

July 9, 2021

Asst. Vice President, Listing Deptt.,  
**National Stock Exchange of India Ltd.**  
Exchange Plaza, Plot C-1, Block G,  
Bandra Kurla Complex,  
Bandra (E),  
MUMBAI - 400 051  
Scrip Code: HEROMOTOCO

The Secretary,  
**BSE Limited**  
25<sup>th</sup> Floor,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
MUMBAI - 400 001  
Scrip Code: 500182

**Sub: Submission of Annual Report FY 2020-21 including Notice of AGM**

Dear Sirs,

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith the Annual Report for the financial year 2020-21 along with the Notice of 38<sup>th</sup> Annual General Meeting.

The Annual Report and the Notice of AGM are being sent to the shareholders through electronic mode and is also available on the website of the Company at [www.heromotocorp.com](http://www.heromotocorp.com).

This is for your information and records.

Thanking you,

**For Hero MotoCorp Limited**



**(Neerja Sharma)**  
**Company Secretary & Chief Compliance Officer**

Encl.: As above

**Hero MotoCorp Ltd.**

**Regd. Office:** The Grand Plaza, Plot No. 2, Nelson Mandela Road,

Vasant Kunj - Phase - II, New Delhi - 110070, India

Tel. +91-11-46044220, Fax +91-11-46044399

HeroMotoCorp.com CIN: L35911DL1984PLC017354 PAN: AAACH0812J





Million & Counting....

**Hero MotoCorp Limited**  
**Annual Report 2020-21**

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#### Forward-looking statements

Some information in this report may contain forward-looking statements which include statements regarding the Company’s expected financial position and results of operations, business plans and prospects etc. and are generally identified by forward-looking words such as “believe,” “plan,” “anticipate,” “continue,” “estimate,” “expect,” “may,” “will” or other similar words. Forward-looking statements are dependent on assumptions or basis underlying such statements. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution that actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

# Leading by example and living up to our name

The coronavirus pandemic brought unprecedented disruptions around the world, and there was no playbook to deal with it. So, we adapted, stayed nimble and made conscious choices to make the most of what was presented to us.

While the world learnt to cope with the effects of Covid-19, we at Hero MotoCorp decided to be proactive in

our planning with a constant focus on keeping our people safe.

The fundamental strength of our business continued to be visible through record breaking results. In a dynamic environment, we consistently maintained our focus on the future and sustainability.

**During the year we achieved the momentous milestone of 100 million cumulative production and sales! We are truly thankful to all our customers from across the globe for making this happen.**

To realise our dreams, achieve our vision and be successful in our endeavours, we are strategically fuelling our future.



# Key Products and Milestones

 Number of motorcycles and scooters produced



1,000,000

1994

25,000,000

2008

50,000,000

2013

75,000,000

2017

100,000,000

2021



## Hero MotoCorp – Made of Trust

On January 21, 2021 Hero MotoCorp achieved the unique and momentous milestone of crossing 100 million units in cumulative production and sales. It took the company 29 years to reach the first 50 million and with a record breaking performance, it took a mere seven years to achieve the second 50 million.



### Hero MotoCorp – Made of Trust (contd..)

The milestone was celebrated virtually across the globe as our Chairman, Dr. Pawan Munjal personally anchored the event along with Shah Rukh Khan.



Scan the QR Code to access our website

**2.5**  
Million Views

YouTube Live



**#4**

Trending event of the day



**46+**  
Million Views

Facebook



**2.3+** lakh

Invitees



Ranbir Kapoor

Scan above QR code for video



Tiger Woods

Scan above QR code for video



Scan QR code for video



Virat Kohli

# 100 Million Celebrations



# 62,303

Special edition motorcycles and scooters sold\*



\*(till March 31, 2021)



**7.5%**

Growth in exports over the previous year

**58%**

Growth in premium segment over previous year

**₹ 63 crore**

Highest ever export sales of spare parts

**13**

New product refreshes and launches in FY 2020-21

**Highest**

ever monthly dispatch to global markets in March 2021

**New Markets**

Entry into Mexico

With operations spread over 40 countries and sustained demand for our motorcycles and scooters, we are poised to build on the momentum gained this year.

**Global Business  
makes Headway**

Globally acclaimed for our products and services, Brand Hero MotoCorp is further entrenching its presence in key geographies. Simultaneously, we are also expanding our global footprint by entering new markets.

With an eye on the future, we are investing in tomorrow across our global markets through brand building, enhanced geography-specific product portfolio, sales focus, and operational initiatives.

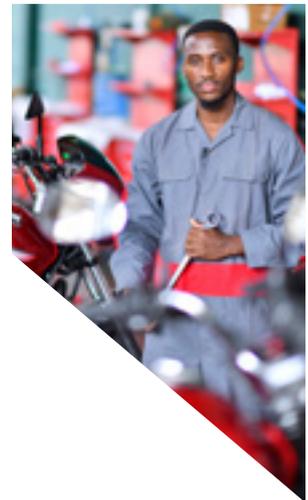
## Key highlights



### Africa and Middle East

Aggressive efforts to add new distributors, new product launches and strategic collaborations with financing partners resulted in an impressive export growth of 142% over the previous year in this region. We also made further in-roads in Uganda, Kenya and Nigeria.

Moreover, we recorded our highest ever exports to Turkey, with an impressive retail growth of 96% over the previous year. In the Middle East region, we clocked more than 200% year-on-year growth, led by new model launches and revamping of existing models to meet the market demand.



### Latin America

With the revamping of our premium portfolio in the Latin America market and introduction of new models, we recorded higher sales in the region. We also appointed new distributor partners in Mexico, Honduras and Nicaragua, to further expand our presence in these markets. Diego Simeone (in picture on right) is Hero MotoCorp's brand ambassador.



## Global Business makes Headway (contd..)

## Asia

We made strong inroads in Bangladesh with the launch of our flagship premium segment 160cc motorcycles in Q4 of FY 2020-21. Despite the pandemic, this segment continues to see healthy demand. We also witnessed healthy volume growth in Nepal, where demand was mainly driven by festive sales, new launches and our focus on strengthening retail finance on our products. As the ban on import of motorcycles and scooters continued in Sri Lanka, exports to this region had to be stopped.



6

New models and refreshes launched in Nepal in FY 2020-21



## Outlook

We aim to strengthen our focus on the premium motorcycles and scooters segment in Bangladesh, Nepal and Latin America. In the African markets we are revamping our product portfolio, growing our network and establishing our brand presence.

# New Heroes



Xtreme 200S BS VI

Xtreme 160R

Destini 125 Platinum

Maestro Edge 125 Stealth

Pleasure+ Platinum

Glamour Blaze

Splendor+ Black and Accent

# Chairman's Message

## The Hero of Growth, Sustainability and Compassion



Dr. Pawan Munjal  
Chairman and CEO

We were extremely proactive in our approach and consciously decided that we will not let this crisis go to waste.

### Dear Shareholders,

I hope you and your loved ones are keeping well and staying healthy.

**“Be kind, for everyone you meet is fighting a hard battle” - Plato**

The Athenian philosopher could not have ever imagined that thousands of years

in the future, Humanity will face as dire a situation that we are facing today. In the year 2020 and even in 2021, our planet has been engulfed in what can only be described as “the worst crisis of our times!”

As I reflect back on the year that went by, I am filled with the emotions of

grief, compassion as we saw several of our family, friends and acquaintances succumb to and struggle with this dynamic and evolving virus. We all, however, stood by each other as One Family and supported the ones who suffered and also the ones who could not protect themselves.

Through this huge effort of collaboration and constant communication, we were able to emerge from the first-wave of the pandemic to ensure business sustainability, which in turn powered the economy and human sustenance.

Although, just when the world appeared to have moved past the pandemic, a string of virus variants of the disease continued to emerge sending everyone back to their respective homes one more time.

I am confident, however, that with the learnings of the previous wave, the mass vaccination effort and with greater awareness for preventive actions in the society, we will once again overcome this challenging time.

At Hero MotoCorp, our ability to judiciously continue operations, maintain fiscal prudence, strengthen the emotional bond with all stakeholders and prepare for the future truly defined us as an organisation.

## 100 Million – A Milestone par excellence

**“Remember to celebrate milestones as you prepare for the road ahead.” - Nelson Mandela**

Your company has always been at the forefront of providing mobility to the aspirations of millions around the world. The achievement of the 100 million cumulative production and sales milestone is a testament of the success of our evolving engineering, operational excellence and sustainable practices. This is a statement on the resilience of our holistic ecosystem built on trust and empathy. It is a celebration of the 100 million customers who continue to demonstrate their faith and trust in Hero MotoCorp, generation after generation. The achievement of this is an occasion for celebration and a motif of inspiration for all of us in the Hero MotoCorp Family.

We have already declared our next ambitious goal – we will achieve the target of the next 100 million within this decade. In keeping with our vision - **‘Be The Future of Mobility’**, our 200 millionth vehicle may not be a two-wheeler!

## Create, Collaborate, Inspire

With robust product planning and a predictable product development roadmap, we are ensuring that we cater to the requirements of the customer by delivering technologically advanced products year after year. Our vision is to look beyond the traditional mobility space and are already making investments in electric mobility products, both personal and mass transit.

Please note, that your company is leaving no stone unturned in preparing itself for the future and in setting-the-trend, leading from the front instead of following it!

In 2020, we started a new journey with one of the most storied motorcycle companies in the world, Harley-Davidson. This partnership is an important stepping stone in the road to ‘Premiumisation’ of our brand and product. From building premium retail experience outlets to premium ownership models, Hero MotoCorp is enhancing capabilities and preparing itself to expand its presence in the premium two-wheeler segment. Hero MotoCorp is also in the process of developing a range of premium products, both under Harley and Hero MotoCorp brand names. We can all take great pride as Harley Davidson in its history of over hundred years has never embarked on such a partnership.

The partnership with Gogoro® Inc, which was announced earlier this year, is one of global significance. Gogoro® Inc. is a Taiwanese EV specialisation company with the world’s largest battery-swapping network. This partnership will be a key to the propagation of electric vehicle

charging technology and network supporting the EV products in India, and across our global markets.

I would like to share that our relationship with Ather Energy in which we have 38% stake is actively evolving into a partnership on multiple fronts. This clearly is going to pave our way into being a market leader in the EV space.

## Resilience through the Global Crisis

We entered into the financial year 20-21 under ‘Lockdown’ conditions- a term that is part of common parlance today, and brought the world to a grinding halt a year ago. At Hero MotoCorp, however, we were extremely proactive in our approach and consciously decided that we will not let this crisis go to waste. Our top priority being keeping people and their wellbeing above everything. We, at Hero MotoCorp have always been people centric and know that our people are our family. We are also of the firm belief that our relationships are the key to our success.

Hero MotoCorp was among the first Companies to halt operations in March 2020 at the onset of the pandemic in a proactive effort to protect our employees. Hero MotoCorp resumed operations in May of 2020 and what followed from there on was a story of sound planning, proactive actions, compassionate operations and considered optimism.

Not only did we manage to support all our employees, their families and our business partners during the lockdown period, we also ‘hit the ground sprinting’ once businesses reopened to achieve multiple production and sales milestones. These records would have made our whole ecosystem proud. We were able to achieve them in a year still overcoming the pandemic was truly Heroic! Our performance provided inspiration to others; it also led the way for the revival of the auto industry.

## Chairman's Message (contd..)

In a year marked by severe economic downturn, poor sentiments, challenges and chequered opportunities, we delivered a shining result for all our stakeholders - including employees, shareholders, investors, business partners, customers, our communities and the industry. We created value, building an even more sustainable and robust business that is attuned to the future.

### 'People First' Approach

Not limiting ourselves to excellence in business operations, Hero MotoCorp scaled up the concentrated program towards the development and welfare of all our colleagues. With our commitment to place 'people-first', we continued to strengthen and enhance our organisation's new philosophy, providing training, support, camaraderie and engagement to employees. This effort drove the idea of inclusiveness and help built a robust and holistic work culture within the organization.

During the year, we nurtured our existing talent pool and identified future leaders for greater opportunities within the company. We reinvigorated and reorganized traditional organisational structures to achieve greater efficiencies in our operations. The position of the Chief Operating Officer (COO) was created for the first time in the company's history. This was done with the aim of ensuring further robust practices in the area of quality and all aspects of operations.

Our main focus during this pandemic year was to ensure the safety and well-being of everyone in the ecosystem, our 'Hero MotoCorp Family'. As things stand today, we continue to keep health and safety as our top priority. The company has initiated a vaccination drive and as of now, more than 90% of the employees and workers have been vaccinated with the first dose. Counseling and Covid Care Centres have been set up to support our employees and their families through various initiatives.

The commitment showcased by our teams, in ensuring business continuity and supporting the community is immensely heart-warming and motivating. My heartfelt thanks to all my Heroes who have ensured that your company continued to be at the forefront in every sphere of its operations!

### Ensuring Fiscal Prudence

Our sustainable financial performance in the year under review, FY 2020-21, is testimony to our agility and preparedness for unprecedented events. We were able to manage our top line and deliver a healthy bottom line. We registered improved profit margins by enhancing our productivity levels optimising costs and ensuring strong cash flows. Despite all the challenges during this pandemic, Hero MotoCorp was able to grow its market share in both motorcycles, scooters and also the premium motorcycle segment.

While the recovery towards the second half of FY 2020-21 the Company saw a gain in sales volumes, the overall performance for the year was subdued. The company managed to contain the effects of the pandemic on its business and financial performance with focus on strategic initiatives such as a strict discipline on expenses and prioritization of projects. We also succeeded in substantially reducing general overhead costs and capex. Our tight working capital management further helped in ensuring the much required liquidity buffer.

### The R4 of Global Business

#### Revitalize, Recalibrate, Revive and Revolutionize

With our new strategy called R4, the focus on our Global Business is very clear. Hero MotoCorp continues to invest in the development of new products for our international markets and we are determined to expand our global footprint. Our goal is to develop new

markets and strengthen our market share in the existing ones by delivering superior products and enhanced customer experiences.

We ended the fiscal year with our highest-ever exports in any single month - a clear indication that the company is poised to step into the next growth phase of global business. In a significant milestone in our global journey, we made an entry into Mexico. A key motorbike and scooter market. With Grupo Salinas as our partner this has enabled us to form one of the largest retail sales channels in the country. Our expectation is that Mexico will become a key international market for us in the foreseeable future.

Our Global Business is already making strides in re-establishing itself in some of the territories in South America. New distributor partners have been appointed in Honduras and Nicaragua. Hero MotoCorp has also taken immense strides in Nigeria and have launched a new product called Hunter in that market. The initial results are extremely promising and we expect to gain significant market share in Nigeria.

### Engaging with Stakeholders – Communication is the Key

Our consistent delivery of superior products and great customer experience requires the combined effort, focus and commitment of numerous people, organisations, partners and associations.

