodied within the part will flow to the Company, its cost can be measured reliably with the carrying amount of the replaced part getting derecognised and there is increase of future benefits from the existing asset beyond previously assessed standard of performance. The cost for day-to-day servicing of property, plant and equipment are recognised in statement of profit and loss as and when incurred.

Decommissioning Costs : The present value of the expected cost for the decommissioning of an asset, if any, after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. (as applicable)

Capital work in progress: Capital work in progress comprises the cost of property, plant and equipment that are not ready for their intended use at the reporting date.

The Company had applied for the one time transition exemption of considering the carrying cost on the transition date i.e. 1st April, 2016 as the deemed cost under Ind AS.

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

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

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

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

Asset Class	Useful Life
Building	30-60 years
Plant & Machinery	7.5 to 15 years
Furniture & Fixture	3 to 10 years
Office Equipments	3 to 5 years
Vehicles	8 to 10 years
Computer	3 to 6 years

d) Intangible Assets

Recognition and measurement

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

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

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all its intangible assets recognized as at April 01, 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

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



Hero Motors Limited

Notes to Financial Statements for the year ended March 31, 2022

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

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

The Company had applied for the one time transition exemption of considering the carrying cost on the transition date i.e. 1st April, 2016 as the deemed cost under Ind AS.

e) Borrowing Costs

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

f) Foreign Currency Transaction

Functional and presentational currency

The Company's financial statements are presented in Indian Rupees (₹ in lakh) which is Company's functional currency and also the presentational currency. Functional currency is the currency of the primary economic environment in which a Company operates and is normally the currency in which the Company primarily generates and expends cash.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Advances received or paid in foreign currency are recognised at exchange rate on the date of transaction and are not retranslated.

g) Revenue Recognition

Effective 01 April 2018, the Company has adopted Indian Accounting Standard 115 (Ind AS 115) - 'Revenue from contracts with customers'. The effect on adoption of Ind-AS 115 was insignificant.

Revenue from contracts 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.
- Significant financing component - Generally, the Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised goods or services to the customer and when the customer pays for that goods or services will be one year or less.

Use of significant Judgements in Revenue Recognition

- Judgement is required to determine the transaction price for the contract. The transaction price could be either a fixed amount of consideration or variable consideration with elements such as volume discounts, price concessions, incentives etc. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.

- The Company estimates variable considerations to be included in the transaction price for the sale of goods with volume rebates. The Company's expected volume rebates are analysed on a per customer basis. Determining whether a customer will be entitled to rebate will depend on the customer's historical rebates entitlement and accumulated purchases to date. The Company updates its assessment of volume rebates on regular basis.

- The Company assesses its revenue arrangements against specific recognition criterias like exposure to the significant risks and rewards associated with the sale of goods. When deciding the most appropriate basis for presenting revenue or costs of revenue, both the legal form and substance of the agreement between the Company and its customers are reviewed to determine each party's respective role in the transaction.



Hero Motors Limited

Notes to Financial Statements for the year ended March 31, 2022

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

Other Operating Revenue

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

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

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

h) Inventories

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

Goods	Cost includes purchase cost, duties, taxes and all other costs incurred in bringing the inventory to their present location. Cost is determined on Weighted Average Cost Method.
Scrap	Scrap is valued at Net realisable value.

i) Employee's Benefits

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

Defined Contribution Plan

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

Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. The Company accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation report using the projected unit credit method as at the year end.

The obligations are measured at the present value of the estimated future cash flows. The discount rate is generally based upon the market yields available on Government bonds at the reporting date with a term that matches that of the liabilities.

Re-measurements, comprising actuarial gains and losses including, the effect of the changes to the asset ceiling (if applicable), is reflected immediately in Other Comprehensive Income, they are included in retained earnings in the Statement of Changes in Equity and Balancesheet. All other expenses related to defined benefit plans are recognised in statement of profit and loss as employee benefit expenses. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs.

Other Long Term Benefits

Long term compensated absences are provided for on the basis of actuarial valuation, using the projected unit credit method, at the end of each financial year. Actuarial gains / loss are recognised in Statement of Profit & Loss. On the basis of companies policy, compensated absences are recognised as long term employee benefit & compensated absences beyond 60/50/30 days as may be applicable, shall lapse after the end of financial year.

j) Provisions, Contingent liabilities and Contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed in the case of;

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle obligation;
- a present obligation arising from past events, when no reliable estimate is possible.



Hero Motors Limited

Notes to Financial Statements for the year ended March 31, 2022

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

Contingent assets are neither recognised nor disclosed. However, when realisation of income is virtually certain, related asset is recognised.

Provision, contingent liabilities and contingent assets are reviewed at each balance sheet date and adjusted where necessary to reflect the current best estimate of obligation or asset.

k) Financial Instruments

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

1) Initial recognition and measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset is initially recognised at fair value. In case of financial assets which are recognised at fair value through profit and loss (FVTPL), its transaction cost are recognised in the statement of profit and loss. In other cases, the transaction cost are attributed to the acquisition value of the financial asset.

2) Classification and Subsequent measurement

(a) Financial Assets

For purposes of subsequent measurement, financial assets are classified in following categories:

- Financial Asset carried at amortised cost
- Financial Asset at fair value through other comprehensive income (FVTOCI)
- Financial Asset at fair value through profit and loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

•Financial Asset carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

•Financial Asset at fair value through other comprehensive income (FVTOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

•Financial Asset at fair value through profit and loss (FVTPL)

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

De-recognition

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognised (i.e. removed from the Company's Balance Sheet) when:

- (i) The contractual rights to receive cash flows from the asset has expired, or
- (ii) The Company has transferred its contractual rights to receive cash flows from the financial asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(b) Financial Liabilities

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at amortised cost
- Financial liabilities at fair value through profit and loss (FVTPL)

Financial liabilities at Amortized cost

Loans and borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. 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 as finance costs in the statement of profit and loss. This category generally applies to the borrowings.

De-recognition

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 de-recognition of the original liability and the recognition of a new liability. The difference (if any) in the respective carrying amounts is recognised in the statement of profit and loss.



Hero Motors Limited

Notes to Financial Statements for the year ended March 31, 2022

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

(c) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

l) Impairment of Financial Assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgments in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

m) Impairment of Non-Financial Assets

The carrying amounts of the Company's non-financial assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit ('CGU') is the greater of its value in use or its fair value less costs to sell. 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ('CGU').

An impairment loss is recognized, if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount and is recognised in statement of profit and loss.

Impairment losses recognised in prior periods are assessed at end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

n) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) In the principal market for the asset or liability, or
- (ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

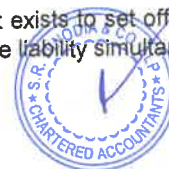
o) Taxes on Income

Current income tax

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

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

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



Hero Motors Limited

Notes to Financial Statements for the year ended March 31, 2022

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

The Government of India has issued the Taxation Laws (Amendment) Act, 2019, which provides domestic companies an option to pay corporate tax at reduced rates effective April 1, 2019 subject to certain conditions. The Company intends to opt for lower tax regime from assessment year 2022-23 and accordingly the impact has been considered in computing deferred tax.

Deferred tax

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses (if any). Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

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 taxes relate to the same taxable entity and the same taxation authority. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Minimum Alternate Tax

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

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

p) 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, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash balance on hand, cash balance at banks and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

q) Statement of Cash flows

The statement of cash flows have been prepared under indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows.

r) Earnings per share (EPS)

In determining earnings per share, the Company considers the net profit after tax and includes the post tax effect of any extra ordinary items.

- Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

- For the purpose of calculating Diluted Earning per share, the number of shares comprises of weighted average shares considered for deriving basic earning per share and also the weighted average number of equity share which could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. A transaction is considered to be antidilutive if its effect is to increase the amount of EPS, either by lowering the share count or increasing the earnings.

s) Government grants

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

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

t) Segment Reporting

The Company has the policy of reporting the segments in a manner consistent with the internal reporting provided to the chief decision maker. The chief decision maker is considered to be the Board of Directors who makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments.