From the onset of the pandemic, the company made a conscious choice to keep communicating with our colleagues & their families, dealer partners, suppliers, investors, global distributors, shareholders and other related parties. Through a variety of digital mediums, we ensured that the entire Hero MotoCorp Family felt safe, secure and in-sync with the organisation's approach and plans.

My personal interaction with each of these stakeholder groups through more

than 50 Town Halls, focus groups and virtual celebrations during the year; including the company's first-ever digital Annual General Meeting (AGM) in August 2020.

This consistent communication and stakeholder outreach resulted in our strong performance once we resumed business. Building on our learnings from this approach, I continue to regularly engage with all our stakeholders and work in a very open and communication oriented environment.

## Customer Orientation

The approach towards the customer of your company has remained proactive and focused on the delivery of our brand promise. From launching a host of important new products, to sales and aftersales initiatives, executing measures for safety & convenience and supporting communities where required, we were instrumental in providing a safe and convenient purchase and ownership experience to our growing customer base.

## Social Responsibility 2.0

**"It is during grave challenges that leaders require to tread a new path."**

Sustainability, care for the environment and supporting the communities have always been a top priority for me personally and that for your company. During this period of unprecedented challenges, individuals, societies and organisations were required to go beyond the usual extent to support humanity.

Your company took the lead in this effort and just like in managing our business operations efficiently, it was proactive in supporting social causes, our country and its people in every possible way. We enhanced our efforts towards supporting the less privileged people in our society. We combined all our strategies and

goals towards building an empowered society. Our teams worked with multiple state governments to build care and health infrastructure. Our R&D and manufacturing teams developed the unique First Responder vehicles (FRVs) that are helping people in rural and inaccessible areas of the country.

## Riding beyond Horizons...

**We know where we have come from and we know where we are going.**

As we look ahead, we have set a clear vision and path for this organisation and its large ecosystem. Over the past decade, Hero MotoCorp has been on an accelerated growth path and has expanded itself on every count and every field. Now, we are ready and poised for the next phase of our expansion and growth.

As the world recovers from the second and a significantly severe wave of Covid-19, we are upbeat about the short-term growth and remain optimistic about the long-term view. We are well prepared to meet rising consumer demand and will be able to grow our business as and when the economic situation revives and reemerges.

For the near and medium terms, we are focussed on delivering products that are relevant and in-line with the overall sustainability of the company. With a strong pipeline of products, including premium motorcycles and scooters, we are confident of keeping the customers excited and stimulating the markets.

The future will have to be imagined today, so it can be delivered tomorrow. As I have often said, we are aggressively working towards multiple EV programs and platforms and also on various other modular mobility solutions. Sustainability remains critical to our ethos and we will continue to work in-line with these principles.

I extend my appreciation to the Members of the Board for their support and guidance during this challenging year and I thank all our colleagues and my leadership team for their relentless effort in achieving our objectives during this difficult time.

I would be remiss if I do not thank our customers, shareholders, investors, business partners, and other stakeholders for their continued support and trust in Hero MotoCorp.

I urge you to continue to share your ideas and opinions with us to help us further improve and enhance your company, Hero MotoCorp. With your blessings and support, we will continue to create milestones and make you proud of your Hero MotoCorp.

Keep Safe. Stay Healthy.

Warm Regards,

**Pawan Munjal**

## Board of Directors



### **Dr. Pawan Munjal**

Chairman and CEO

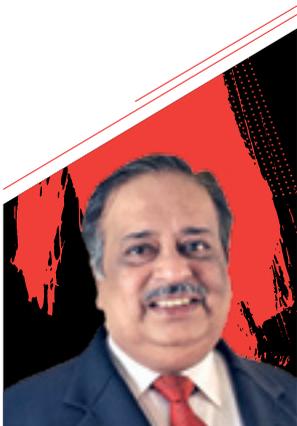
Dr. Pawan Munjal is one of India's renowned corporate leaders, championing growth, socio-economic progress, and technological innovations. He is the Chairman & CEO of Hero MotoCorp, the world's largest manufacturer of motorcycles and scooters. With his leadership, Hero MotoCorp achieved the coveted title of World's No. 1 two-wheeler company in 2001 and has successfully retained this position to date – for 20 consecutive years. The Company has also surpassed the rare milestone of 100 Million cumulative production and sales. Having consistently demonstrated visionary leadership to guide Hero MotoCorp, to not just consolidate its leadership status, but also expand its global footprint across multiple continents, Hero MotoCorp currently sells its products in over 40 countries across Asia, Africa, Central and South America and the Middle East. Hero MotoCorp has eight world-class manufacturing facilities, of which six are located in India and one each in Colombia and Bangladesh. Dr. Munjal sits on the Boards of various companies in addition to holding executive positions at key Indian industry bodies – Confederation of Indian Industry (CII) and Society of Indian Automobile Manufacturers (SIAM).



### **Mr. Suman Kant Munjal**

Non-Executive Director

Mr. Munjal was appointed as an Additional Director on the Board on July 29, 2010. He is the Executive Chairman (Whole-time Director) of Rockman Industries Ltd., one of the leading suppliers of aluminum die casting, machined and painted assemblies to Hero MotoCorp Ltd. A commerce graduate, he possesses rich experience and expertise in business management. Over the years, he has been instrumental in elevating Rockman Industries Ltd. to its current status as a credible ancillary supplier to auto majors. With over 45 years of experience and expertise, Mr. Munjal sits on the Boards of various companies.



### **Mr. M. Damodaran**

Non-Executive and Independent Director

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



### Mr. Pradeep Dinodia

Non-Executive Director

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



### Air Chief Marshal B. S. Dhanoa (Retd)

Additional and Independent Director

Air Chief Marshal B. S. Dhanoa (Retd.), is an alumnus of St. George's College, Mussoorie, where he studied from 1968 to 1969. Thereafter, he moved to Rashtriya Indian Military College, Dehradun in August 1969 and joined the National Defence Academy (NDA) in June 1974. He later graduated from the Jawaharlal Nehru University in 1977. Post his flying training, he was commissioned in the Fighter Stream of the Indian Air Force in June 1978. In 1985, he carried out the All Purpose Flying Instructors Course (APFIC) and then attained the highest-Flying Instructor's Category A2 in 1987. He then did his M. Sc. in Defence Studies from Madras University and attended a Defence Services Staff College Course in 1990-91. He has an illustrious career with Indian Air Force and has served at various ranks. He served as the Air Officer Commanding-in-Chief of South Western Air Command before taking over as the Vice Chief of Air Staff (VCAS) in May 2015. He served as the 25th Chief of the Indian Air Force (IAF) from January 1, 2017 to September 30, 2019 and led the IAF when it executed air strikes over Balakot in Pakistan in February 2019. He has been awarded with the Param Vishisht Seva Medal in 2016, Ati Vishisht Seva Medal in 2015, Yudh Seva Medal 1999 and Vayu Sena Medal in 1999. Amongst various other achievements, the Fighter Squadron he commanded was the most decorated Air Force unit during the Kargil conflict due to his excellent leadership.



### Ms. Tina Trikha

Non-Executive and Independent Director

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

**Board of Directors (contd..)****Prof. Jagmohan Singh Raju****Non-Executive and Independent Director**

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

**Mr. Vikram S. Kasbekar****Executive Director and Chief Technology Officer (CTO)**

As the CTO, Mr. Vikram S. Kasbekar is responsible for product design and development for Hero's domestic and global markets, ensuring global standards in design quality and delivery. He has been with the Company for 16 years and has significantly contributed to its growth. Mr. Kasbekar brings over four decades of experience in the field of operations, supply chain, manufacturing, project engineering and new model development. Earlier, a stint at Birla Copper as Business Head gave him the exposure to turn a business profitable. He is an active member of CII Northern Region Council.

# Leadership Team



**Mr. Niranjan Gupta**  
Chief Financial Officer



**Mr. Mike Clarke**  
Chief Operating Officer and  
Chief Human Resources Officer



**Ms. Neerja Sharma**  
Company Secretary &  
Chief Compliance Officer



**Mr. Naveen Chauhan**  
Head - Sales & After Sales



**Mr. Sanjay Bhan**  
Head - Global Business



**Mr. Vikram S. Kasbekar**  
Executive Director and  
Chief Technical Officer



**Mr. Malo Le Masson**  
Head - Strategy and Global  
Product Planning



**Mr. Ravi Kumar Pisipaty**  
Head - Plant Operations

# Delivering Value in the World of Mobility

## Our resources



### Financial Capital

Generating sustained cash flow and maintaining a robust balance sheet to support the growth of our business.



### Manufactured Capital

Maintaining a network of eight manufacturing plants and offices across three countries to manufacture motorcycles and scooters and to serve our global customers.



### Intellectual Capital

Our two R&D centres develop new products that provide us market leadership and competitive advantage in an evolving market landscape.



### Human Capital

We continue to find and attract the right talent, inspiring them to grow with us.



### Social & Relationship capital

We continue to build enduring, collaborative and mutually beneficial relationship with our customers, distributors, dealers, governments and communities.



### Natural Capital

We continue to emphasise on the optimum utilisation of natural resources.

## Inputs

<b>NIL</b>	Long-term debt
<b>15,198</b> (₹ in crore)	Networth
<b>9.5</b>	Annual Capacity (in million)
<b>14,761</b> (₹ in crore)	Gross block of assets

### Germany and Jaipur – R&D centres

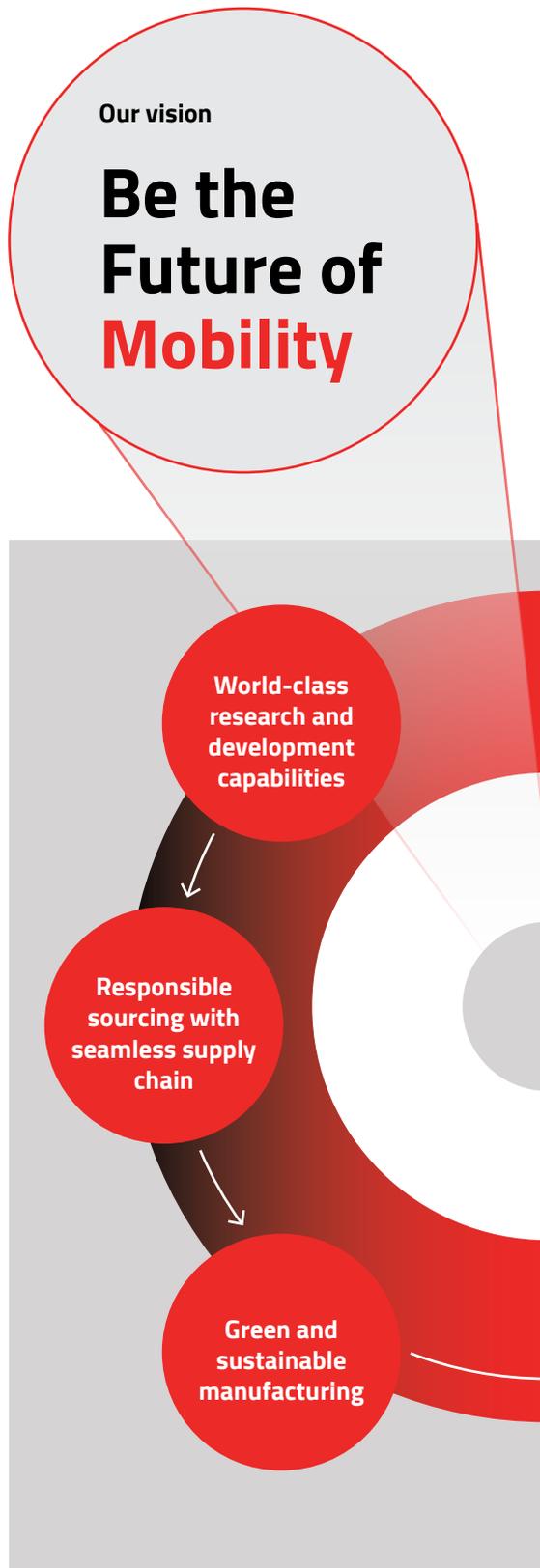
<b>540</b>	R&D investments (₹ in crore)
<b>1,000+</b>	Team at R&D centres

<b>8,793</b>	On-roll
<b>22,646</b>	Off-roll
<b>1,899</b>	Employee benefit expenses (₹ in crore)

<b>99.73</b>	CSR spent (₹ in crore)
<b>270+</b>	suppliers
<b>9,000+</b>	Dealer touchpoints across the globe

Energy consumed (Nos. in Crore)	
<b>15 KWh</b>	
<b>9 KWh</b>	<b>14 KWh</b>
Renewable	Non renewable
<b>4</b>	GreenCo rated facility
<b>4</b>	Indian Green Building Council (IGBC) Certified

## Our operating process





## Outputs

<b>30,801</b> (₹ in crore)	<b>4,019</b> (₹ in crore)	<b>2,964</b> (₹ in crore)
Revenue from operations	EBIDTA	PAT

<b>100</b> Millionth product roll out from Haridwar plant	<b>Domestic market share</b>
	<b>37.1%</b> Motorcycles and scooters
	<b>51.5%</b> Motorcycles

- 102** Patents filed
- 20** New models launched

- 8,22,024** Person hours of training conducted
- 9.4%** Diversity ratio\*
- 6.15%** Attrition ratio\*

- 99.5%** Customer complaints resolved
- ₹105** Dividend paid per share

- 4,03,431 KL** Reduction in water consumption
- 9,146 MWh** Reduction in energy consumption
- 3.2** FTSE ESG Rating
- MSCI ESG Rating -** A Index status

**Rank 1 in Auto Sector (Low ESG Risk)**  
Sustainalytics ESG Risk Ranking

## Value created

### Investors



Our dynamic strategy helps us stay ahead of the curve and grow our profits, cash flow and returns consistently. This enables us to remain committed to our dividend policy and deliver returns to our investors.

### Employees



Our engaging, diverse and inclusive work culture provides rewarding opportunities for our employees. Our regular employee training and learning programs provide a clear growth path.

### Customers



As a trusted motorcycles and scooters brand for near four decades, we have met the mobility aspirations of more than 100 million customers in over 40 countries, providing comfort, style and happiness with our products and services

### Distribution network



Our distributors and dealer network form the architecture of our market leadership. We continue to build stronger relationships with them, sharing responsibilities for mutual growth

### Regulators and social partners



As the largest motorcycles and scooters manufacturer in the world for two decades, we remain committed to fulfil our obligations towards society, community, regulators and people at large

\*%age calculated excluding non-managerial staff

## Our Approach to ESG

Our stakeholders' interest and concerns, risks and opportunities are determined through a detailed analysis of various inputs that are critical to our business. We rely on our expertise and understanding to determine material issues that have a significant impact on our business.

### Materiality matrix

In the materiality matrix, we have considered issues that have a profound impact on our corporate sustainability strategy. Although, the degree of importance attached to every aspect varies, they remain an integral part of our sustainability goals. At Hero MotoCorp, we continue to evaluate and assess them periodically, to determine their

relevance and effect on our operations. We have mapped issues of importance to illustrate their relative position with respect to each other as well as our company. To know more about material issues that impact us, please read the sustainability report.

## Promoting Sustainability – every step of the way

We address sustainability facets across our markets by operating responsibly and mitigating our environmental impact. We, thereby, aspire to always do business in the right way and adhere to the highest ethical standards.

We are committed to align our business with the United Nations Sustainable Development Goals (UNSDG) and our operations successfully contribute to 12 of the 17 SDG's.

Scan the QR code here to read our sustainability report



# Ushering sustainable change

Hero MotoCorp recognizes the virtues of sustainable living. We believe, businesses do not thrive in isolation, rather they exist in unison with their natural environment. To create a fertile ground for long-term growth, we must make meaningful changes to communities, address sustainability challenges and co-exist in harmony with our natural ecosystem.

**For us at Hero MotoCorp,** sustainability is not just a slogan, it is a way of life. It is how we manage the resources that sustain and shape the human, economic and environmental aspects of life. We have a long history of creating value for shareholders, providing rewarding careers to our employees, and value to the communities where we work and live. We have achieved this success by operating our business with passion, integrity and an ingrained commitment to excellence. Over the years, we have invested heavily in local communities, developed robust programs to inculcate diversity and inclusion, and continuously strived to protect and nurture the environment.

Hero MotoCorp is a part of Dow Jones Sustainability Index (DJSI) Emerging Markets Index. Our performance in DJSI is a result of the collaborative efforts of

our Cross Functional Teams ranging from the Core Team, Strategic Sourcing and Supply Chain to Finance, Human Resource, Risk Assessment, Customer Relationship Management, Sales and After Sales. We have utilised this platform to bridge gaps, maintain transparency and trust. It also reflects our commitment towards societal

needs, environmental concerns and global customer expectations.

Our approach to ESG is an extension of our values, to deliver what matters most to our stakeholders, structured around the following five pillars.





## Key Highlights of FY 2020-21

### Reducing environmental footprint

- Investing and building a renewable energy portfolio
- New establishments developed on sustainable platforms with Indian Green Building Council (IGBC) certification
- Focus on expanding afforestation drive to achieve carbon neutrality targets
- Initiatives for water and energy conservation
- Address environment and climate-related risks
- Initiated the principles of circular economy - Reduce-Reuse-Recycle
- Compliance with local regulations for the disposal of hazardous and non-hazardous waste
- Monitoring emissions from manufacturing plants and keeping emissions within permissible limits
- Reducing carbon footprint at facilities
- Extended Producer Responsibility (EPR) for the treatment or disposal of post-consumer plastics
- Initiated climate risk assessment, considering plausible climate scenarios (BAU - Business as usual and 2DS - 2 Degree Scenario)

### Nurturing a responsible value-chain

- Green partner development programs for suppliers and dealers
- Nurturing steady relationships with distributors
- Strengthening digital initiatives to enhance customer experience. For example, launch of the integrated online sales platform - e-SHOP
- 24x7 Road Side Assistance (RSA) program for customers
- Mega Service Carnivals for customers across the country
- Goodlife Program - loyalty program for customers

### People policies

- Non-Discrimination and Human Rights Policy to treat every employee with respect and dignity
- "Yes Heroes Can" initiative launched to fulfil the objectives of health & wellbeing, employee capability development and employee engagement
- Hero talent initiative to showcase employee talent and keep them engaged beyond work
- 'Unconscious Bias training' for employees to make them tolerant
- Maintaining cohesiveness through various employee engagement initiatives
- Medical and wellness facilities for employees
- Implementation of Hero Covid-19 Standard Operating Procedures (SOP)
- 3 pillars of Diversity and Inclusion: leadership & advisory support, culture & mindset, recruitment & selection
- Integrated approach to promote education and training, career development, and mentoring programs to improve workforce heterogeneity
- Project Tejaswini to encourage gender parity and 'Changing Mindsets' for a holistic workplace
- Digital recruitment and induction processes
- Skill development and training for permanent employees



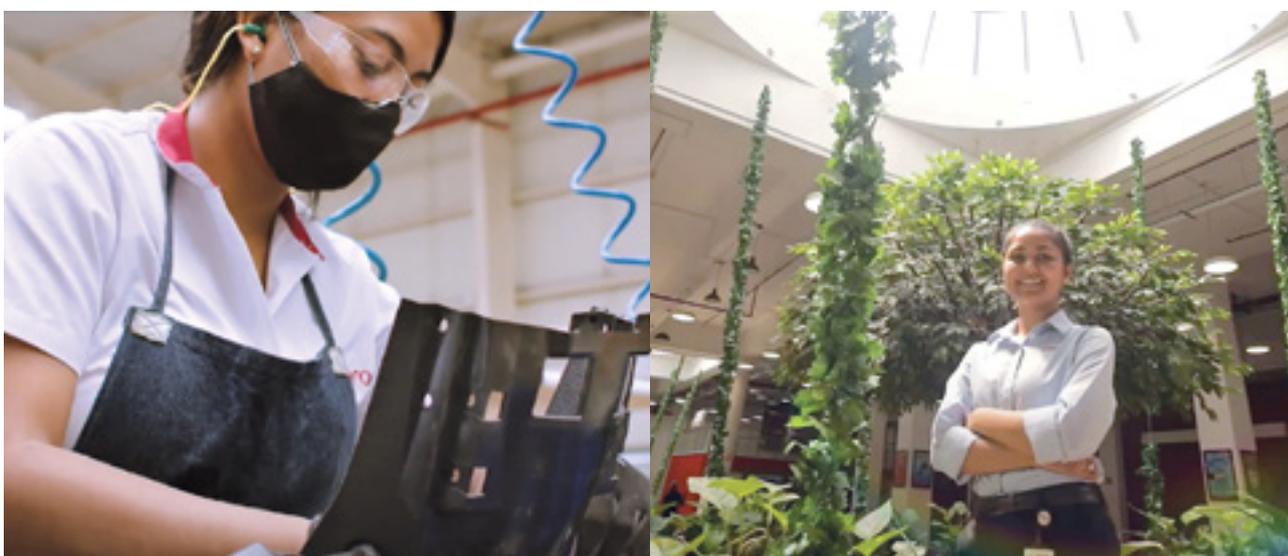
**Facilitating product stewardship**

- Standardization of material/ components in compliance with environmental norms
- Developing End of Life vehicle strategy in cognizance with upcoming regulations on scrappage policy
- Material research portal
- Split Type Saree Guard design implemented to reduce scope 3 emissions and provide extra space for women co-passengers

**Aiding inclusive growth**

- Addressing environmental concerns through tree plantation drives, provision for solar street lights in villages and water conservation programs
- Creating road safety awareness with Ride Safe India Initiative
- Women empowerment initiatives to encourage skill development, livelihood generation and increase access to primary healthcare services

- Launched 'Educate to Empower' program to promote children's education, encourage knowledge sharing within and outside the industry, and provide skill training to the country's youth
- Implemented several projects to inculcate self-reliance and build a sustainable society

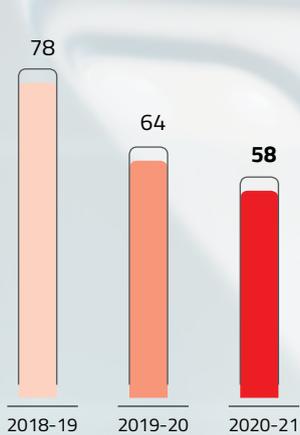


# Numbers that Matter

## Sales Volume

(in lakh)

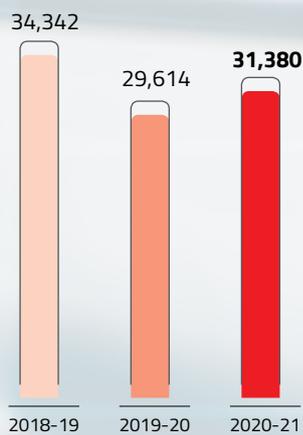
58



## Total Income

(₹ in crore)

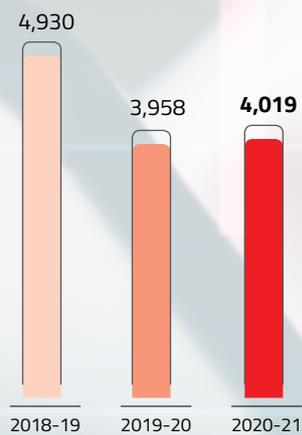
31,380



## EBIDTA

(₹ in crore)

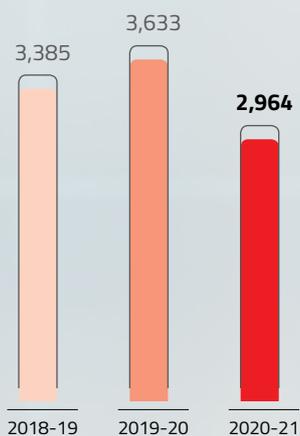
4,019



## Profit after Tax

(₹ in crore)

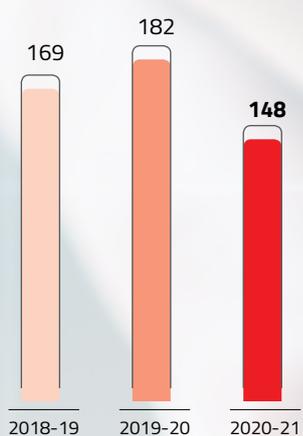
2,964



## Earnings per share

(₹)

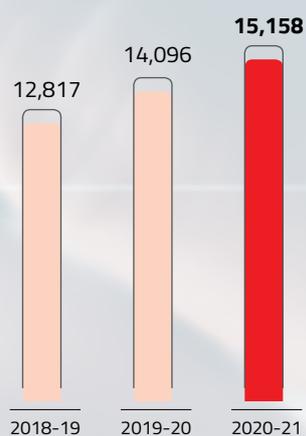
148



## Reserves & Surplus

(₹ in crore)

15,158



# 10 year Financial highlights

	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Sales volume (No. in lakh)	62	61	62	66	66	67	76	78	64	58
Total Income (₹ in crore)	23,944	24,166	25,722	28,078	31,123	31,394	33,398	34,342	29,614	31,380
Gross Profit (Revenue from operations less total material cost) (₹ in crore)	6,297	6,370	7,046	7,831	11,391	9,463	10,396	10,333	9,139	9,038
Profit after Tax (₹ in crore)	2,378	2,118	2,109	2,386	3,160	3,377	3,697	3,385	3,633	2,964
Earnings per share (₹)	119	106	106	119	158	169	185	169	182	148
Dividend per share (₹)	45	60	65	60	72	85	95	87	90	105
Debts (borrowings)	-	-	-	-	-	-	-	-	-	-
Share Capital	39.94	39.94	39.94	39.94	39.94	39.94	39.94	39.95	39.95	39.96
Reserves & Surplus (₹ in crore)	4,250	4,966	5,560	7,318	8,794	10,071	11,729	12,817	14,096	15,158
Book value (₹)	215	251	280	368	442	506	589	644	708	761
<b>Profitability Metrics</b>										
EBITDA/Income from operations (%)	15.35	13.82	14.01	12.84	14.51	16.26	16.38	14.65	13.73	13.05
Profit before tax/Total income (%)	11.96	10.47	11.15	12.41	14.25	14.84	15.70	14.59	15.44	12.43
Profit after tax/Total income (%)	9.93	8.76	8.20	8.50	10.15	10.76	11.07	9.86	12.27	9.45
Return On Average Capital Employed (ROACE) (%)	58.87	47.85	52.67	53.77	54.78	49.18	47.94	40.69	33.86	25.45
Return On Average Equity (ROAE) (%)	65.64	45.57	39.77	36.82	39.03	35.65	33.80	27.49	26.92	20.21
<b>Working Capital Management</b>										
Inventory period (in days)	10.50	11.16	10.50	11.13	10.35	10.18	10.14	12.11	16.21	19.06
Inventory and Receivable Conversion Period (in days)	13.39	17.77	21.01	25.35	26.15	26.97	24.65	30.94	38.60	38.12
Cash Cycle	(32.16)	(25.35)	(20.15)	(21.44)	(22.78)	(20.92)	(18.76)	(10.47)	(8.51)	(17.05)
Current Ratio	0.45	0.73	0.77	0.93	0.78	0.71	0.75	1.20	0.90	0.78
Acid Test Ratio	0.25	0.50	0.54	0.67	0.58	0.55	0.56	0.94	0.63	0.54

# Creating History. Manufacturing Happiness.

In the near four decades of our existence, we have significantly enhanced and strengthened our manufacturing capabilities enabling us to successfully maintain our global leadership.

Today, we have eight world class, state-of-the-art manufacturing plants – including six in India and one each in Colombia and Bangladesh. We have regularly invested in these facilities for capacity expansion, innovative processes and automation to support long-term profitable growth.



## Manufacturing capacity

Annual Capacity – million units

India			International
Dharuhera	Gurgaon	Haridwar	Columbia
2.1	2.1	2.7	0.08
Neemrana	Halol	Chittoor	Bangladesh
0.8	1.2	0.4	0.15

## Recap of FY 2020-21

In keeping with the commitment to the safety and wellbeing of our people, we proactively shut down our manufacturing facilities globally as the coronavirus pandemic spread across the world. We, therefore, witnessed reduction in both capital and operational expenditures during the first quarter of the FY 2020-21. However, we invested in equipment, safety gears and sanitation of units. Our team developed First Responder Vehicles (FRV) and donated them to the health authorities across the country as one of the Covid-19 relief initiatives. The FRVs were useful in reaching out to patients in rural and remote areas, comfortably transferring them to the nearest hospitals.

With the relaxation of lockdown, we were amongst the first in the industry to get our production lines back in operation, adhering to all safety guidelines and protocols.

We initially resumed manufacturing at three of our plants, once majority of our supply chains partners also resumed operations. Strict government mandated guidelines on preventive measures to contain spread of Covid-19 in workplace were followed across all plants, like social distancing, mandatory use of face mask/ face shield, regular hand washing and use of hand sanitizers, regular disinfection and sanitisation of all work areas, self-declaration of health assessment, monitoring of health status via Aarogya Setu etc.

During the year we also built a strategic roadmap for the future, encompassing manufacturing and business excellence platforms, anchored around sustainability. This was demonstrated by the agility and flexibility adopted in our manufacturing operations, despite volatility in the external environment. We continue to



create value for the business by maintaining our leadership position through sustainable manufacturing, scale, cost leadership and innovation.

At the same time, we ramped up our production to produce 30,000 Vehicle Per Day (VPD) - just six months after the lockdown, from earlier levels of 5000 VPD. We accelerated our efforts through multiple mission critical projects to produce more than eight lakh units in just one month, despite the pandemic related challenges and it stands testimony to our superior delivery capability.