Hero Motors Limited

Notes to Financial Statements for the year ended March 31, 2022

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

u) Research & development costs

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

v) Exceptional items

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



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Hero Motors Limited

Notes to Financial Statements for the year ended March 31, 2022

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

Note 4 : Property, Plant and Equipment

Particulars	Land- Freehold	Land- leasehold	Buildings	Leasehold Improvement	Plant and Machinery	Furniture and Fixtures	Office Equipment	Computer	Vehicles	Total
Gross carrying amount										
As at April 01, 2020	-	2,633.18	1,446.36	-	-	-	-	1.24	-	4,080.78
Effect of Business Combination	460.67	118.76	5,013.98	541.90	28,430.71	307.44	366.31	387.90	90.01	35,717.68
Add: Additions made during the year	-	-	185.73	-	1,756.09	6.04	29.82	25.40	103.80	2,106.88
Less: (Disposals)/adjustments during the year	-	-	(1,352.30)	-	(213.91)	(0.36)	(6.02)	(9.63)	(0.70)	(1,582.92)
As at March 31, 2021	460.67	2,751.94	5,293.77	541.90	29,972.89	313.12	390.11	404.91	193.11	40,322.42
Add: Additions made during the year	-	-	115.64	-	2,243.29	10.37	15.98	139.84	60.51	2,585.63
Less: (Disposals)/adjustments during the year	-	(2,633.18)	(191.61)	(3.92)	(0.76)	-	-	-	(34.64)	(2,864.11)
As at March 31, 2022	460.67	118.76	5,217.80	537.98	32,215.92	323.49	406.09	544.75	218.98	40,044.44
Accumulated depreciation/amortization										
As at April 01, 2020	-	-	83.74	-	-	-	-	0.69	-	84.43
Effect of Business Combination	-	84.83	2,344.75	453.61	17,003.54	193.08	292.51	302.82	44.84	20,719.98
Add: Depreciation charge for the year	-	16.97	192.12	3.90	1,273.91	12.29	19.45	27.56	13.76	1,559.96
Less: (Disposals)/adjustments during the year	-	-	(107.93)	-	(127.11)	(0.35)	(3.95)	(6.29)	(0.29)	(245.92)
As at March 31, 2021	-	101.80	2,512.68	457.51	18,151.04	205.02	308.01	324.78	58.31	22,119.15
Add: Depreciation charge for the year	-	16.97	133.23	3.90	1,321.97	12.65	21.59	41.71	21.62	1,573.64
Less: (Disposals)/adjustments during the year	-	-	(39.52)	(3.73)	(0.74)	-	-	-	(24.50)	(68.49)
As at Mar 31, 2022	-	118.77	2,606.39	457.68	19,472.63	217.67	329.60	366.49	55.43	23,624.66
Net carrying amount										
As at March 31, 2022	460.67	(0.01)	2,611.41	80.30	12,743.29	105.82	76.49	178.26	163.55	16,419.78
As at March 31, 2021	460.67	2,650.14	2,781.10	84.40	11,821.87	108.10	82.12	80.13	134.80	18,203.27

Notes:

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



Hero Motors Limited

Notes to Financial Statements for the year ended March 31, 2022

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

Note 5 : Capital work in progress

Balance at the beginning of the year
Add: Addition made during the year
Less: transferred to Property, Plant & Equipment during the year

As March 31, 2022	At March 31, 2021
439.87	417.26
1,595.56	1,206.66
-1,123.30	-1,184.05
912.13	439.87

a) Breakup of capital work in progress is as follows:

	As March 31, 2022	At March 31, 2021
Plant & Machinery	904.62	398.50
Building	7.51	41.37
	912.13	439.87

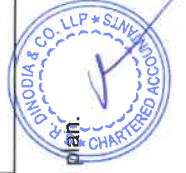
b) Ageing schedule of CWIP as at March 31, 2022:

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

Ageing schedule of CWIP as at March 31, 2021:

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	439.87	-	-	-	439.87
Projects temporarily suspended	-	-	-	-	-

c) There are no capital-work-in progress as at March 31, 2022 and as at March 31, 2021 whose completion is overdue or has exceeded its cost as compared to its original plan.



Hero Motors Limited

Notes to Financial Statements for the year ended March 31, 2022

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

Note 6 : Other intangible assets

Particulars	Computer Software	Total
Gross carrying amount		
As at April 01, 2020	245.14	245.14
Add: Additions made during the year	1.30	1.30
Less: (Disposals) / adjustments during the year	0.70	-
As at March 31, 2021	245.74	246.44
Add: Additions during the year	30.04	30.04
Less: (Disposals) / adjustments during the year	-	-
As at March 31, 2022	275.78	276.48
Accumulated amortisation		
As at April 01, 2020	168.56	168.56
Add: Amortisation charge for the year	14.86	14.86
Less: (Disposals) / adjustments during the year	0.10	-
As at March 31, 2021	183.32	183.42
Add: Amortisation charge for the year	16.62	16.62
Less: (Disposals) / adjustments during the year	-	-
As at March 31, 2022	199.95	200.04
Net carrying amount		
As at March 31, 2022	75.83	75.83
As at March 31, 2021	62.42	62.42



Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

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

Note 7A : Investment in subsidiary

Non- Current
Investments in equity shares of Subsidiary - (unquoted)
(At Cost)
Hero Motors Thai Limited
164998 (March 31, 2021: Nil) Equity Shares of THB 100 Each fully paid up

- i) Aggregate value of unquoted investments
- ii) Aggregate amount of impairment in value of unquoted investments
- iii) Aggregate value of unquoted investments (net of impairment)

(a) Information about subsidiary

Name of Company	Country of incorporation	Principal activities	Porportion (%) of equity interest	
			As March 31, 2022	At March 31, 2021

Subsidiary
Hero Motors Thai Limited

Thailand
Manufacturing of
Accessories for
Motor Vehicle

99.99%

- b) During the FY 21-22, the company has made investment in a Subsidiary in Thailand in the name of "Hero Motors Thai Limited".
- c) The number of shares in note above represents absolute numbers.

Note 7B : Investment Others

Current Investment

Investments in Debentures measured at Fair Value through P&L

Quoted Investments
51 (March 31, 2021 : NIL) market linked debentures of Shriram Transport Company of Rs 10,00,000 each
144 (March 31, 2021 : NIL) market linked debentures of Tata Capital Financial Services Limited of Rs 10,00,000 each

As March 31, 2022	At March 31, 2021
-------------------	-------------------

583.05

1,863.47

2,446.52

- a) Aggregate book value of quoted investments
- b) Aggregate market value of quoted investments
- c) The number of units in note above represents absolute numbers.



Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

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

Note 8 : Loans

(Unsecured, considered good unless otherwise stated)

Loans to Employees

Loans Receivables considered good – Unsecured

Loan to Subsidiary (Refer Note No. 37 and below note 'b')

Non - Current				Current			
As	At	As	At	As	At	As	At
March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	4.72	-	-	12.92	-	0.60	-
579.20	-	-	-	-	-	-	-
583.92	-	-	-	12.92	-	0.60	-

a) The Company has no loans which have significant increase in credit risk and loans which are credit impaired. (Refer Note No. 39)

b) The above loan given to subsidiary is repayable on demand after 3 years from date of loan disbursement and carry interest rate @ 9% p.a.

Note 9 : Other financial assets

(Unsecured, considered good unless otherwise stated)

Security deposits

Interest accrued but not due on

- Margin Money

- Loan to Subsidiary

Interest accrued and due on Deposit with UPSEB

Deposits with original maturity of more than 12 months (Refer note 15)

Forward Contract Receivable

Other Receivables

Non - Current				Current			
As	At	As	At	As	At	As	At
March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
261.32	252.06	-	-	-	-	-	-
4.56	-	-	-	8.77	-	2.96	-
18.04	-	-	-	-	-	-	-
-	-	-	-	19.66	-	9.86	-
509.34	14.34	-	-	495.00	-	-	-
-	-	-	-	110.11	-	-	-
-	-	-	-	2,172.30	-	1,827.38	-
793.26	266.40	-	-	2,805.84	-	1,840.20	-

Note

Other Receivables of ₹ 2,172.30 lakh (March 31, 2021 : ₹ 1,827.38 lakh) includes accrual for rate difference of ₹ 2,087.92 lakh (March 31, 2021: ₹ 1,821.86) which is receivable by the company from various customers pursuant to agreement with them, receivable against Interest Equilisation Scheme ₹ 79.44 lakh (March 31, 2021: ₹ Nil) and ₹ 4.94 lakh (March 31, 2021 : ₹ 5.52 lakh) towards recoverable from employees.



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Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

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

Note 10 : Non Current Tax Asset

	As March 31, 2022	At March 31, 2021
Advance Income Tax	-	14.22
(Net of provision of ₹ Nil (March 31, 2021 : ₹ 1,040 lakh)	-	14.22

Note 10A : Current Tax Liabilities

	As March 31, 2022	At March 31, 2021
Current Tax Liabilities	59.58	-
(Net of Advance Tax of ₹ 26,28.86 lakh (March 31, 2021 : ₹ Nil)	59.58	-

Note 11 : Other assets

(Unsecured, considered good, unless otherwise stated)

	Non - Current		Current	
	As March 31, 2022	At March 31, 2021	As March 31, 2022	At March 31, 2021
Capital advances (Refer Note No. 36)	664.59	386.25	-	-
Export incentive receivable	-	-	1,099.01	718.52
Balance with government authorities - considered good	-	-	1,292.42	482.09
Prepaid expenses	5.54	-	54.54	30.34
Advances Recoverable in Cash or Kind	-	-	34.10	4.39
Advances to suppliers	-	-	1,072.84	912.48
Amount Deposit Under Protest	148.03	54.32	-	-
Other Receivables	-	-	210.44	-
	818.16	440.57	3,763.35	2,147.82

Other Receivables of ₹ 210.44 lakh (March 31, 2021 : Nil) includes accrual under RoDTEP Scheme of ₹ 98.37 lakh (March 31, 2021: Nil) which is receivable by the company from Custom Department, accrual of ₹ 95.26 lakh (March 31, 2021: Nil) under Target Plus Scheme for FY 1995-96 and ₹ 11.92 lakh (March 31, 2021 : Nil) towards GST recoverable and other Recoverable of ₹ 4.89 lakh (March 31, 2021 : Nil).



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Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

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

Note 12 : Inventories

	As March 31, 2022	At March 31, 2021
Raw Materials	3,555.84	2,600.57
Good in Transit - Raw Materials	41.15	-
Work in Progress (WIP)	2,096.62	2,610.27
Finished Goods	876.67	689.64
Good in Transit - Finished Goods	5,710.86	2,841.01
Traded Goods	225.47	133.53
Stores & Spares	1,169.18	986.34
Loose Tools	329.01	559.43
Scrap	142.50	79.14
	14,147.30	10,499.93

a) Refer note 18A & 18B for information on above assets being pledged as security by the company.

Note 13 : Trade receivables

	As March 31, 2022	At March 31, 2021
Trade receivables considered good - secured	385.30	360.15
Trade receivables considered good - unsecured	18,749.00	14,897.88
Trade receivables - Credit Impaired	-	-
Less: Allowance for Expected Credit Loss	-	-
	19,134.30	15,258.03



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Hero Motors Limited
Notes to financial statements for the year ended March 31, 2022
(All Amount are in ₹ lakh, unless otherwise stated)

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

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	15,766.45	3,226.18	57.64	79.97	3.38	0.68	19,134.30
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Dispute Trade Receivables considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Less: Allowances for expected credit loss	-	-	-	-	-	-	-
Net Trade receivables	15,766.45	3,226.18	57.64	79.97	3.38	0.68	19,134.30

Trade receivables ageing schedule as at March 31, 2021:

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	9,491.05	5,676.75	1.17	88.18	-	0.88	15,258.03
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Dispute Trade Receivables considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Less: Allowances for expected credit loss	-	-	-	-	-	-	-
Net Trade receivables	9,491.05	5,676.75	1.17	88.18	-	0.88	15,258.03

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

Balance as at beginning of the year

Loss allowances during the year

Trade receivables written off / written back during the year

Balance as at the end of the year



As At
March 31, 2022

As At
March 31, 2021

- b) Trade receivables are generally on terms of 45- 60 days (March 31, 2021: 45-60 days).
c) The company's exposure to credit and currency risk, and loss allowances related to trade receivables are disclosed in note 39.
d) The above includes amount due from related parties is ₹ 443.40 lakh (March 31, 2021: ₹ 3,892.83 lakh) (Refer note no. 37).
e) No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other persons.

Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

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

Note 14 : Cash and cash equivalents

	As March 31, 2022	At March 31, 2021
Balances with banks:		
- Current account	326.86	1,513.28
- Deposits with original maturity of less than 3 months (Refer Note 'b' below)	4,684.00	-
Cash on hand	1.23	1.12
	5,012.09	1,514.40

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

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

Note 15 : Bank balances other than cash & cash equivalents

	As March 31, 2022	At March 31, 2021
Earmarked balances with banks		
Deposits with original maturity of more than 12 months (Refer notes below)	1,004.34	14.34
	1,004.34	14.34
Less: Amount disclosed under "Other Financial Assets" (Refer Note No.9)	1,004.34	14.34
	-	-

a) The above deposits includes ₹ 990 lakh (March 31, 2021 : ₹ Nil) which is maintained by the company with Banks comprise of the time deposits which may be withdrawn by the company at any point of time without prior notice and are made of varying period depending upon the cash requirements of the company and earn interest at respective deposit rate.

b) The above deposits includes ₹ 0.49 lakh (March 31, 2021 : ₹ 0.49 lakh) which is pledged against Excise Authorities and ₹ 0.50 lakh (March 31, 2021 : ₹ 0.50 lakh) given to telephone department.

c) The above deposits includes ₹ 7.12 lakh (March 31, 2021 : ₹ 7.12 lakh) and ₹ 6.24 lakh (March 31, 2021 : ₹ 6.24 lakh) which is given against Bank Guarantee to M/s Indraprastha Gas Ltd. & Customs & UP Pollution Control Board respectively.



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Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

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

Note 16 : Equity Share Capital

Authorised

6,20,00,000 (March 31, 2021: 6,20,00,000) Equity Shares of Rs. 10 each*

As March 31, 2022	At March 31, 2021
----------------------	----------------------

6,200.00 6,200.00

6,200.00 6,200.00

Issued, subscribed and fully paid up

3,45,97,133 (March 31, 2021: 3,45,97,133) Equity Shares of Rs. 10 each*

3,459.71 3,459.71

3,459.71 3,459.71

a) Reconciliation of Issued and Subscribed Share Capital:

Balance as at April 1, 2020

Add: Shares issued during the year

Balance as at March 31, 2021

Add: Shares issued during the year

Balance as at March 31, 2022

No. of Shares*	Amount
34,597,133	3,459.71
34,597,133	3,459.71
34,597,133	3,459.71

b) Terms/ rights attached to equity shares:

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share and will rank pari passu with each other in all respect. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The Company has not paid any dividend during the year.

c) Details of Shareholders Holding More than 5% Shares In the Company

Name of Party	As at March 31, 2022		As at March 31, 2021	
	No. of Shares*	Holding %	No. of Shares*	Holding %
Hero Cycles Limited	33,759,948	97.58%	33,759,948	97.58%

d) Details of Promoter's Shareholding:

Promoter's Name	As at March 31, 2022		As at March 31, 2021		% Change during the year
	No. of Shares ^{1 & 2}	% of total shares	No. of Shares ^{1 & 2}	% of total shares	
Hero Cycles Limited	33,759,948	97.58%	33,759,948	97.58%	0.0%

Promoter's Name	As at March 31, 2021		As at March 31, 2020		% Change during the year
	No. of Shares*	% of total shares	No. of Shares*	% of total shares	
Hero Cycles Limited	33,759,948	97.58%	33,759,948	97.58%	0.0%

Note 16A : Preference Share Capital

Authorised Preference Share Capital

9,95,00,000 (March 31, 2021: 9,95,00,000) 6% Non Cumulative Convertible Redeemable Preference Shares

As March 31, 2022	At March 31, 2021
----------------------	----------------------

9,950.00 9,950.00

9,950.00 9,950.00

* Number of Shares are given in absolute numbers.



Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

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

Note 17 : Other Equity

	As March 31, 2022	At March 31, 2021
Demerger adjustment deficit account	(75,279.98)	-
Share Pending Issuance	75,279.98	-
Retained Earnings	12,230.77	2,418.18
	12,230.77	2,418.18

Notes:

i) For Movement during the period in Other Equity, refer "Statement of Change in Equity".

ii) Nature and Purpose of Other Reserves

a) Demerger adjustment deficit account

The excess of consideration paid over net assets taken, if any, is treated as "Demerger adjustment deficit account". This deficit account has arisen as a result of scheme of demerger in the current financial year.

b) Share Pending Issuance

It represents shares to be issued to shareholder of demerged company pursuant to business combination.

c) Retained Earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. All the profits made by the Company are transferred to retained earnings from statement of profit and loss.