**31,021**

Highest per day production of motorcycles and scooters in FY 2020-21

### Enterprise wide quality culture

In order to provide a strategic direction for the Quality function and build a quality-focused enterprise, a new 'Quality Policy' was approved by our Board of Directors in February 2021. With this, our resolve to create next generation mobility solutions are strengthened to achieve and sustain leadership in quality.

**803,462**

Highest ever monthly production of motorcycles and scooters



### Global manufacturing base

We operate from an extensive manufacturing base that allows us to retain flexibility and adapt to changing market dynamics. Our manufacturing facilities in Colombia and Bangladesh enabled us to consistently sustain the production of motorcycles and scooters even during the uncertainties posed by the coronavirus pandemic during the year.

### Green manufacturing

Our manufacturing facilities are aptly referred to as 'Garden Factories' owing to their emphasis on sustainability and green initiatives. These facilities implement innovative processes that transform into a seamless assembling unit and a robust supply chain. Our units proactively try to reduce greenhouse gas emissions and adopt alternatives that foster greener

operations. Right from recognising energy efficiency to deploying efforts for waste management and water conservation, we encourage our environmental stewardship and all our units contribute to fulfil our sustainability goals.

Creating History. Manufacturing Happiness. (contd..)



**Flexibility at core**

All our manufacturing units are flexible and agile, enabling us to adapt and meet dynamic market requirements that fulfil diverse customer needs.

**1.3 sec**

Assembly time per motorcycle and scooter

**Cost optimisation**

Despite a challenging year, we remained resilient in our proposed capital expenditure plans and aligned it to approved budgets. We optimised fixed costs across our plants and identified areas that needed intervention. This helped us in achieving cost savings across various fixed and variable costs. Going forward, we are working on areas such as digitisation, alternate processes, power optimisation, yield improvement and more to structure an optimum capex plan around sustainable manufacturing operations.

**Strengthening digitisation**

Our quality focused approach centered around digitisation continues to enhance our productivity manifold. Digitisation initiatives across the plants have matured over past years and we are leveraging digital tools such as analytics at the Global Parts Centre (GPC), Utility Cockpit in the Chittoor plant, Manufacturing Execution System (MES) Pilot at Gurugram plant, Traceability Pilots at the Neemrana and Haridwar plants and Internet of Things (IoT), automation across feeder shops, main lines and material handling to enhance productivity further.

**Outlook**

We are making significant progress in our operations around digitisation and sustainability by adopting new and innovative technologies. Our team continues to adopt a lean manufacturing strategy on a long-term horizon, focusing continuously on building value-added products. The emphasis on innovation continues to drive our 'Zero Defect Strategies' with attention on best-in-class productivity.

# Racing Beyond Limits

Driven by the passion, Hero MotoCorp remains committed to building stories around sports, which we believe have the power to change lives and inspire people to achieve their goals.

## Racing Season FY 2020-21

Owing to the Covid-19 pandemic, #RoadToDakar2021 was a comparatively shorter run. Yet, our Team made its presence felt with an impressive comeback to competitive racing with the BAJA Portalegre and the Andalucia Rally, finally leading up to Dakar 2021.

Represented by a full strength three rider team of Joaquim Rodrigues, C S Santosh and Sebastian Buhler, the team focussed on acquiring valuable race-experience and proficiency, while delivering strong performances.



## Dakar Rally 2021

Participating in its 5th consecutive Dakar Rally, the Hero MotoSports Team Rally was represented by a three-rider team. It was by far the toughest Dakar Rally for the team, given the overwhelming emotional backdrop of the traumatic loss of their teammate at the same place last year. Furthermore, coming into the toughest rally on the planet with a relatively untested new Hero 450 Rally bike, a very short racing and training season due to the Covid-19 restrictions, it was by no means an easy task to do well in this Dakar.

At the end of an emotionally charged and grueling 12 stages, Hero MotoSports delivered an impressive performance with both, Joaquim Rodrigues and Sebastian Buhler posting their best-ever Dakar standings, finishing in on the 11th and 14th place respectively.

The new Hero 450 Rally also delivered an absolute flawless performance and a 100% arrival record on its Dakar debut, a testimony to excellence and hard work that has gone in developing this top-class machine.



### The "New Hero 450 Rally Decoded" Video



### Andalucia Recap



### Dakar 2021 Recap



### BAJA Portalegre Recap



### INRC Coimbatore Round



## Research and Development

# Future-ready

At Hero MotoCorp, we are always traversing boundaries to create opportunities and to keep consolidating our leadership. Riding on our robust research and design capabilities, we continue to develop new and innovative technologies in our constant endeavor towards creating future-ready mobility solutions.

Built on a strong foundation of research and knowledge, our long-term strategy guides our business every step of the way to shape the future of mobility. We remain committed to investing and strengthening our research capabilities, and improve our products to enrich customer experiences.

Globally, the demand for personal mobility is expected to keep increasing and the industry has been witnessing steady growth in recent years. It is anticipated to further gain momentum with favourable demographics and growing awareness about the importance of personal mobility. At Hero MotoCorp, we are committed to address the changing dynamics of the automotive sector and align our products with customer expectations.

Our Centre for Innovation and Technology (CIT) at Jaipur, is a world-class facility with an in-house campus for National Accreditation Board for Testing and Calibration Laboratories (NABL) accredited labs and test tracks. The CIT houses more than 1,000 professionals and automotive experts from around the globe, working in an environment of excellence to develop future-ready products. In addition, the Hero Tech Center Germany (HTCG) near Munich is a hub of excellence, focusing on new product development for global markets, keeping us on the right track to meet evolving customer demands.



### Mobilising resources

Our R&D expenditure was nearly twice that of our nearest competitor during the year under review. We continue to aggressively ramp up our R&D capabilities with a host of innovations. We were

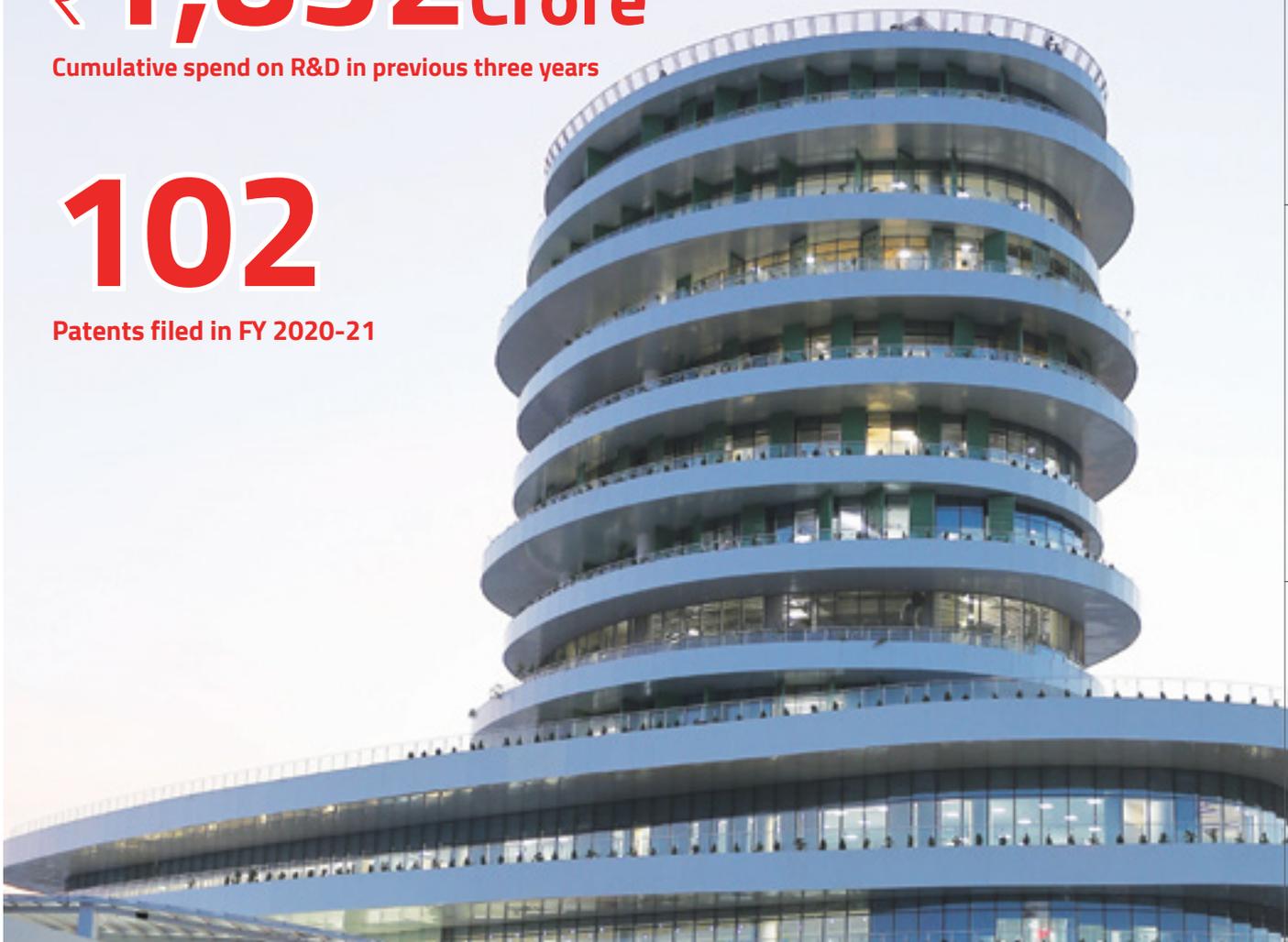
among the first in the industry to successfully transform and launch all our products under the BS VI emission norms. Our sustained investments in R&D will result in a range of new product launches in 2021 and beyond.

**₹ 1,832 Crore**

Cumulative spend on R&D in previous three years

**102**

Patents filed in FY 2020-21



**Driving innovation**

Aligned to the Company Vision 'Be the Future of Mobility', both our R&D centres in India and Germany are working towards new product development and strategies that further strengthen our market leadership. We will also be launching our first Electric Vehicle (EV) within the FY 2021-22.

**Recognised for innovation**

We are driven by the trust and love of our customers. Building on our legacy of near four decades, we are developing mobility solutions for the future. The recognition received by our new products is an encouragement for us to move ahead with more passion.



## Our People

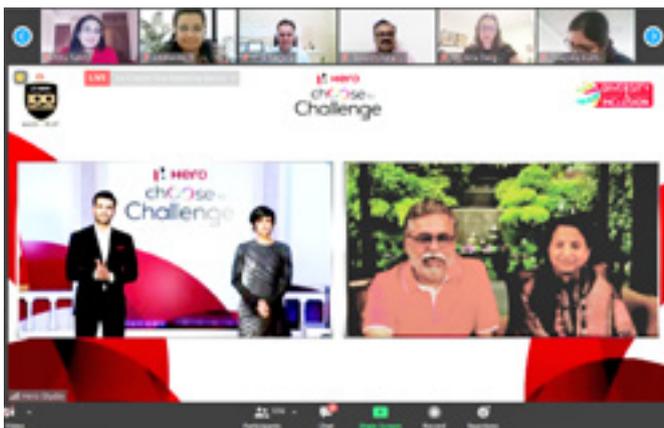
# Comforting and empowering our Heroes

We remain committed to the safety and wellbeing of our people. We worked closely with our colleagues during the challenging period last year to keep them engaged and motivated and to efficiently tackle the crisis.



### Diversity and inclusion

We continue to publish our diversity matrices, sharing transparent progress of our goals towards building an equitable and diverse workforce. We are committed to increasing our representation across all levels, respecting and inspiring each other to reach their full potential.



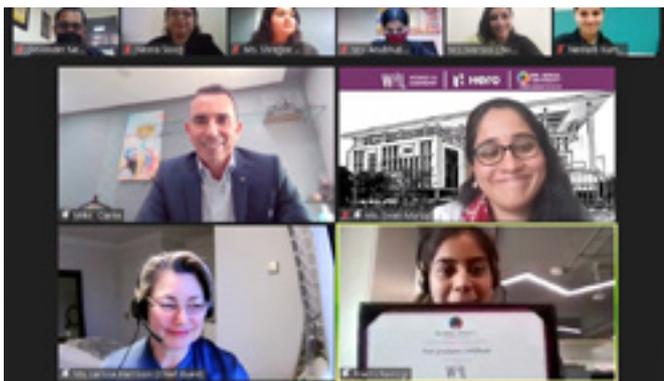
### HR benefits and policies

The Employee-centric HR policies, practices and procedures this year focused on inclusivity, remote working and wellbeing. We restructured and introduced several policies such as Work from Home, Transgender Equal Employment Opportunity, Medical Insurance Enhancement, Contingent Workforce Insurance Coverage and the Girl Child Gift Scheme to name a few. In addition, we have created and implemented programs and policies for ensuring health, safety and wellbeing of our workforce. These policies have been designed to ensure prevention of physical, mental and psychosocial health issues and to improve overall wellbeing of employees.

### Employee engagement, learning and development-

During the lockdown, we maintained open communication with our employees and their families. This could have only been possible, with a well knit and close support from the Union and Workers alike. Using digital communication, we were always connected to our employees, whether on site or working from home, be it for the purpose of salary disbursement, attendance management, or operations management.

We focused more on integrating and consolidating our efforts in capability building under the umbrella of Hero Talent Academy. All of our classroom learning sessions were converted to online capsules to empower employees with skills. These initiatives helped us achieve benchmarked targets. Employees were also provided access to online medical consultations and professional counselling services to ensure physical and mental well-being during the pandemic.



### Research & Development

We followed a 5-C approach, where the 5 Cs represented: **Care, Connect, Capability, Collective Conscience, and Community Service.** We were successful in creating an in-house ventilator prototype. A separate team utilized resources and machinery at our R&D facility to produce Sanitizers and masks, which were utilised internally and also donated to several health centres and other organisations as part of our CSR initiatives.

### Reinforcing senior leadership

At Hero MotoCorp, we strive to create equality and inclusion for everyone within the organisation. During the year, we augmented our leadership team with senior lateral recruits and also promoted our internal talent. The team now shapes every aspect of operations and strategy to further galvanise our priorities.