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Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

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

Note 18A : Long Term Borrowings

	Non - Current		Current	
	As March 31, 2022	At March 31, 2021	As March 31, 2022	At March 31, 2021
Term Loan (secured)				
- From banks [refer note (i) to (iii) below]	2,500.00	3,750.00	1,250.00	1,250.00
Non Convertible Debenture [refer note (iv) to (vii) below] - Secured	3,333.33	9,009.27	5,666.67	2,000.00
	5,833.33	12,759.27	6,916.67	3,250.00
Less: Amount disclosed under other financial liabilities as 'Short term borrowings' (refer note 18B)	5,833.33	12,759.27	-	-

Notes:

i) Nature of Security: Following security details for long term borrowings-HDFC Term Loan:

- Exclusive Charge on moveable fixed assets of the company's Ghaziabad plant.
- a first pari passu charge (equitable mortgage) on the Land and Building at Patna held by holding company.
- a first ranking pari passu mortgage and charge on Mumbai Flat of the holding company.

ii) The above term loan carries rate of interest at 1 year MCLR+0.2% spread.

iii)

Maturity profile of secured term loans is as set out below				
	2022-23	2023-24	2024-25	Beyond 2024-25
Term loan from banks are repayable in quarterly installments	1,250.00	1250.00	1250.00	3,750.00

iv) Outstanding Debentures issued through AXIS Trusteeship Services Ltd amounting to Rs 4000 lakh (March 31, 2021: Rs 6000 lakh) secured by the following assets:-

- a first pari passu charge (equitable mortgage) on the company's Ghaziabad Land and Building.
- a first ranking pari passu mortgage and charge on Mumbai Flat of the holding company.
- The above debentures carries rate of interest at 7.95% p.a having maturity date of April 22, 2022.

vi) Outstanding Debentures issued through Beacon Trusteeship Services Ltd amounting to Rs 5,000 lakh (March 31 2021: Rs 5,000 lakh) by the following assets:-

- a first pari passu charge (equitable mortgage) on the Land and Building of Mangli plant held by holding company.
- a first pari passu charge on building at Gurugram held by holding company.

vii) The above debentures carries rate of interest at 7.50% p.a. having repayment in three equal annual installments starting from November 05, 2022.

viii) The company has entered into sanction letter for Term Loan of Rs 4,000 lakh with Bank and paid a processing fee for same, however the same was disbursed after reporting date.



Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

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

Note 18B : Short Term Borrowings

Secured

Short Term Borrowings:

- Export Packing Credit [refer note (ia) below]
- Buyer's Credit [refer note (ib) below]

Cash Credit

Bills Discounting

Current Maturities of Long Term Borrowings (Refer Note 18A)

As March 31, 2022	At March 31, 2021
11,122.00	10,500.00
1,132.26	-
-	13.75
-	2,554.77
6,916.67	3,250.00
19,170.93	16,318.52

i) The nature of Security for short term borrowings are as under:

- a) First Pari Passu charge on entire current assets of the company present and future with rate of interest range of 1.95% - 5.10% and repayable within 180 days.
- b) First Pari Passu charge on entire current assets of the demerged company (including demerged undertaking) present and future with rate of interest of 3months MCLR payable at monthly intervals and repayable on demand.
- c) Refer Note No. 18A for the terms and conditions, nature of security and maturity profile of the current maturities of long-term borrowings (forming part of long term borrowings of the Company).
- d) For interest rate & liquidity risk related disclosures, (refer note 39).



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Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

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

Note 19 : Other financial liabilities	Non - Current		Current	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Security deposit	385.30	360.15	-	-
Interest accrued but not due on borrowings	-	-	470.66	446.94
Interest accrued and due on borrowings	-	-	-	300.00
Leave Encashment Payable	-	-	14.49	19.10
Creditors for capital goods	-	-	267.09	180.44
Payable to Related parties	-	-	2,958.97	-
	385.30	360.15	3,711.21	946.48

Notes:

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

b) There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at the year end.

Note 20 : Other liabilities	Non- Current		Current	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Deferred Government Grant	13.11	-	0.97	-
Advance from customer	-	-	430.70	373.00
Statutory dues	-	-	157.78	151.31
	13.11	-	589.45	524.31

Note 21 : Provisions	Non - Current		Current	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Provision for employee benefits				
Provision for compensated absences (Refer note 35)	101.18	106.01	13.17	11.60
Provision for gratuity (Refer note 35)	679.45	635.46	181.93	172.07
	780.63	741.47	195.10	183.67



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Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

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

Note 22 : Deferred Tax Liabilities (Net)

	As at 31 March 2022	As at 31 March 2021
Deferred Tax Liabilities	1,221.45	-
Deferred Tax Assets	93.37	-
Net Deferred Tax Liabilities	1,128.08	-

Particulars	As at 31 March 2022	As at 31 March 2021
Deferred tax liabilities relates to followings:		
Property, Plant and Equipment and Intangible Assets	1193.74	-
Forward Contract Receivable	27.71	-
	1,221.45	-
Deferred tax Assets relates to followings:		
Employee benefit	48.18	-
Debentures	3.89	-
Deferred Government Grant	3.54	-
Interest Accrued but not due on Borrowings	37.75	-
	93.37	-
Deferred tax Liabilities (net)	1128.08	-

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

	For the year ended 31 March 2022	For the year ended 31 March 2021
Current tax expense:		
Current year	2,688.43	1,040.00
Total current tax (A)	2688.43	1040.00
Deferred tax liabilities/(assets):		
Current year origination of temporary difference	1,119.56	-
Deferred tax charge/ (credit) (B)	1,119.56	-
Total tax expense recognised in statement of profit and loss	3807.99	1040.00

	For the year ended 31 March 2022	For the year ended 31 March 2021
Income tax recognised in Other Comprehensive Income		
Income tax impact on Remeasurement of defined benefits	8.52	-
Total Income tax recognised in Other Comprehensive Income	8.52	-

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

	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit before tax	13595.26	5018.43
Applicable income tax rate	25.17%	25.17%
Expected income tax expenses	3421.65	1263.03
Adjustments:		
Impact of Business Combination	332.54	-
Due to Capital gain Charged at different rate	53.80	-
Others	-	(223.03)
Reported Income tax expenses	3807.99	1040.00

Notes:

- 1) The Company has elected to exercise the option permitted under Section 115BAA of the Income tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance 2019.
- 2) The Company has recognised deferred tax liabilities (net of assets) only to the extent it is probable that future taxable income will be available against which unused tax credit will be adjusted.



Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

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

Note 23 : Trade payables

Total Outstanding dues of Micro and Small enterprises
Total Outstanding dues of Creditors other than Micro and Small enterprises

As March 31, 2022	At March 31, 2021
1,898.22	1,389.05
17,867.85	11,586.92
19,766.07	12,975.97

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Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

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

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

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Unbilled dues
(i) MSME	-	1,898.22	-	-	-	1,898.22
(ii) Others	-	17,486.13	91.96	71.88	8.74	209.14
(iii) Disputed dues — MSME	-	-	-	-	-	-
(iv) Disputed dues — Others	-	-	-	-	-	-
						17,867.86

Trade Payables ageing schedule as at March 31, 2021:

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Unbilled dues
(i) MSME	-	1,389.05	-	-	-	-
(ii) Others	130.27	11,285.14	-3.25	27.20	8.56	139.01
(iii) Disputed dues — MSME	-	-	-	-	-	-
(iv) Disputed dues — Others	-	-	-	-	-	-
						1,389.05
						11,586.91

a) Trade payable are non- interest bearing and are generally on a credit period of not more than 90 days except in case of Micro & Small Enterprises (if any) which are settled within 45 days.

b) This amount includes amount due to related parties amounting to ₹ 972.30 lakh (March 31, 2021: ₹ 849.27 lakh) (Refer Note No. 37)

c) As per Schedule III of the Companies Act, 2013 and as certified by the Management, the amount due to Micro & Small Enterprises as defined in Micro, Small and Medium Enterprises Development Act, 2006 is as under :

Details of dues to Micro and Small Enterprises as defined under MSMED Act, 2006

(i) The amount due thereon remaining unpaid to any supplier at the end of each accounting year	1,898.22	1,389.05
- Principal		
- Interest on above		
(ii) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each	-	-
(iii) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises	-	-
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
(v) The amount of further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section	-	-

d) Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act and as per the intimation received from them on requests made by the Company. There are no overdue principal amounts / interest payable amounts for delayed payments to such vendors at the Balance Sheet date except disclosed above.

e) The Company's exposure to market and liquidity risk related to trade payables are disclosed in Note no. 39

f) Trade payables includes ₹ 496.28 lakh as at March 31, 2022 (March 31, 2021: 418.62 lakh) on account of acceptances.



Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

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

Note 24 : Revenue from operations

	For the year ended March 31, 2022	For the year ended March 31, 2021
Sale of product	88,252.12	68,669.93
Job receipts	448.78	296.61
	88,700.90	68,966.54
Other Operating Revenues		
- Scrap Sales	1,225.42	816.89
- Export Incentive	471.07	478.87
- Amortisation of Capital Subsidy	0.49	333.39
	90,397.88	70,595.69

a) Performance obligation

Revenue is recognised upon transfer of control of products.

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

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

Revenue based on Geography	For the year ended March 31, 2022	For the year ended March 31, 2021
India	63,163.98	53,344.34
Outside India	27,233.90	17,251.35
	90,397.88	70,595.69

Revenue from operations

Revenue based on Customer-wise	For the year ended March 31, 2022	For the year ended March 31, 2021
Related Party	15,982.52	7,543.01
Non- Related Party	74,415.36	63,052.68
	90,397.88	70,595.69

Revenue from operations

c) Reconciliation of revenue from operations with contracted price	For the year ended March 31, 2022	For the year ended March 31, 2021
Contracted Price	90,397.88	70,595.69
Less:		
Sales Returns	-	-
Rebate and Discount	-	-
	90,397.88	70,595.69

d) Trade Receivables, Contract Balances

For Trade Receivables, Refer note no. 13.

Further, the Company has no contracts where the period between the transfer of the promised goods or services to the customer and payment terms by the customer exceeds one year. In light of above;

- it does not adjust any of the transaction prices for the time value of money, and
- there is no unbilled revenue as at March 31, 2022.

Further, the company doesn't have any contract liabilities as at March 31, 2022 and March 31, 2021

e) Under the Remission of Duties and Taxes on Export Products (RoDTEP), the Company is eligible to claim a government grant in the form of refunds of embedded taxes and duties. The scheme has been effective since January 1, 2021. However, the incentive rates were not notified by the authorities till the last day of the previous year i.e March 31, 2021. For the relevant period from January 1, 2021 to March 31, 2021, the Company had recognized income towards RoDTEP basis estimated calculations and pending notification of the rates.



Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

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

Note 25 : Other income

	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest Income		
- On bank deposits	96.46	1.34
- Others	33.63	14.95
Other non-operating income:		
Rental income	6.41	17.67
Profit on sale of fixed assets	0.17	0.74
MTM on Forward Contract	110.11	-
Foreign Exchange Fluctuation Gain(net)	389.53	-
Excess Provision/ Liabilities Written Back	0.37	15.20
Other Non Operating Income	-	47.07
	636.68	96.97



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Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

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

	For the year ended March 31, 2022	For the year ended March 31, 2021
Note 26 : Cost of raw material consumed		
Raw Material		
Balance at the beginning of the Year	2,600.57	2,915.60
Add:- Purchases during the year	52,999.68	38,864.33
	55,600.25	41,779.93
Less:- Balance at the end of the Year	3,555.84	2,600.57
Total raw material consumption	52,044.41	39,179.36
Note 27 : Purchase of stock in trade	For the year ended March 31, 2022	For the year ended March 31, 2021
Purchases during the year	13,236.88	9,895.56
	13,236.88	9,895.56
Note 28 : Changes in inventories of finished goods, work in progress and stock in trade	For the year ended March 31, 2022	For the year ended March 31, 2021
Inventories at the beginning of the year		
Work-in-progress	3,025.55	2,150.58
Finished goods	689.64	1,219.72
Finished goods in transit	2,425.74	1,636.21
Scrap Stock	79.14	33.29
Stock in trade	133.53	283.29
(A)	6,353.60	5,323.09
Inventories at the end of the year		
Work-in-progress	2,096.62	3,025.55
Finished goods	876.67	689.64
Finished goods in transit	5,710.86	2,425.74
Scrap Stock	142.50	79.14
Stock in trade	225.47	133.53
(B)	9,052.12	6,353.60
(Increase) / decrease in inventory (A-B)	(2,698.52)	(1,030.51)
Note 29 : Employee benefits expense	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries, wages & bonus	4,442.90	4,063.29
Contribution to provident and other fund (Refer note 35)	369.46	308.31
Gratuity expense (Refer note 35)	156.15	142.03
Compensated absences	49.78	75.51
Staff welfare expenses	461.54	353.76
	5,479.83	4,942.90
Note 30 : Finance costs	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest expense		
- on term loans & working capital facilities	595.18	99.54
- Non Convertible Debentures	706.17	787.02
- Loan from Related Party	-	39.88
- delayed payment of taxes	0.30	7.60
Other borrowing cost	131.11	158.55
	1,432.76	1,092.59
Note 31 : Depreciation and amortisation expense	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation of property, plant and equipment (Refer note 4)	1,573.64	1,559.96
Amortisation of intangible assets (Refer note 6)	16.62	14.86
	1,590.26	1,574.82



Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

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

Note 32 : Other expenses	For the year ended March 31, 2022	For the year ended March 31, 2021
Rent	40.28	38.50
Contract Labour Charges	2,995.45	2,370.83
Power & Fuel	2,149.42	1,851.74
Consumption of Stores & Spare	2,474.40	1,439.83
Packing Material Consumed	2,212.91	1,443.63
Security Charges	120.89	122.01
Repair & maintenance		
- Plant & machinery	757.12	559.54
- Buildings	97.25	59.38
-Others	18.10	13.81
Legal & professional expenses	232.37	136.57
Payment to the auditors (refer note 'a' below)	15.50	3.38
Freight & Forward Charges	1,179.57	750.45
Other selling expenses	180.10	265.93
Rates & taxes	42.04	8.14
Travelling & Conveyance	86.00	37.91
Insurance Expenses	90.23	82.23
Bank Charges	26.62	36.88
Loss on sale/write off of PPE	1.64	449.77
Miscellaneous expenses	207.85	348.99
Total	12,927.73	10,019.51

a) Details of payment made to auditors is as follows:

i) Payment to Auditor

- Statutory audit fee
- Tax audit fee
- Other Services
- Reimbursement of Expenses

	For the year ended March 31, 2022	For the year ended March 31, 2021
- Statutory audit fee	10.50	3.38
- Tax audit fee	2.50	-
- Other Services	2.50	-
- Reimbursement of Expenses	-	-
	15.50	3.38

Note 33 : Exceptional Items

	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit on sale of land	6,712.87	-
Loss on Demolition of Building	(138.82)	-
	6,574.05	-



Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

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

Note 34 : Earnings per share (EPS)	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit attributable to the equity shareholders (A)	9,787.27	3,978.43
Number/Weighted average number of equity shares for Basic EPS (B)	34,597,133	34,597,133
Nominal value of Equity shares	₹ 10	₹ 10
Basic Earning per share (A/B) (in ₹)	28.29	11.50
Weighted average number of potential equity shares on account of Pending Issuance	318,982,976	-
Weighted average number of Equity shares (including dilutive shares) outstanding for Dilutive EPS (C)	353,580,109	34,597,133
Nominal value of Equity shares	₹ 10	₹ 10
Diluted earnings per share (A/C) (in ₹)	2.77	11.50



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Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

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

Note 35 : Gratuity and other post-employment benefit plans

a) Defined contribution plans

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

	For the year ended March 31, 2022	For the year ended March 31, 2021
Employer's Contribution to Provident Fund/ Pension Fund	331.84	272.78
Employer's Contribution to Employee State Insurance	36.86	34.69
Employer's Contribution to Welfare Fund	0.76	0.84
Total	369.45	308.31

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

b) Defined benefit plans

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

i) Gratuity scheme

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The gratuity is funded in current year for all the units and maintained by Life Insurance Corporation of India. Till previous financial year 2020-21, the status of gratuity was as under:

- Gratuity in case of Gurgaon Division was funded & maintained by Life Insurance Corporation of India
- Gratuity in case of Chennai & Bangalore Division was unfunded.

ii) Other long term employee benefits

As per the Company's policy, eligible leaves can be accumulated by the employees and carried forward to future periods to either be utilised during the service, or encashed. Encashment can be made during the service, on early retirement, on withdrawal of scheme, at resignation by employee and upon death of employee. The scale of benefits is determined based on the seniority and the respective employee's salary. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

Re-measurements, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest and if applicable), is reflected immediately in Other Comprehensive Income in the statement of profit and loss in case of Gratuity. All other expenses related to defined benefit plans are recognised in statement of profit and loss as employee benefit expenses. Re-measurements recognised in Other Comprehensive Income will not be reclassified to statement of profit and loss hence it is treated as part of retained earnings in the statement of changes in equity. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Curtailment gains and losses are accounted for as past service costs.