**24x7**

Professional counselling service and mental wellness support

**2,000+**

External certifications provided

**237,000+**

Internal courses conducted

**80,000+**

Courses undertaken by employees during lockdown



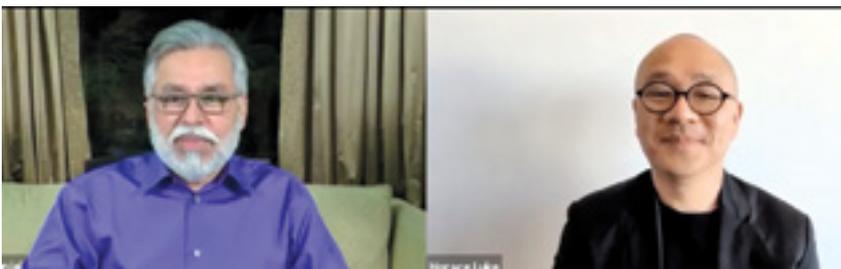
# Building the Future of **Mobility**

We are committed to bringing sustainable mobility solutions, both in India and across our global markets. We are also focused on accelerating the shift to smart, sustainable electric mobility solutions.

## Collaborating to Inspire

We are well on the course towards launching our first EV product within FY 2021-22. Meanwhile, we have forged a strategic partnership with smart mobility innovation company Gogoro® Inc., based out of Taiwan. Through this partnership, we will bring Gogoro's battery swapping platform to India, collaborate on electric vehicle development and develop Hero-branded, Gogoro-powered mobility solutions for the market.

Gogoro is a hyper-efficient battery swapping platform with more than 400,000+ riders and 2,100 battery swapping stations. Gogoro is a global leader in open platform for battery swapping and smart mobility services, delivering a fresh alternative to legacy fuel. Gogoro's expertise of connectivity, artificial intelligence and machine learning solutions are expected to bode well with our market leadership in India, and bring a whole new perspective to mobility going forward.



Dr. Pawan Munjal & Horace Luke

## From vision to reality

Hero MotoCorp was amongst the earliest investors in Ather Energy, the Bengaluru-based EV start-up in 2016. Since then, Ather has scaled up its distribution network across the country. In March 2021, Tarun Mehta, Co-Founder of Ather Energy, handed over the first 450X electric scooter in Delhi to Dr. Pawan Munjal, Chairman and CEO, Hero MotoCorp, marking the commencement of their retail operations in Delhi.



Tarun Mehta & Dr. Pawan Munjal

### Accelerating market growth in premium segment

As the world's largest manufacturer of motorcycles and scooters, we are now moving ahead to leverage our market leadership to build a strong portfolio of motorcycles in the premium segment. The new collaboration with Harley-Davidson Inc. - the iconic motorcycle manufacturer - marks a significant step towards enriching mobility experience for riders. As per the

distribution partnership, Hero MotoCorp has commenced the sale and service of Harley-Davidson motorcycles in India through a network of brand-exclusive Harley-Davidson dealers. Hero MotoCorp also sells Harley Davidson Parts & Accessories, General Merchandise riding gear and apparels. As part of a Licensing agreement, Hero MotoCorp will develop and sell a range of premium motorcycles under the Harley-Davidson brand name.

**100,000**

Units to be produced annually at new plant in Hosur

Target to be present in

**20**

Cities of India by end of 2021

**38%**

Stake of Hero MotoCorp as on March 31, 2021



## A Hero for the Community

When the Covid-19 pandemic hit the world, we considered it our responsibility to support the people & communities in need. As a responsible organisation, we earmarked a significant amount of our CSR spends for various initiatives undertaken to support frontline workers and vulnerable communities that were severely impacted due to the pandemic.



### Provisioning Meals and ration kits

The kitchens at our manufacturing plants produced meals for communities during the pandemic.

# 23.34

Lakh meals distributed to underprivileged communities

# 45.51

Lakh Masks distributed to Hospitals/ Administration/Police/Community

### Producing Covid essentials

In order to meet the increasing demand for essential equipment, we produced hand sanitizers at our plants and made provisions for manufacturing face masks & PPE kits through various partners. We also redesigned a few motorcycles as 'First Responder Vehicles' (FRVs) to support the healthcare fraternity and mobilize staff amidst the lockdown.



### Donation to PM CARES Fund

We proactively responded to the Honorable Prime Minister's call for contributions towards the government's efforts to mobilize resources during the Covid-19 pandemic, and made generous donations to the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund).

# 59

FRVs given to health departments of various states

# 37,701

Litres of sanitizer offered to Hospitals/ Administration/Police/Community



# 57,865

PPE Kits handed over to Government Hospitals

# Corporate Social Responsibility

# Fostering Greener, Safer, Equitable Communities

At Hero MotoCorp, our commitment to operate as a sustainable business entity underlines our business objectives. To enable meaningful change in the lives of people and communities, we continue to engage in initiatives that foster social, economic and environmental well-being.

We are happy to share that almost all our Corporate Social Responsibility (CSR) initiatives are helping us to meet the objectives stated in the United Nations Sustainable Development Goals (UNSDGs). With our CSR initiatives, we have created a healthy ecosystem for communities through sustainable projects. The projects are focused on:

-  Enhancing environment capital
-  Supporting rural development, education & women empowerment
-  Facilitating healthcare and skill development
-  Creating sustainable livelihoods
-  Supporting specially-abled people
-  Promoting and inculcating road safety practices
-  Development of sports at the grass-root level

We constantly strive to maintain a balance between economic, environmental and social concerns. To fulfil this objective and lay the foundations for a Greener, Safer and Equitable World, we have invested more than the stipulated 2% of our net profit to CSR projects.

## Greener

To mitigate the impact of our actions on the planet and to promote a greener tomorrow, we consistently focus on sustainable drives that help to reinstate the ecological balance.

# 2,07,190

Saplings planted in FY 2020-21, surpassing 2.3 million+ tree plantations cumulatively.



**Project Aarush – Use of eco-friendly and alternative energy**

19,930+

Solar street lights installed

**Project Gurujal - Water conservation**

~4.3

Crete litres of water channelized in villages of Haryana

**Safer**

Road safety awareness is an essential intervention for preventing road accidents and making roads safer. At Hero MotoCorp, through mass awareness road safety programs we educate on and encourage responsible driving among riders, thereby reducing fatalities on the road.

We manage six road safety training parks across the country and offer motorcycles and scooters rider training to college students as well as the general public. This year, despite the Covid-19 pandemic, we reached out to more than 1.11 lakh participants through our off-line and on-line road safety classes.

1,11,000

Youth offered 'Safe Riding' guidelines



## Community Development

Our community development programs in Haryana, Rajasthan, Uttarakhand and Gujarat along with a few suburbs of Delhi-NCR are focused on healthcare, education and livelihood improvement, underlying our commitment to Sustainable Development Goals (SDGs).

### Equitable

The equitable distribution of resources creates empowered communities. At Hero MotoCorp, we believe in offering equal access to basic healthcare facilities, education and skill development opportunities to enhance social as well as economic growth.

### Project Shiksha- Supporting education

**15,000+**

Students benefitted under project Shiksha in FY 2020-21

### Project Jeevika- Skill development and livelihood generation

To encourage gender equality and social inclusivity, we implement multiple projects that provide livelihood opportunities and employability skills for women and youth. The beneficiaries develop skills that empower them to lead economically independent lives.

**i. Centres of Excellence**

Trained more than 466 candidates during the year.

**ii. Entrepreneurship Development program for Women -**

Aided 4,021 women from 7 districts of Haryana to start their own businesses. Invigorated the entrepreneurial spirit of more than 800 women.

### Project Enable – To aid the specially-abled

At Hero MotoCorp, we believe in Equal Opportunity & Inclusion, where everyone has the right to access basic healthcare and educational facilities. We continue to support specially-abled people of all ages with special aids that enable them to lead a productive life.

**500+**

Specially-abled individuals benefitted

### Project Khelo Hero - Promoting Sports

The project focuses on the development of sports at the grass root level. It strives to encourage the sporting culture in the country. A total of 29 talented athletes were supported this year by Project Khelo Hero. Till date, the project has benefitted more than 2500 athletes.

### Project Arogya - Healthcare

Our projects primarily focus on the healthcare needs of communities surrounding our areas of operation. We run three Mobile Medical Vans in Dharuhera in Haryana, Neemrana in Rajasthan and Halol in Gujarat, offering medical assistance and basic treatment to over 50,000 community members. Similarly, a Satellite Vision Centre, organised in collaboration with the All India Institute of Medical Sciences (AIIMS), Delhi, at village Malpur near our Dharuhera unit, has provided medical assistance to 600 community members.



# Celebrating Success



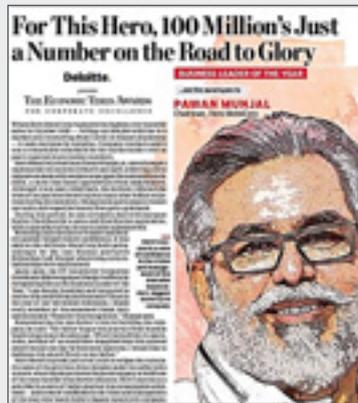
▶ At the 100 Millionth product roll out celebration at Gurugram manufacturing facility on January 21, 2021

## ▶ Car&Bike



CNB Visioneer Award - Dr. Pawan Munjal

## ▶ The Economic Times Award for Corporate Excellence



Business leader of the year award - Dr. Pawan Munjal

## ▶ Sports Aces Awards 2021



Best Corporate for promotion of sports

## ▶ Car&Bike

Commuter Motorcycle of the year - Passion Pro

## ▶ Bike India

Two-Wheeler Manufacturer of the year  
Bike of the year upto 160cc - Xtreme 160R

## ▶ Auto X

Best of 2020 - Xtreme 160R

## ▶ Motoring World

Commuter Motorcycle of the year - Passion Pro

Premium Commuter Motorcycle of the year - Xtreme 160R



# Corporate Information

## Company Secretary & Chief Compliance Officer

Ms. Neerja Sharma

## Statutory Auditors

BSR & Co. LLP  
Chartered Accountants,  
(FR No. 101248W/W-100022)  
Building No. 10, 8th Floor,  
Tower - B, DLF Cyber City, Phase-II  
Gurugram - 122 002, India  
Tel: 0124-719 1000  
Fax: 0124-235 8613

## Head of Internal Audit

Mr. Sohrab Prakash

## Internal Audit Partners

### Pricewaterhouse Coopers Private Limited

Building No. 8, 8th Floor,  
Tower B, DLF Cyber City,  
Gurugram - 122 002,  
Haryana, India  
Tel: 0124-4620000, 3060000  
Fax: 0124-4620620  
Web: www.pwc.com/in

### Deloitte Haskins & Sells

Building No. 10, 7th Floor,  
Tower B, DLF Cyber City Complex, DLF City  
Phase - II,  
Gurugram - 122 022,  
Haryana, India  
Tel: 0124-6792000  
Fax: 0124-6792012  
Web: www.deloitte.com/in

### Ernst & Young LLP

Golf View Corporate Tower B, Sector 42,  
Sector Road, Gurugram - 122 002,  
Haryana, India  
Tel: 0124-6714000  
Web: www.ey.com

## Principal Bankers

Banks of America N.A.  
Citibank N.A.  
HDFC Bank Ltd.  
The Hong Kong and Shanghai Banking  
Corporation Ltd.  
ICICI Bank Ltd.  
Kotak Mahindra Bank Ltd.  
Standard Chartered Bank  
MUFG Bank Ltd.  
State Bank of India

## Registered and Corporate Office

The Grand Plaza,  
Plot No. 2, Nelson Mandela Road,  
Vasant Kunj - Phase-II,  
New Delhi - 110 070, India  
Tel: 011-4604 4220  
Fax: 011-4604 4399

## Registrar and Share Transfer Agent

KFin Technologies Pvt. Ltd.  
Selenium, Tower B,  
Plot No. 31 & 32,  
Financial District, Nanakramguda,  
Serilingampally Mandal,  
Hyderabad - 500 032, India  
Toll Free No: 1800-3094-001  
Email: einward.ris@kfintech.com  
Web: www.kfintech.com

## Plant Locations

### Gurgaon Plant

37 km Stone,  
Delhi-Jaipur Highway, Sector 33,  
Gurugram - 122 001  
Haryana, India  
Tel: 0124-289 4200, 237 2123  
Fax: 0124-237 3141/42

### Dharuhera Plant

69 km Stone, Delhi-Jaipur Highway,  
Dharuhera, Distt. Rewari - 123 110  
Haryana, India  
Tel: 01274-264 000  
Fax: 01274-267 018

### Haridwar Plant

Plot No. 3, Sector 10,  
I.I.E., SIDCUL, Roshanabad,  
Haridwar - 249 403, Uttarakhand, India  
Tel: 01334-238 500, 239 514-16  
Fax: 01334-239 512/13

### Neemrana Plant

SP 101-103, 108 & 109,  
RIICO Industrial Area,  
Phase - II, Delhi-Jaipur Highway,  
Neemrana, District Alwar,  
Rajasthan - 301 705, India  
Tel: 01494-2673000

### Global Parts Centre

SP 104-107,  
RIICO Industrial Area,  
Phase-II, Delhi - Jaipur Highway,  
Neemrana, District Alwar,  
Rajasthan - 301 705, India

### Halol Plant

Plot No. 102,  
Halol (Exp.) Industrial Estate,  
Vadodara Godhra Highway Taluka - Kalol,  
Tehsil-Halol, Distt. Panchmahal,  
Gujarat - 389 350, India  
Tel: 02675-229114

### Chittoor Plant

Sy. No. 1, Industrial Park,  
Madanapalem (Village), Sathyavedu  
(Mandal), Chittoor,  
Andhra Pradesh - 517 588, India

### R&D Centre

Centre of Innovation & Technology SPL-1,  
RIICO Industrial Area, Kukas,  
Phase-II, NH-11C, Jaipur,  
Rajasthan - 302 028, India  
Tel: 0142-643000

### Colombia Plant

HMCL Colombia S.A.S  
KM 24, via Cali - Santender De Quilichao  
Zona Franca Permanente Conjunto  
Industrial Parque Sur, Villa Rica, Cauca  
Lote 6A, Colombia  
Tel: +572 3120662

### Bangladesh Plant

HMCL Niloy Bangladesh Ltd.  
Padmabilla, Shakharihati,  
Kotwali, Jessore, Bangladesh  
Tel: +8809601505541

### Hero Tech Center Germany GmbH

Kronstaudener Weg 1, D-83071  
Stephanskirchen, Germany

# Management Discussion and Analysis



Hero MotoCorp Limited (HMCL) is the world's largest manufacturer of motorcycles and scooters, a position it has held for the past 20 consecutive years. With presence in over 40 countries across the globe, the Company's vision is to 'Be the Future of Mobility' and through its R&D, manufacturing, products, services and sustainable approach, it strives to set benchmarks of excellence in the industry. Hero MotoCorp achieved the momentous milestone of 100 million cumulative production and sales in January 2021. During the year the Company increased its overall domestic market share and also increased its share in the prepremium motorcycle and scooter segments.

2020 posed one of the biggest tests for human perseverance –as Covid-19 caused unprecedented challenges for individuals as well as communities at large. It not only altered the way of life, but also induced a paradigm shift in the way businesses operate.