Hero Motors Limited
Notes to financial statements for the year ended March 31, 2022
(All amounts are in ₹ lakh, unless otherwise stated)

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

	As at March 31, 2022		As at March 31, 2021	
Change in benefit obligation	Gratuity (Funded)	Gratuity (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)
Opening defined benefit obligation		716.57	332.76	678.53
Interest cost	421.98	50.58	23.14	46.52
Service cost	27.49	67.40	22.06	61.89
Effect of Business Combination	24.39	-	31.61	-
Past Service cost	-31.61	-	-	-
Benefits paid	(33.27)	(83.91)	(13.67)	(87.34)
Actuarial (gain) / loss on obligations	30.42	(9.77)	26.07	16.97
Present value of obligation as at the end of the year	439.40	740.87	421.98	716.57

- d) The following tables summarise the components of net benefit expense recognised in the Statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

	As at March 31, 2022		As at March 31, 2021	
Cost for the year included under employee benefit	Gratuity (Funded)	Gratuity (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)
Current service cost	24.39	67.40	22.06	61.89
Past service cost	-	-	-	-
Interest cost	27.49	50.58	23.14	46.52
Effect of Business Combination	(16.30)	25.89	31.61	(25.89)
Expected return on plan assets	(23.30)	-	(17.31)	-
Actuarial (gain) / loss	-	-	-	-
Net cost	12.28	143.87	59.49	82.53

- e) Changes in the fair value of the plan assets are as follows:

	As at March 31, 2022		As at March 31, 2021	
	Gratuity (Funded)	Gratuity (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)
Fair value of plan assets at the beginning	330.46	-	257.22	-
Expected return on plan assets	23.30	-	17.31	-
Contributions	1.72	-	70.99	-
Employee's Contribution	-	-	-	-
LIC charges	-	-	-	-
Benefits paid	(33.27)	-	(13.67)	-
Actuarial gains / (losses) on the plan assets	(3.29)	-	(1.39)	-
Fair value of plan assets at the end	318.92	-	330.46	-



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Notes to financial statements for the year ended March 31, 2022

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

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

Actuarial gain / (loss) for the year – obligation
Actuarial gain / (loss) for the year - plan assets
Effect of Business Combination
Unrecognised actuarial gains / (losses) at the end of the year

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

Economic assumptions

1. Discount rate
- 2 Rate of increase in compensation levels

Demographic assumptions

1. Retirement Age (years)
2. Mortality Rate

Withdrawal Rate (Average in case of unfunded amounts)

1. Ages from 18 to 30 Years
2. Ages from 30 to 45 Years
3. Ages Above 45 years

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.

b) **Not (assets) / liabilities recognized in the Balance Sheet and experience adjustments on actuarial gain / (loss) for benefit obligation and plan assets.**

Particulars	Gratuity (Funded)	Gratuity (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)
Present value of obligation	439.40	740.87	421.98	716.57
Less: Fair value of plan assets	318.92	-	330.46	-
Net assets // liabilities	(120.48)	(740.87)	(91.51)	(716.57)



Hero Motors Limited
Notes to financial statements for the year ended March 31, 2022
(All amounts are in ₹ lakh, unless otherwise stated)

i) Expected contribution for the next year is ₹ 127.21 lakh (March 31, 2021: ₹ 136.64 lakh) in respect of Gratuity.

j) A quantitative sensitivity analysis for significant assumptions is as shown below:

	As at March 31, 2022		As at March 31, 2021	
	Gratuity (Funded)	Gratuity (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)
A. Discount rate				
Effect on DBO due to 1% increase in Discount Rate	(24.20)	(41.89)	(28.46)	(47.89)
Effect on DBO due to 1% decrease in Discount Rate	26.82	47.33	32.91	51.90
B. Salary escalation rate				
Effect on DBO due to 1% increase in Salary Escalation Rate	27.68	49.57	33.51	57.71
Effect on DBO due to 1% decrease in Salary Escalation Rate	(25.47)	(44.50)	(36.00)	(55.91)

C. Sensitivities due to mortality & withdrawals are not material & hence impact of change due to these not calculated. Further, there are no changes in current year from the previous corresponding period in the methods and assumptions used in preparing the sensitivity analysis.

Risk	As at March 31, 2022		As at March 31, 2021	
	Gratuity (Funded)	Gratuity (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)
Discount Rate				
Salary Increases				
Withdrawals				
Mortality and disability				

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

	As at March 31, 2022		As at March 31, 2021	
	Gratuity (Funded)	Gratuity (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)
0 to 1 years	64.37	62.84	62.24	74.40
1 to 2 years	68.46	77.24	63.78	64.76
2 to 3 years	47.83	122.74	43.21	77.42
3 to 4 years	55.98	100.52	50.46	132.18
4 to 5 years	39.44	105.77	74.33	81.72
From 5 years onwards	237.67	352.56	753.72	380.83



Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

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

Note 36 : Contingent liabilities and commitments

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

- I The Company has reviewed all its pending claims, litigations and other proceedings and has adequately provided for wherever required. However, wherever it is difficult for the Company to estimate the timings of cash outflows, if any, in respect of the below as it is determinable only on receipt of judgement/decisions pending with various forums/authorities, the Company has disclosed the same as Contingent Liabilities (pending resolution of the respective proceedings).
The Company does not expect the outcome of these proceedings to have a material or adverse effect on financial position of the Company. Also, the Company does not expect any reimbursements in respect of the below contingent liabilities.

Particulars	As March 31, 2022	At March 31, 2021
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- Disputed Liability under Income Tax	-	-
- Sales tax demand of Rs 19.56 lakh (March 31, 2021: ₹ 19.56 lakh), net of amount deposit under protest of ₹ 10.06 lakh (March 31, 2021: ₹ 10.06 lakh). The case is pending before Hon'ble High Court, Allahabad	9.50	9.50
- Legal Cases of labour pending before Labour Court (ii) Several Legal Cases of labour pending at labour Court, Civil Court and High Court. The Company has assessed and believe that none of these cases, either individually or in aggregate, are expected to have any material adverse effect on its financial statements. However, Since it is difficult for the Company to estimate the timings of the cash outflows, if any, no further provision or separate disclosure is made in books of account.	41.59	50.14

- II Bank Guarantee given to Indraprastha Gas Limited for Gas Connection (Net of Bank deposit of ₹ 18.65 lakh (March 31, 2021: ₹ Nil)
- III During the year 2021-22, company imported goods worth Rs 54.33 lakh on which company saved the duty amounting Rs 14.57 lakh on EPCG Licences for which company has to fulfill export obligation amounting Rs 87.40 lakh.
- IV During the year 2021-22, Company imported goods worth Rs 2,058.72 lakh on which company saved the duty amounting Rs 173.50 lakh on advance licences. The remaining export obligation is Rs 15.25 lakh.

b) Commitments

	As March 31, 2022	At March 31, 2021
Capital Commitment: Estimated amount of contracts remaining to be executed on the capital account (net of capital advances of ₹ 664.59 lakh (March 31, 2021 : ₹ 385.77 lakh)	1,413.36	903.90

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

Note 37 : Related party transactions

a) List of related parties

Nature of Relationship	Name of the Related Party
Holding Company	- Hero Cycles Limited
Subsidiary	Hero Motors Thai Limited
Enterprise over which Key Managerial Personnel exercise Significant influence	- Bhagyoday Investments Pvt. Ltd.
	- Hawk Cycles Pvt. Ltd. (Previously known as Pragati Tyres Pvt Ltd.)
	- Hero Global Design Ltd.
	- Nipman Fastners Industries Pvt. Ltd.
	- Spur Technologies Pvt Ltd.
	- Lectro E-Mobility Pvt Ltd.
	- OMA Living (P) Ltd.
	- Nipman Steering Systems Pvt. Ltd.
	- HNF GMBH
	- AUMA F & B Concepts Pvt Ltd
	- BFLY Hospitality Ventures Pvt Ltd.
	- Munjal Kiriu Industries Private Limited
	- Munjal Sales Corporation
	- Metcorp
	- High Rise Industries
	- Govind Industries



Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

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

Key Management Personnel (KMP) & their relative	Mr. Pankaj Munjal	Director
	Ms. Charu Munjal (upto September 9, 2022)	Director
	Mr. Pawan Puri	Director
	Ms. Pratibha Goyal (effective from 26.05.2021)	Director
	Mr. Abhishek Munjal (Director)	Director
	Mr. Amit Gupta (w.e.f. September 09, 2022)	Managing Director
	Mr. Rohit Maheshwari (upto 31st March, 2022)	Chief Financial Officer
	Mr. Darpan Vashishtha (effective from 01.05.2022)	Chief Financial Officer
	Ms. Purna Joshi (upto May 31, 2022)	Company Secretary
	Ms. Sheeba Dhamija (effective from 01.05.2022)	Company Secretary

b) Disclosure of Related Parties Transactions:

(i) Holding Company

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Purchase of goods	13,174.22	195.28
Expense paid by company on behalf of us	300.15	248.92
Sale of Goods	14,082.92	2,443.15
Closing Balance	As At March 31, 2022	As At March 31, 2021
Trade Payables	39.09	-
Other Payables	2,958.97	-
Trade Receivables	4.47	161.91

(ii) Subsidiary Company

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Investment in equity shares	3,978.68	-
Interest income	18.04	-
Loan given during the year	579.20	-
Reimbursement of Expenses related to employees	75.39	-
Closing Balance	As At March 31, 2022	As At March 31, 2021
Particulars		
Loan given to subsidiary (inclusive of interest)	597.24	-
Trade Receivable	75.39	-
Investment in equity shares	3,978.68	-

(iii) Enterprise over which KMP has Significant Influence

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Purchase of goods	2,621.84	2,193.40
Rent Received	1.60	12.30
Expense paid by company on behalf of us	107.33	270.30
Corporate service fees received	-	558.31
Sale of Goods	1,899.60	5,099.86
Closing Balance	As At March 31, 2022	As At March 31, 2021
Trade Payables	918.81	849.27
Loan Receivables along with interest receivables	597.24	-
Trade Receivables	288.14	3,730.92

(iv) Key Management Personnel (KMP)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest Paid	-	39.88
Salary	2.42	0.52
Legal & Professional Fees	6.00	39.58
Directors sitting fees	1.80	-
Closing Balance	As At March 31, 2022	As At March 31, 2021
Trade Payable - Payable to KMP	14.40	-

Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

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

- c) Disclosure of Material Transactions: Related Parties having more than 10% interest in each transaction in the ordinary course of business

(i) Enterprise over which KMP has significant influence

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Purchase of goods		
Munjal Kiri Industries Private Limited	2,188.50	1,415.28
Spur Technologies Pvt. Ltd.	(2.12)	376.17
High Rise Industries	371.70	329.04
Sale of Goods		
Spur Technologies Pvt. Ltd.	1,709.24	1,419.53
Firefox Bikes Private Limited	-	530.12
Avocet Sports Limited	-	148.40
BSH Ventures Private Limited	45.76	41.40
Lectro E Mobility Private Limited	0.47	2,941.92
High Rise Industries	16.65	18.49
Hero E Cycles Private Limited	127.48	-
Expense paid by us on behalf of Company		
Hero Global Designs Limited	0.81	3.01
Spur Technologies Pvt. Ltd.	106.39	152.68
Firefox Bikes Private Limited	-	108.05
Lectro E Mobility Private Limited	-	6.55
High Rise Industries	0.01	-
Transmission Private Limited	0.12	-
Rent Received		
Spur Technologies Pvt. Ltd.	1.20	1.20
Munjal Kiri Industries Private Limited	-	9.90
Lectro E Mobility Private Limited	0.40	1.20
Corporate Service Fee Received		
ZF Hero Chassis Systems Private Limited	-	87.29
Munjal Kiri Industries Private Limited	-	471.02

(ii) Subsidiary Company

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Investment in equity shares		
Hero Motors Thai Limited	3,978.68	-
Interest income		
Hero Motors Thai Limited	18.04	-
Loan given during the year		
Hero Motors Thai Limited	579.20	-
Reimbursement of Expenses related to employees		
Hero Motors Thai Limited	75.39	-
Closing Balance		
Trade Receivable		
Hero Motors Thai Limited	75.39	-
Investment in equity shares		
Hero Motors Thai Limited	3,978.68	-
Loan receivable (including interest)		
Hero Motors Thai Limited	597.24	-

(iii) Key Management Personnel

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest Paid		
Mr. Pankaj Munjal	-	39.88
Salary		
Ms. Prerna Joshi	2.42	2.18
Legal & Professional Fees		
Mr. Rohit Maheshwari	6.00	-
Directors sitting Fees:		
Ms. Pratibha Goyal	0.90	-
Mr. Pawan Puri	0.90	-

- d) Terms and conditions of transactions with related parties

All the transaction with the related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured and interest free except the interest bearing loan and settlement occurs in cash.

- e) The remuneration of Key managerial Personnel does not include amount in respect of gratuity and leave encashment payable as the same are not determinable as individual basis for the KMP. The liabilities of gratuity and leave encashment are provided for Company as whole on the basis of actuarial valuation.

- f) Refer Note 41 for effect to the approved scheme of demerger accounted by the company during the year.



Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022 (All amounts are in ₹ lakh, unless otherwise stated)

Note 38 : Fair value measurements

I Financial instruments

a) Financial instruments by category

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

b) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

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

Particulars	FVOCI	FVTPL	Carrying amount		Fair value			
			Financial Assets - amortised cost	Financial Liabilities - amortised cost	Total	Level 1	Level 2	Level 3 Total
Financial assets measured at fair value								
Investment in Debentures	-	2,446.52	-	-	2,446.52	2,446.52	-	2,446.52
Financial assets not measured at fair value								
Investment in equity shares (Unquoted)	-	-	397.87	-	397.87	-	-	-
Loan to employees	-	-	17.64	-	17.64	-	-	-
Loan to related parties	-	-	579.20	-	579.20	-	-	-
Security Deposits	-	-	261.32	-	261.32	-	-	-
Interest accrued but not due on margin money	-	-	13.33	-	13.33	-	-	-
Interest accrued but not due on loan to related parties	-	-	18.04	-	18.04	-	-	-
Interest accrued and due on Deposit with UPSEB	-	-	19.66	-	19.66	-	-	-
Deposits with original maturity of more than 12 months	-	-	1,004.34	-	1,004.34	-	-	-
Other Receivable	-	-	2,282.41	-	2,282.41	-	-	-
Trade receivables	-	-	19,134.30	-	19,134.30	-	-	-
Cash and cash equivalents	-	-	5,012.09	-	5,012.09	-	-	-
Other bank balances	-	-	-	-	-	-	-	-
	-	2,446.52	28,740.20	-	31,186.72	2,446.52	-	2,446.52



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Notes to financial statements for the year ended March 31, 2022

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

Financial liabilities not measured at fair value

Borrowings	-	-	25,004.26	25,004.26	-	-	-
Security Deposits	-	-	385.30	385.30	-	-	-
Interest accrued but not due on borrowings	-	-	470.66	470.66	-	-	-
Interest accrued and due on borrowings	-	-	-	-	-	-	-
Trade payables	-	-	19,766.07	19,766.07	-	-	-
Employee Benefit Payable	-	-	14.49	14.49	-	-	-
Payable to Related parties	-	-	2,958.97	2,958.97	-	-	-
Creditors for capital goods	-	-	267.09	267.09	-	-	-
	-	-	48,866.83	48,866.83	-	-	-

As at March 31, 2021

Particulars

Particulars	Carrying amount			Fair value		
	FVOCI	FVTPL	Financial Assets - amortised cost	Financial Liabilities - amortised cost	Level 1	Level 2 Level 3 Total

Financial assets measured at fair value

Investment in debentures

Financial assets not measured at fair value

Investment in equity shares (Unquoted)	-	-	-	-	-	-	-
Loan to employees	-	-	0.60	-	-	-	-
Loan to related parties	-	-	-	-	-	-	-
Security Deposits	-	-	252.06	-	-	-	-
Interest accrued but not due on margin money	-	-	2.96	-	-	-	-
Interest accrued but not due on loan to related parties	-	-	-	-	-	-	-
Interest accrued and due on Deposit with UPSEB	-	-	9.86	-	-	-	-
Deposits with original maturity of more than 12 months	-	-	14.34	-	-	-	-
Other Receivables	-	-	1,827.38	-	-	-	-
Trade receivables	-	-	15,258.03	-	-	-	-
Cash and cash equivalents	-	-	1,514.40	-	-	-	-
	-	-	18,879.63	-	-	-	18,879.63



Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

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

Financial liabilities not measured at fair value

Borrowings	-	-	29,077.79	29,077.79	-	-
Security Deposits	-	-	360.15	360.15	-	-
Interest accrued but not due on borrowings	-	-	446.94	446.94	-	-
Interest accrued and due on borrowings	-	-	300.00	300.00	-	-
Trade payables	-	-	12,975.97	12,975.97	-	-
Employee Benefit Payable	-	-	19.10	19.10	-	-
Creditors for capital goods	-	-	180.44	180.44	-	-
	-	-	43,360.39	43,360.39	-	-

c) The Company has an established control framework with respect to the measurement of fair values. The finance and accounts team that has overall responsibility for overseeing all significant fair value measurements and reports directly to the board of directors. The team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified. Significant valuation issues are reported to the Company's board of directors.

d) Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in 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: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There have been no transfers in either direction for the year ended 31 March 2022 and 31 March 2021.

e) Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of short-term trade and other receivables, trade payables, cash and cash equivalents and other bank balances are considered to be the same as their fair values, due to their short-term nature.