Hero MotoCorp was among the very first companies in the country to proactively shut down its global

offices. The decision prepared the Company to resume operations in good stead and scale up production to meet the growing demand for motorcycles and scooters in the country when demand revived after the lockdowns were lifted. The Company's agile and holistic approach to manage supply chains and production enabled it to maintain its leadership in the market, while upholding the safety of its employees and stakeholders as its foremost priority at all times.

Sustainability continued to be a key focus area with multiple initiatives to embrace diversity and encourage social inclusion. Besides, the Company's consistent efforts to sustain the highest levels of corporate governance enabled it to accomplish its objectives efficiently. With an emphasis on innovation, teamwork and good governance, Hero MotoCorp is now poised to carry its legacy forward as a sustainable and future-ready enterprise.

## Economic Overview

### Global: On the path of robust recovery

While the pandemic dealt a major blow to the Gross Domestic Product of all major economies around the world, recent estimates suggest a smart pickup in economic growth in the next fiscal. Increasing consumer confidence, consumption and industrial output, led by investments promised in two of the world's largest economies, USA and China, continue to improve sentiments.

Moreover, the worldwide inoculation drive has fostered hopes of a new beginning that has the potential to successfully curb the spread of the pandemic. However, caution prevails due to the resurgence of new variants of the virus in various countries. Additional stimulus and government support across the globe is likely to push the recovery closer, as witnessed in the Q3 GDP numbers, however the entire Q4 was again affected by new strains of the virus leading to another wave.

Global growth projections for 2021 have risen to 6.0% as per International Monetary Fund (IMF WEO Apr 2021), with emerging markets forecasted to grow at 6.7% in 2021.



India is expected to deliver a strong growth, aided by policy support, abundant stimulus and low interest rates. However, one remains cautious about the prevalent uncertainty and the possibility of subsequent waves of infection.

The extent of the recovery may chase a diverging path from one region to another, given the varying impact of the multiple Covid-19 variants, access to vaccines, execution of structural support, and numerous other geopolitical factors. As 2020 witnessed historic monetary and fiscal stimulus, the eventual fallout may be higher inflation, especially after economic activity gains traction. The Central Banks may need to intervene at some stage to maintain liquidity while they manage increased inflationary pressures.

The pickup in the manufacturing sector may be swifter than services, while the travel, tourism and other contact-intensive industries may take some time for revival.

The Covid-19 pandemic decelerated the global economic activity owing to the extended lockdowns and mobility curbs in most parts of the world. As a result, global economic output contracted by 3.3% in 2020. The economic impact of the pandemic was more severe in developed countries, with economic output declining 4.7% in 2020. On the other hand, emerging market and developing economies witnessed contractions with an estimated output decline of 2.2% in 2020<sup>3</sup>.

The global merchandise trade volume is expected to increase by 8.0% in 2021 after having fallen 5.3% in 2020 (Source: World Trade Organisation) due to the disruption in international production networks and subdued demand worldwide. In addition, the pandemic has unleashed an unemployment crisis, widened inequalities and pushed millions of people into the lower economic strata. The pandemic has also tested the resilience of economic systems of major economies while exposing systemic vulnerabilities within the global economy.

The prospects of a global economic revival still remain uncertain due to the emergence of new virus strains in different parts of the world. However, the vaccination drive along with government support remains the key to navigate through these trying times.

As the research fraternity came together to develop the coronavirus vaccine in record time, it offered a clear peek into the strength and agility of humankind in a manner never witnessed before. Going ahead, rapid vaccination remains the key to control the pandemic and bounce the economy back to pre-Covid growth levels, and upwards.

### Outlook

The global economy is projected to grow at 6.0% in 2021 and is expected to reach 4.4% growth in 2022. The upward trajectory is a reflection of increased fiscal stimulus in a few major economies, backed by vaccine-driven turnaround. The prospects for a quick recovery in world trade have improved with the expansion of

<sup>1</sup> IMF, World Economic Output, April 2021

<sup>2</sup> <https://www.un.org/development/desa/dpad/publication/world-economic-situation-and-prospects-february-2021-briefing-no-146/>

<sup>3</sup> Source: International Monetary Fund

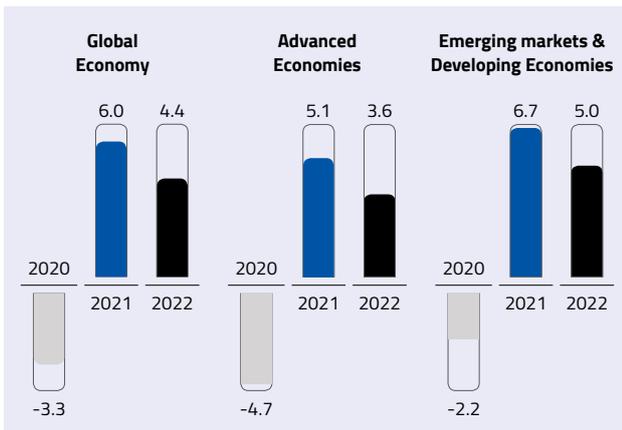


**India: A steady growth story**

India witnessed one of the most stringent lockdowns in history, in the aftermath of the novel coronavirus outbreak. With all major sectors completely closed down for two months, Q1 was a complete wipe-out for the economy. On the positive side, India dealt effectively with the first bout of Covid-19 infections while the country was faced by a calamitous second wave of the pandemic.

merchandise trade in the second half of 2020. According to new estimates from the World Trade Organization(WTO), the volume of world merchandise trade is projected to increase by 8.0% in 2021. Oil prices bounced back in 2021 from the unprecedented lows of 2020, as vaccinations and fiscal stimulus policies aid the global economy's faster-than-expected rebound. (Source: IMF Forecast)

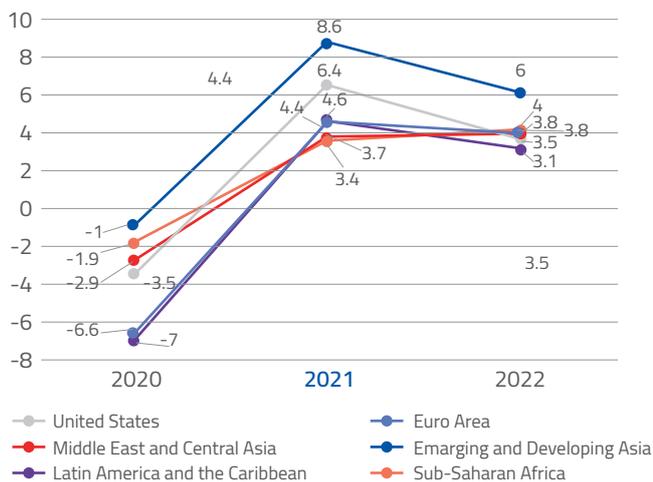
**Global growth trend (%)**



(Source: International Monetary Fund, April 2021)



**Global growth geography wise**



(Source: International Monetary Fund, April 2021)

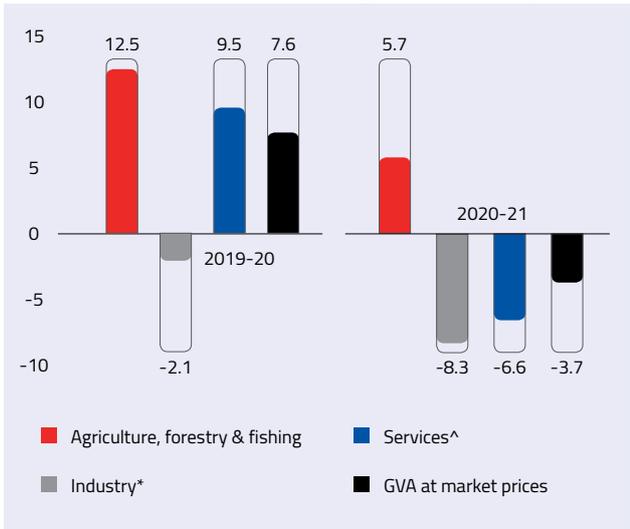
Despite an tumultous 2<sup>nd</sup> wave of infection, India is set to record the highest growth amongst all major economies, albeit on a low base. The consumption scale seems to be normalizing, fueled by the impetus offered by festive demand. Revival in contact-intensive sectors may be skewed, particularly in the wake of the return wave of the pandemic.

The pandemic related lockdowns and the social distancing norms slowed down economic activities in most countries including India. The hardest hit sectors were tourism and travel, hospitality, aviation and construction. But, the agricultural sector has maintained its resilience through adversities and emerged as a silver lining during the pandemic.

To accelerate economic recovery, India followed a four-pillar strategy of containment, fiscal, financial, and long-term structural reforms. Calibrated fiscal and monetary support was given by the government to boost consumption and investment in India. The government also announced a stimulus package of ₹ 20 lakh crore, (~265 billion\$) to carry forward its vision of Atmanirbhar Bharat (self-reliant India) and combat challenges posed by the pandemic<sup>3</sup>.

As the pandemic recedes, India may well get on the path of a swift recovery, with quarter-on-quarter growth and improvement in various macroeconomic indicators such as e-way bills, rail freight, GST collections and power consumption, especially in the latter part of the financial year. This economic recovery is likely to be bolstered as the mass vaccination campaign picks up, with expectations of a rapid turnaround in the services sector and opportunities for strong growth in consumption and investment.

**National Gross Value Added (GVA) growth (current prices) (%)**



(Source: Advance CSO Estimates)

\*Includes Manufacturing, Mining & Quarrying, Construction

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

**Outlook**

India witnessed a positive GDP growth in Q3 and Q4 of FY 2020-21 despite it being a year full of surprises. This also helped cushion the full year impact on GDP, which was better than estimates. The Union Budget 2021-22 laid the groundwork for India's target of

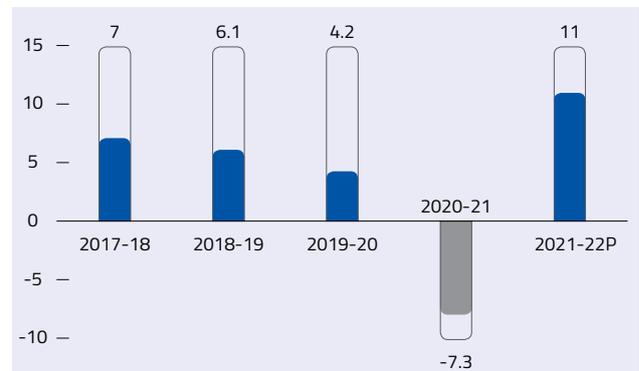
being a \$5 Trillion economy, and the reform measures announced in the budget are likely to support this vision.

The Indian government has implemented a slew of reforms, including labour reforms, corporate tax cuts, and various other schemes that will aid economic recovery in the coming fiscal. Along with this, normal monsoons, rural spending and rapid vaccination will remain key factors for ushering an economic rebound.

To further stimulate the competitiveness of the economy, government policies have been focused on growth-propagating reforms. For instance, Production-Linked Incentive (PLI) Scheme announced for key industries would benefit the manufacturing sector with an aim of positioning India as a preferred manufacturing and export hub. Additionally, the growth in services is expected to pick up in the second half of FY 2021-22 with staggered reopening of the economy and revitalized sentiments.

While temporary setbacks in the economic recovery may transpire, driven by rise in inflation, potential supply disruptions and resurgence in infection cases, the long term growth potential of the economy remains unscathed, as it is expected to be significantly less impacted by the second wave, in comparison to the first one. As the consumption cycle picks up, substantiated by all-time high GST collections, rise in the RBI Consumer Confidence Survey etc., the economic momentum is expected to be revived on the back of strong underlying resilience and improvement in demand.

**GDP Growth Rate (in %) at constant price**



Source: As per second advance estimate 2020-21



<sup>3</sup> <https://pib.gov.in/PressReleaseDetailm.aspx?PRID=1623601#:~:text=Hon'ble%20Prime%20Minister%20Shri,or%20Self%2DReliant%20India%20Movement>

<sup>4</sup> Economic Survey 2020-21

<sup>5</sup> Union Budget 2021-22

## Industry Overview & Company Performance

### Global motorcycles and scooters industry overview



The global motorcycles and scooters market has witnessed significant volatility in recent years, in terms of changes in safety norms, advance payment of insurance, emission norms etc., Each of these can be considered phenomenal changes, introduced may be once in a decade. In spite of these, owing to strong underlying drivers, demand stayed resilient and is expected to revive significantly over the next five years.

Due to a stringent regulatory environment and implementation of new emission standards, the market has witnessed some precariousness in the recent past. However, after the easing of lockdown restrictions, the industry witnessed a strong demand uptick, bouncing back from first half of FY 2020-21 when the impact of the pandemic was most severe. As a fresh wave of Covid-19 continues to affect many countries, lockdowns may impact demand in the near term. However, growth is expected to be back to normal by H2 of FY 2021-22.

The motorcycles and scooters industry experienced a short-term dip in demand with the onset of Covid-19, resulting in a decline in manufacturing and sales. As a result, global motorcycle sales in 2020 dropped 14% in comparison to the previous year to reach 56.5 million units. A volume reduction of about 9 million units was witnessed in 2020, with countries like India (-5 million), Indonesia (-2.9 million), Philippines (-0.7 million) and Vietnam (-0.5 million) contributing to the decline<sup>6</sup>.

Post the pandemic, two new trends have emerged in the industry. First, the demand for personal mobility has increased, offering a level playing field to motorcycles and scooters. Second, pent up demand for motorcycles and scooters increased sales, mostly because motorcycles and scooters are also income enablers for a large section of the population. As a result, in the second half of 2020, the global motorcycle market witnessed visible growth in many countries.

### Outlook

Higher fuel efficiency, lower emissions, easy maneuverability, and price competitiveness are expected to drive overall demand for motorcycles and scooters. Furthermore, the launch of new models, increased road infrastructure investments coupled with a rise in the number of female drivers, are projected to fuel motorcycles and scooters sales around the world.

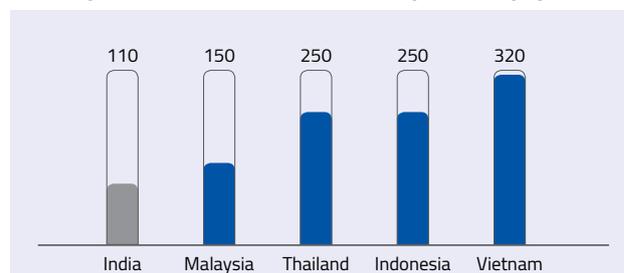
### Indian motorcycles and scooters industry

India is the second-most populous country in the world and has a sizeable chunk of middle and low income population. The penetration of motorcycles and scooters in India remains low at ~110 per 1000 people vs. an average of ~240 in Southeast Asian countries, hence the untapped potential in the country is huge. Commuting continues to be a challenge due to congestion in urban areas and the need to travel long distances in rural areas for day-to-day activities. Two-wheelers, ranging from motorcycles and scooters to mopeds, have emerged as dependable mobility solutions that make commuting faster and easier.

With an aim to encourage eco-friendly operations, the government introduced Bharat Stage IV (BS IV) emission standards for vehicles in 2017. It later became mandatory for all automotive companies to sell and register only BS VI compliant vehicles, starting April 1, 2020 ahead of any other country in the world. India led the adoption of low emission motorcycles and scooters across the world.

Due to supply chain disruptions, reverse migration of labour and subdued demand after the Covid-19 outbreak, the motorcycles and scooters industry was adversely impacted at the beginning of FY 2020-21. However, demand started recovering after lockdowns were lifted in July 2020, backed by a buoyant festive season and increasing demand for personal modes of transport that ensured social distancing and therefore safety.

### Motorcycles and Scooters Penetration per 1000 population

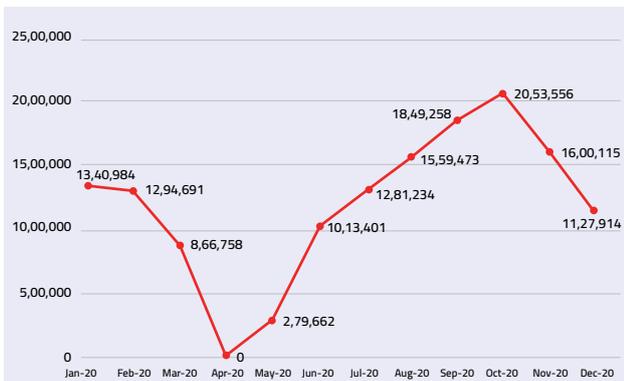


<sup>6</sup> <https://www.motorcyclesdata.com/2021/04/08/world-motorcycles-market/>

**Major Highlights of FY 2020-21**

- With more than 150 lakh domestic sales in FY 2020-21, India’s motorcycles and scooters market declined by 13% in comparison to the previous year<sup>7</sup>. After a wash-out quarter, sales started recovering from the second half of the year.
- The lesser impacted rural and semi-urban markets started showing signs of recovery from September and October 2020, when the domestic motorcycles and scooters market experienced growth of 11% and 16%, respectively in wholesale volumes<sup>8</sup>.
- In October-November 2020, the motorcycles and scooters segment witnessed a boost driven by the festive season, with domestic sales registering significant rise. Total domestic motorcycles and scooters sales rose 15% year-on-year during the period. Due to strong demand, motorcycles and scooters production also increased by 40.14% to 24,18,028 units in October 2020, up from 17,25,462 units in October 2019<sup>9</sup>.
- The Indian electric scooter and motorcycle market had been severely impacted after the shutdown of manufacturing plants during the lockdown. In addition, the supply of electric vehicle components from China was also disrupted.
- In January 2021, around 14,29,373 motorcycles and scooters were dispatched from Original Equipment Manufacturers (OEMs) to their respective dealerships<sup>9</sup>. The motorcycles and scooters sales recorded a growth of 6.7% in January 2021, in comparison to January 2020<sup>9</sup>.

**Motorcycles and Scooters sales Trend in India - Calendar Year 2020**



Source: <https://www.autopundit.com/post/two-wheeler-sales-in-india-for-the-year-2020-hero-gains-the-highest-market-share>

**Outlook**

The motorcycles and scooters remains the most cost-effective and fastest mode of last mile connectivity, and is an income enabler for many. A preference for personal mobility induced by the pandemic could aid near-term motorcycles and scooters

demand, which has been impacted by repeated waves of Covid-19. However, with income levels and livelihood opportunities expected to be further augmented in the near term, the economic growth is likely to gather pace, driving demand for ownership of motorcycles and scooters. The progressive policies and reforms are estimated to stimulate growth, with positive growth expected across core sectors of the economy. A quick recovery in industrial production, rise in exports and increased consumer spending will provide a shot in the arm for the economy to clock double digit growth in the near to medium term.

Growth in e-commerce and emergence of unicorns from the Indian ecosystem will play a critical role in driving digitisation in the economy. The increasing acceptance of food delivery, grocery, retail, pharmacy and transportation will usher sustained growth in the long-term. These enterprises not only bring comfort and convenience to the doorstep of the end-user, but also provide employment opportunities to many.

**Hero MotoCorp’s Operational Performance**

The domestic sales of the Company stood at 56 lakh units, with positive growth in all quarters except for Q1 FY 2020-21 which was impacted by the lockdown. This was achieved despite the recurring lockdowns, decreased consumer spending and liquidity crunch, reflecting the underlying resilience of the sector. During the year under review, the Company increased its domestic market share by 1.4%. The Company’s constant efforts to engage with customers through online as well as offline platforms, expand its dealership network and undertake strategic partnership with key players enabled it to further its journey as the market leader.

In the premium motorcycle and scooter segments and in global business/ exports, Hero MotoCorp’s performance improved while the contribution from spares and after sales also improved substantially. The strong performance in these segments, and segmental performance in the broader markets helped the Company sustain growth. The Company also registered the highest ever sales of spare parts in FY 2020-21, amounting to ₹ 3,178 crore. Alongside, in the premium segment, the Company’s domestic dispatches more than doubled in FY 2020-21 on back of successful product launches. Global business presence also expanded with expansion in newer markets of Mexico and strengthening of the Company’s position in existing markets of Kenya, Nicaragua and Honduras. The Company also introduced 13 new models and refreshes, across all segments, to further drive sales and profitability levels. With a focused approach on global business, launch of new products, the Company would like to set a new benchmark for sales going forward.

**Institutional business**

During the year under review, the Company registered highest ever sales in GeM (Govt. e-Marketplace) business. The business

<sup>7</sup> <https://www.siam.in/pressrelease-details.aspx?mpgid=48&pgidtrail=50&pid=481>

<sup>8</sup> <https://auto.economicstimes.indiatimes.com/news/two-wheelers/motorcycles/where-is-indian-two-wheeler-market-heading/79207062>

<sup>9</sup> <https://www.autopundit.com/post/two-wheeler-sales-snapshot-january-2021>

Corporate Overview

Management Review

Statutory Reports

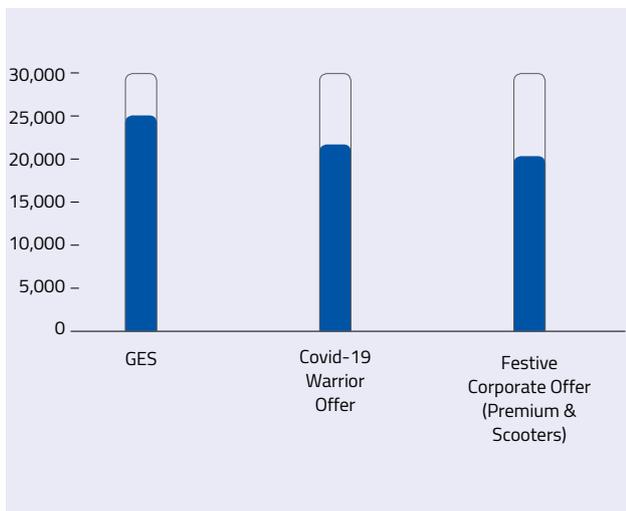
Financial Statements

growth was largely driven by huge orders received from the Assam government and Panchayat & Rural Department of Assam, along with winning bids for key tenders on the government e-marketplace.

6.8%

YoY growth in revenue in FY 2020-21

**Motorcycles and Scooters Volumes**



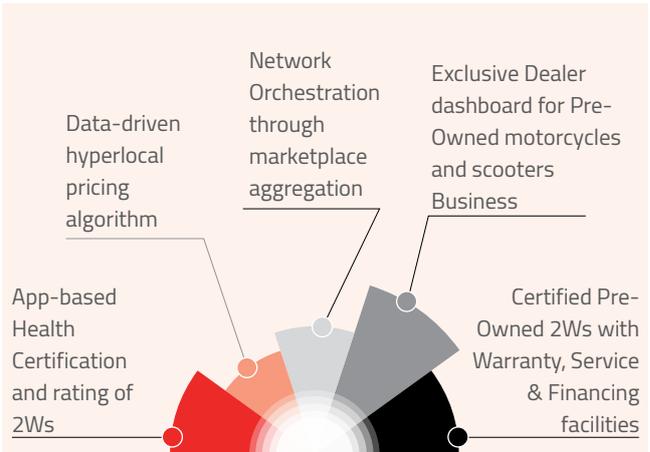
**Pre-owned Motorcycle and Scooter Business**

Through its foray into the pre-owned motorcycle and scooter business, the Company collaborated with its in-house incubation Hero Hatch, to unleash a revamped **Hero Sure** based on the **Wheels of trust** platform.

Evolving as a PHYGITAL channel, Hero Sure Outlets are now powered with the digital platforms of Wheels of Trust that leverage technology for price discovery & quality assurance. The new-age uber-scalable ways dovetailed with the Company’s operational excellence, create a unique position for the Company and help it to become a trustworthy partner for consumers.

With the introduction of more than **75+ exclusive Outlets**, the Company’s expansion roadmap is a testimony of its growing traction among stakeholders. The growth of pre-owned motorcycles and scooters Industry is further fueled in the post Covid-19 era. Hero MotoCorp is expected to retain its leadership in this segment in the long term.

**The core strengths of its offerings include:**



**Supply Chain**

Hero MotoCorp embarked on a supply chain transformation journey long back in 2006 with Total Productive Maintenance (TPM). It attempts to create an environment for maximizing the effectiveness of the entire production system, by building a ‘Zero Accident, Zero Defect, Zero Breakdown’ system. The Company has successfully overcome difficult times during the pandemic through robust supply chain management, using TPM.

The Company revamped the entire production process and progressed from producing 5,000 vehicles per day (vpd) to 30,000 vpd within 6 months of resuming operations after the lockdown. In addition, the Company delivered 56 mission critical projects in 60 days to meet a production target of 8 lakh units in one month, recording all-time high production volumes in a month, showcasing its strength during adversity.

The Covid-19 pandemic induced rapid transformation within the organisation, creating an added impetus for digitisation. At Hero MotoCorp too, use of technology and digitisation gained speed during and after the lockdown, enabling it to streamline all its operations virtually, including online sales augmented by artificial intelligence.

The Company undertook various efforts to aid its fight against Covid-19. It initiated a Covid Zone mapping dashboard to improve decision making during the pandemic and a Vendor Zone mapping dashboard to ensure minimal disruptions to the supply chain. In addition, the Company created a central supplier repository to track and improve the visibility of suppliers. It also automated the process for price change requests and created a supplier performance and rating module.

Cost optimisation has been a top priority for the organization and targeted cost reduction initiatives were driven successfully during the pandemic and after. As a result, the Company strengthened its margins across key indicators during the fiscal despite global commodity pressures and supply chain disruptions.

# 100 Million

Motorcycles and Scooters production milestone

# 31,021

Highest per day production of motorcycles and scooters in FY 2020-21

# 803,462

Highest ever monthly production of motorcycles and scooters

## BS VI Implementation Strategy

The Government of India mandated all car and motorcycles and scooters manufacturers to sell and register vehicles in compliance with the Bharat Stage VI (BS VI) emission standards from April 1, 2020. With a view to meeting these regulations, the Company

evaluated the necessary changes required well in advance, and subsequently delivered not just a renewed product range, but a better value proposition as well.

With a dedicated team for planning, tracking and reviewing measures, in collaboration with major suppliers, the Company executed a seamless transition to BS VI standards, within the stipulated timeline, without compromising its quality standards.

To ensure seamless transition, the joint efforts of the design, testing, validation and quality teams played a vital role as they also helped supply partners to successfully aid the process.



## Evaluating performance: Industry vs Hero MotoCorp

Industry Segment	Hero MotoCorp's Performance (Including its Market share in each segment)
<b>Entry level</b>	
The demand for entry level motorcycles and scooters was affected due to the disruption induced by the pandemic. Lockdowns and WFH kept a majority of the college and office-going population confined to the comfort of their homes.	Hero MotoCorp continues to be the market leader in the entry segment (68% market share) with its efficient and affordable product offerings. The Company believes the entry segment has ample headroom for growth, and the opportunity at the bottom of the pyramid remains immense. The Company will continue to build affordable solutions for the mass market and has received very positive responses around the same.
<b>Deluxe</b>	
The deluxe segment witnessed gradual signs of recovery post the easing of lockdown restrictions and the arrival of the festive season in the second half of the year.	With a 9% growth of market share, in deluxe 100-110cc segment, the Company's market share in this segment stands at a solid 84%.  In the 125cc segment, the Company has a market share of 41%.
<b>Premium (150cc+)</b>	
In the premium segment, the competition continues to rise with absence of a clear market leader and most players aiming to capture the growing market for this segment.	With relentless focus on increasing its market presence in the premium segment, the Company expanded its market share to 3.7% in FY 2020-21, more than twice the 1.6% share of FY 2019-20.
<b>Scooter Segment</b>	
The scooter segment was hit largely due to suppressed urban demand and lockdowns in several metro cities.	During the year under review, the Company's market share in the scooter segment increased by 2.7% to reach 9.9%.

## Financial Performance

(₹ in crore)

Particulars	Year-ended	
	FY 2020-21	FY 2019-20
<b>Number of Motorcycles and scooters sold (in lakh)</b>	58	64
<b>Income</b>		
(a) Revenue from Operations	30,801	28,836
(b) Other Income	580	778
Total Income	31,380	29,614
<b>Expenses</b>		
(a) Cost of materials consumed & changes in inventories	21,762	19,697
(b) Employee benefits expense	1,899	1,842
(c) Other Expenses	3,819	4,179
Total Expenses	27,480	25,718
Profit before exceptional item and tax	3,900	3,896
Exceptional item	-	677
Tax expense	936	940
Profit after exceptional item and tax	2,964	3,633
Other comprehensive income/(expense)[net of tax]	(21)	(32)
Total comprehensive income	2,943	3,601
<b>Earning per equity share on profit after tax (face value ₹ 2 each)</b>	<b>148</b>	<b>182</b>

Sales volume declined by 9% during the fiscal year 2020-21 as compared to a 13% drop for the industry on account of the Covid-19 pandemic and the consequent economic slowdown. After a near washout of the peak season during the first half of the year, volumes picked up gradually in the latter half driven by bumper harvests, festive season and pent-up demand. Further recovery was aided by a spur in economic activities towards the end of the year and it led to record growth in the last two quarters of the year.

Despite the drop in volumes, revenue from operations actually increased by 7% due to improved mix, cost optimization, and the calibrated price increases due to regulatory changes and BS VI transition. The increased revenue thereby helped in offsetting volume drop y-o-y to a great extent.

Led by commodity price increases, material cost as a percentage of Revenue increased by 235 basis points to 71% during the fiscal 2020-21 over the previous fiscal. The price rise was due to increase in commodity prices with some commodities witnessing super cycles. The downward pressure on input prices due to an appreciating rupee and decline in prices of precious metals were offset by record surges in prices of base metals, estimated to hover above 30%.