For other financial liabilities/ assets that are measured at fair value, the carrying amounts are equal to the fair values.

f) Specific Valuation techniques used to value financial instruments include:

Type	Valuation technique	Significant	Inter-relationship
Derivative financial instruments (forward exchange contract)	Mark to Market valuation	Not Applicable	Not Applicable
Investments in mutual fund measured at FVTPL (quoted)	Net asset value ('NAV') technique, as stated by the issuers of these mutual fund units as at Balance Sheet date	Not Applicable	Not Applicable
Investment in quoted equity instruments of entities other than subsidiaries	On the basis of quoted rates available from securities markets in India	Not Applicable	Not Applicable
Fair Value of security deposits paid & received (Other than perpetual security deposits)	Based on the discounting factor as at reporting date.	Not Applicable*	Not Applicable

*Discount rate used in determining fair value

The interest rate used to discount estimated future cash flows, where applicable, are based on the incremental borrowing rate of borrower which in case of financial liabilities is average market cost of borrowings of the Company and in case of financial asset is the average market rate of similar credit rated instrument. The company maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available.



Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

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

Note 39 : Financial risk management objectives and policies

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

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

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

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

A. Credit Risk

Credit risk is the risk that counterparty will default on its contractual obligations resulting in finance loss to the Company. Credit risk arise from Cash and cash equivalents, deposit with banks, trade receivables and other financial assets measure at amortised cost. The Company continuously monitors defaults of customers and other counterparties and incorporate this information into its credit risk control.

The Company also uses expected credit loss model to assess the impairment loss in Trade Receivables and makes an allowance of doubtful trade receivables using this model.

B. Liquidity risk

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

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

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

As at March 31, 2022

Less than 3 months 3 to 12 months 1 to 5 years > 5 years Total

Borrowings	1,132.26	18,038.67	5,833.33	-	25,004.26
Trade payables	1,940.50	17,825.58	-	-	19,766.08
Other financial liabilities	-	3,711.20	385.30	-	4,096.50
Total	3,072.77	39,575.45	6,218.63	-	48,866.85



Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

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

As at March 31, 2021	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Borrowings	2,568.53	13,750.00	12,759.27	-	29,077.79
Trade payables	1,429.91	11,546.06	-	-	12,975.97
Other financial liabilities	480.44	466.04	360.15	-	1,306.63
Total	4,478.87	25,762.10	13,119.42	-	43,360.39

C. Market risk

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

i) Interest rate risk

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

Interest Rate Sensitivity: The sensitivity analysis in the following sections relate to the position as at March 31, 2022 and March 31, 2021. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the portion of borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Increase or decrease in basis points	Decrease or (increase) in profit before tax	/
March 31, 2022	+50	135.21	
	-50	(135.21)	
March 31, 2021	+50	107.76	
	-50	(107.76)	

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.



Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

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

ii) Foreign currency risk

The Company is exposed to foreign currency risk on certain transactions that are denominated in a currency other than entity's functional currency, hence exposure to exchange rate fluctuations arises. The risk is that the functional currency value of cash flows will vary as a result of movements in exchange rates. The following tables demonstrate the sensitivity (strengthening or weakening of Indian Rupee) to a reasonably possible change in exchange rates, with all other variables held constant.

Particulars	Changes in exchange rate	Decrease (increase) in before tax	/ profit
March 31, 2022	+5%		19.27
	-5%		(19.27)
March 31, 2021	+5%		18.01
	-5%		(18.01)

Note 40 : Segment Information

- a) The company deals in only one segment of manufacturing and sale of auto component and the 'Chief Operating Decision Maker (CODM) reviews the operations of the company as a whole, hence there is no reportable segment as per Ind AS 108 "Operating Segments".
- b) Revenue from major customer: During the year, the Company generates 90% of its external revenues from 10 customers (March 31, 2021: 8 customers).



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Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

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

Note 41 : Scheme of Arrangement

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

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

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

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

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

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

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

(Amount in ₹)

Particulars	As on April 01, 2021
ASSETS	
Assets	
Non-current assets	
(a) Property, plant and equipment	15,411.59
(b) Capital work in progress	439.87
(c) Other Intangible assets	62.42
(d) Financial assets	
(i) Other financial assets	266.40
(e) Non current tax assets (net)	7.96
(f) Other non current assets	439.09
Total Non-current assets	16,627.33



Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

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

Current assets	
(a) Inventories	10,499.94
(b) Financial assets	
(i) Trade receivables	15,258.03
(ii) Cash and cash equivalents	1,486.78
(iii) Loans	0.60
(iv) Other financial assets	1,840.20
(c) Other current assets	2,145.93
Total current assets	31,231.48
Total assets	47,858.80
Equity and liabilities	
Equity	
(b) Other equity	3,214.36
Total equity	3,214.36
Liabilities	
Non- current liabilities	
(a) Financial liabilities	
(i) Borrowings	12,759.27
(ii) Others financial liabilities	360.15
(b) Provisions	741.47
Total non- current liabilities	13,860.89
Current liabilities	
(a) Financial liabilities	
(i) Borrowings	16,318.52
(ii) Trade payables	
- Total outstanding due of micro enterprises and small enterprises	1,389.05
- Total outstanding due of creditors other than micro enterprises and small enterprises	11,424.92
(iii) Other financial liabilities	927.38
(b) Other current liabilities	520.90
(c) Provisions	202.78
Total current liabilities	30,783.55
Total equity and liabilities	47,858.80
Excess of assets over liabilities	Nil
Less: Issue of equity share capital of the Company due to demerger (Refer Note 16)	75,279.98
Amount credited to Demerger Adjustment Deficit Account pursuant to the above scheme of demerger	-75,279.98



Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

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

Note 42: Ratio Analysis

Description	Numerator	Denominator	March 31, 2022	March 31, 2021	% change	Reason for variance
Current ratio	Current Assets	Current Liabilities	1.09	1.01	7.72%	NA
Debt- Equity Ratio	Total Debt	Shareholder's Equity	1.59	4.95	-67.79%	Optimum Utilization of Company Resources to minimize debt from Lendor and Profit retention for Future Growth plan.
Debt Service Coverage ratio	Earnings available for debt service *	Debt Service **	6.94	5.26	32.06%	Minimization of borrowed fund and generate enough income to serve debt obligation
Return on Equity ratio	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	90.76%	87.54%	3.68%	NA
Inventory Turnover ratio	Revenue	Average Inventory	7.34	6.99	4.92%	NA
Trade Receivable Turnover Ratio	Revenue	Average Trade Receivable:	5.26	5.35	-1.79%	NA
Trade Payable Turnover Ratio	Purchases of goods and services	Average Trade Payables	4.05	4.53	-10.67%	NA
Net Capital Turnover Ratio	Revenue	Working capital ***	23.60	226.25	-89.57%	Optimum utilization of current assets to repay current liabilities and to generate a larger amount of sales
Net Profit ratio	Net Profit after tax.	Revenue	10.83%	5.64%	92.12%	Exceptional Gain on Sales of Land
Return on Capital Employed	Earnings before interest and taxes	Capital Employed ****	20.25%	17.51%	15.63%	NA
Return on Investment**	{MV(T1) – MV(T0) – Sum [C(t)]}	{MV(T0) + Sum [W(t) * C(t)]}	0.64%	0.00%	NA	NA

* Net Profit after taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of Fixed assets etc. "Net Profit after tax" means reported amount of "Profit / (loss) for the period" and it does not include items of other comprehensive income.

** Interest, Lease Payments and Principal Repayments

*** Current assets – Current liabilities

**** Tangible Net Worth + Total Debt + Deferred Tax Liability

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



Hero Motors Limited

Notes to financial statements for the year ended March 31, 2022

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

Note 43:

No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries).

The Company has not received any fund from any party (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entity identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Note 44: Disclosure of transactions with struck off companies

The company did not have any material transactions with companies struck off under Section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956 during the financial years.

Note 45:

A) No transactions to report against the following disclosure requirements as notified by MCA pursuant to amended Schedule III:

- (a) Crypto Currency or Virtual Currency
- (b) Benami Property held under Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder
- (c) Registration of charges or satisfaction with Registrar of Companies.
- (d) Relating to borrowed funds:
 - i) Wilful defaulter
 - ii) Utilisation of borrowed funds & share premium
 - iii) Discrepancy in utilisation of borrowings

Note 46:

The financial statements of the Company for the year ended March 31, 2022 were approved by the Board of Directors and authorised for issue on December 19, 2022.

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



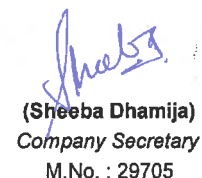
(Abhishek Munjal)
Director
DIN:05355274



(Amit Gupta)
Director
DIN: 02990732



(Darpan Vashishtha)
CFO
Pan No. : ACGPV3123M



(Sheeba Dhamija)
Company Secretary
M.No. : 29705

Place of Signature:

Date:

19 DEC 2022