Employee cost grew by 3% during the fiscal 2020-21 on the base, primarily due to annual increment and other employee benefit expenses.

Depreciation & Amortisation cost has decreased by ₹ 141 crore. This is on account of accelerated depreciation charged on certain assets pursuant to phasing out of BS IV assets in previous year, which has been partly offset by full year depreciation of the new plant in Chittoor.

Finance Cost decreased marginally by ₹ 0.2 crore with respect to previous year.

Other expenses came down significantly by 7% during FY 2020-21 to ₹ 3,120 crores. The difference was primarily due to reduction in variable spends on power, fuel, stores, consumables, logistics and packaging, owing to the prolonged shutdowns during the lockdown and drop in volumes. Furthermore, advertising spends were reduced in line with to demand contraction in the first half of the year.

Effective tax rate has increased from 20.6% in previous year to 24.0% in current year on account of cumulative impact of one time remeasurement of deferred tax-Asset / liability consequent to change of rates in the previous year.

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

**Change in Key Financial Ratios**

Particulars	FY 2020-21	FY 2019-20	Change (in%)	Remarks-2020-21
Debtors turnover ratio-times	19.15	16.30	17.51	Debtor turnover ratio increased from 16.30 times in FY 2019-20 to 19.15 times in FY 2020-21 mainly on account of increased topline and lower average debtors compared to previous year
Inventory turnover ratio-times	19.15	22.52	(14.99)	Inventory turnover ratio has marginally fallen from 22.52 times in FY 2019-20 to 19.15 times in FY 2020-21 because of increase in average inventory level in comparison to cost of goods sold.
Interest coverage ratio	NA	NA		
Current ratio-times	0.78	0.90	(13.79)	Overall the trade receivables, inventory and trade payables of the Company has increased owing to the BS VI pricing premium. As the company operates on a negative working capital has resulted in a fall in current ratio from 0.90 in FY 2019-20 to 0.78 in FY 2020-21
Debt equity ratio	NA	NA		
Operating Profit margin (%)	10.85	10.89	(0.3)	Operating margin for the year is similar to those of previous year, marginally falling by 0.3% on account of negative operating leverage
Net Profit margin (%)	9.45	12.27	(23.01)	Net profit margin decreased by 282 bps (9.45% Vs 12.27 % FY 2019-20). Lower net profit margin is mainly attributable due to net exceptional income in previous year and lower effective tax rate due to cumulative effect of changes in tax rates.
Return on net worth (%)	20.21	26.92	(24.9)	Return on net worth decreased by 6.7% (20.2% Vs 26.9% FY 2019-20). Lower return on net worth is mainly attributable due to net exceptional income of ₹ 677 crore in previous year.

**Major movements in Balance Sheet figures**

Non Current Assets increased by ₹ 747 crore (FY 2020-21- ₹ 11,208 crore vs FY 2019-20 - ₹ 10,461 crore). Increase in assets is mainly on account of increase in Investment by ₹ 780 crore which was partly offset by lower fixed asset additions and lower capitalisation of capital advances which in previous years were into fixed assets.

Current Assets increased by ₹ 2,664 crore (FY 2020-21- ₹ 10,953 crore vs FY 2019-20 - ₹ 8,289 crore). Investment increased by ₹ 1,497 crore on account of surplus funds.

Trade receivables have increased to ₹ 2,427 crore (vs ₹ 1,603 crore in FY2019-20) partially on account of increased prices due to BS VI and also the dispatches were lower last year because of national lockdown in the last week of March 2020. During the last quarter (Q4) volumes were higher by 18.5% resulting in higher trade receivables.

Inventory increased by ₹ 378 crore mainly on account of Q4 volume being higher resulted in higher finished goods and raw material level in comparison to previous year and also partial impact of inflation.

Non Current Liabilities increased by ₹ 216 crore (FY 2020-21- ₹ 637 crore vs FY 2019-20 - ₹ 852 crore).

Mainly attributable to other financial liabilities which increased by ₹ 146 crore on account of new business commitment during the year and increase in provisions.

Current Liabilities increased by ₹ 2,134 crore (FY 2020-21- ₹ 6110 crore vs FY 2019-20 - ₹ 3,976 crore).

Mainly attributable to the increase in trade payables because of higher production in the last few months of this year as compared to previous year and impact of higher prices due to BS VI and inflation. During the last quarter (Q4) volume was higher by 18.5% resulting in higher trade payables which was partly offset by other current liabilities and provisions.



## Standing tall against Covid-19

FY 2020-21 has been an unparalleled year, marked by a major industry transformation from BS IV to BS VI emission norms and supply chain disruptions caused by the Covid-19 pandemic. Hero MotoCorp's resilience and underlying ability to adapt to an evolving business environment has aided the Company to sustain its dominant position in the market.

The Company adopted a four-pronged approach of Protect, Restore, Rebound and Sustain, keeping communication and engagement at the core, to combat the imminent crisis. The Company was the first to announce a shutdown and was also the first to resume operations across its value chain, when lockdowns continued to be lifted. The Company constituted a designated taskforce and a rigorous review mechanism to reach pre-Covid production levels in a coherent and sustainable manner. It efficiently collaborated with all stakeholders, including its workforce, dealers, supply chain partners & their associates to restore the distribution network and enable a seamless pipeline of supplies. After the lockdown was lifted, the Company focused on meeting the growing demand for motorcycles and scooters.

The Company also conducted virtual training sessions to focus on a 'Zero Defect Journey'. Multiple townhalls and webinars on Covid-19 guidelines were also organised for multiple stakeholders. Moreover, virtual supplier tours were offered during the year. Special programs on Anxiety Management were also conducted to minimise stress and encourage mental well-being during the pandemic.

## Supporting Partners

In order to ensure consistent delivery of products and services, the Company continues to expand its dealership and sub-dealership network across the country. During the year under review, a new initiative, Authorised Express Service Centre (AESC), was introduced to offer customers the convenience of accessing authorized Hero MotoCorp Service centers near them, especially in Metros. The Company also introduced a new concept of Hero Shoppe, to increase footfalls in high streets of key markets.

During the year under review, the secondary network was also leveraged to further strengthen its position in the premium segment. Besides, to resolve liquidity challenges in the secondary network, the Company undertook working capital tie-up with ProgCap.

Alongside, the Company offered support to its dealers and channel partners during the pandemic through a one-of-its-kind wellness program. Psychological counselling sessions were also organised with the help of a counselling agency, [1to1help.net](https://www.1to1help.net).

During the year under review, the Company continued to organise webinars/ online trainings for its channel partners. The Company also trained its dealership network during the pre-festive period through dedicated webinars. The training was also extended to telecallers engaged in telesales. Numerous other trainings on digital marketing, service marketing, operating excellence, and sales continued post the lockdown.



11

New AESCs appointed as on March 31, 2021

100%

Dealers were trained in the pre-festival period

695

Dealer Network Managers attended Digital Learning Sessions

12

New dealers appointed in FY 2020-21

13

Dealers activated in FY 2020-21

50,000+

Staff working for channel partners were trained in FY 2020-21

## SWOT Analysis

### Strengths

- **Trusted brand** – Hero MotoCorp enjoys the reputation of being a world-class motorcycles and scooters manufacturer. Touching more than 100 million consumers, it continues to provide the comfort of riding to consumers across the world.
- **Network** – The Company enjoys a country-wide distribution network and service points to enrich customer value.
- **Global presence** – Aligned to the vision, the Company has a growing global presence across several countries.
- **Product portfolio** – The Company dominates the domestic motorcycles and scooters market leveraging its wide product portfolio, meeting diverse requirements for comfort, price and style.
- **Research & Development** – The Company's state-of-the-art R&D centres drive product innovation and ensure new product launches that are attuned to customer needs and market dynamics

### Weakness

- **Counterfeit products** – Fake spare products remain a threat to sustaining brand value and retain customers

### Opportunities

- **E-mobility** – Emerging preferences towards battery driven motorcycles and scooters provide new opportunities for growth. The Company's existing stake in Ather Energy and recent partnership with Gogoro, position it to capitalise on new market opportunities in this segment.
- **Premium category** – Customer preferences for motorcycles with high capacity engines and the desire to ride vehicles that give an adrenaline rush continue to open new avenues for the premium segment. Hero MotoCorp's new product launches address these demands and its strategic partnership with Harley Davidson will cater to a growing customer base in this segment and drive business growth.
- **Personal mobility** – Post Covid-19, demand for personal mobility has increased significantly, providing opportunities for growth across geographies.

### Threats

- **Competition** – The Company faces growing competition from domestic and international players, posing threat to its market leadership.

687

Dealer Network Managers appeared for Online Competency Assessment (Online assessment module used by Hero MotoCorp to evaluate Skill, Knowledge and Overall Competency)

### Strengthening distribution of Parts Business

Focus on the parts business resulted in its highest ever revenue this year. With the increase in number of customers, the Company continues to ensure availability of Hero Genuine Parts (HGPs) through its customer touch points. HGPD (Hero Genuine Part Distributor) appointments and on-boarding of additional retailers helped to expand its distribution network. During the year under review, the Company ensured availability of parts at 254 HGPDs and more than 30,000 retailers.

In order to ensure the safety of dealers and Asli Hero technicians while maintaining smooth operations, the Company provided financial as well as non-financial support to them. Digital awareness sessions were also organised. Further, the Company leveraged technology to enable retailers to digitally order spare parts through its Retailer Management System. To enable efficient operations and optimize channel inventory, it rolled out an automated ordering system for spares. It also deployed a new-age logistic solution - Milk Run distribution, at 80 locations to ensure last mile delivery to local technicians.

254

HGPDs as on March 31, 2021

30,000 +

Retailers of Hero Genuine Parts as on March 31, 2021

100 +

Digital trainings conducted to enhance competency of technicians

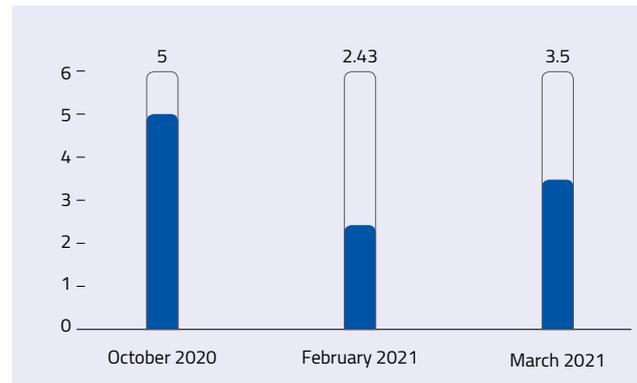
### Improving customer experience

Ensuring customer delight and satisfaction remains at the core of Hero MotoCorp's strategic priorities. The Company continues to undertake a host of initiatives that enable it to strengthen its relationship with customers and attract new customers to the Hero MotoCorp family.

During the year under review, the following initiatives were undertaken:

**Mega Service Carnival:** With an endeavour to extend various benefits to existing and new Customers. Hero MotoCorp conducted a Mega Service Carnival in October 2020, February 2021 and March 2021. During the Carnival, various benefits were provided to existing customers in the form of special discounts on services and other value additions. Further, special offers on purchase of Hero motorcycles and scooters were provided to new customers.

### Customers/Vehicles attended (in Lacs)



**Road Side Assistance:** To support its customers in times of need and ensure their peace of mind while traveling, the Company has enrolled lakhs of customers to its Road Side Assistance program, as on March 31, 2021. Starting from October 1, 2020, Xpulse, Xtreme 200S, Xtreme 160R vehicles were offered with Complementary 1 Year Road Side Assistance Package.

**Hero Joy Ride Program:** Through this, the industry's largest, most rewarded loyalty program, members enjoy huge savings on servicing of Hero MotoCorp motorcycles and scooters at authorised service centres. The '3 Service per Year' package launched in February 2020 had many enrollments by March 31, 2021. The Company is also providing a special offer to customers purchasing AMC Package during the 1st Year of ownership.

**Authorised Express Service Centre:** During the year under review, the Company initiated 'Authorised Express Service Centre' to provide extended service to customers, especially in metros and urban towns. As of March 31, 2021 it has been extended to 10 towns and 8 outlets are actively delivering customer service. These outlets offer services as well as spare parts for Hero MotoCorp motorcycles and scooters.



**Digital Solutions:** With increasing usage of smart phones and technology, the Company introduced various digital platforms such as We-Connect 'Smart CRM' – an auto calling software which enables the Company to directly get in touch with customers for service reminders, post service follow-up and other activities. Further, the Company also introduced Vehicle Tracking System - an app based solution to track the progress of services at authorised centres.

**3X**

Productivity improvement witnessed with the usage of We-Connect 'Smart CRM' application

**Catering to Service Demand post lockdown:** Despite the increased demand for services after the lockdown, the Company maintained its cost of service at existing rates without charging additional amounts for sanitisation purposes. The Company also extended free service and AMC service due dates to 31st Aug 2020, for customers who could not avail the service during the lockdown. It also formulated extensive plans to cater to the estimated service demand of all channel partners to enable them to cater to customer needs. This enabled timely services to customers as well as bringing down the number of vehicles attended per day, from Jul 2020 (post restart after lock down) to the normal daily average services maintained before the lockdown.

**Hero Happiness Score (Service)**

The Company constantly undertakes in-store customer satisfaction surveys to further improve its quality of services. During the year under review, through multiple initiatives, the Company achieved an improvement in the service delivery score as against customer expectation, which is actively monitored. An improvement in this score represents the focus on service and Hero MotoCorp's structural activities conducted towards the objective of creating a more resilient organization.

**438**

Dealers in **9+** Band in Feb'21

**63**

Net Promoter Score (NPS) in Feb 2021, increased from 51 in March 2020

**30%**

YoY reduction in Service Escalated Customer Index in FY 2020-21

**Ensuring safety at service centres post lockdown**

Before reopening the service centers, the respective teams were guided to follow the restart manual and create a safe environment for staff and customers. The operations were carried out at 50% Capacity with alternate ramps. The Company prioritized services for Free Service Coupon (FSC), Warranty and Joyride customers. Further, the Company also adopted digital tools for service bookings and digital counter foil to minimize paper transactions between customers and staffs.

Keeping in mind the safety of customers, the Company offered pick and drop and doorstep services. To meet additional demand for servicing, working hours were extended and capacity intake of vehicles per day was increased by 25%. The Company also scaled up express service facility at service centres to improve the vehicle turnaround time at the workshop.

**Adopting Digital Technology**

With increasing adoption of digital platforms, especially after the Covid-19 pandemic, the following initiatives were undertaken:

**1. eSHOP**

eSHOP was revamped during this period and it allowed customers to book motorcycles and scooters conveniently without stepping out. Documents required for the registration process were also procured online to enable faster delivery from showrooms.



Scan the QR Code to access Link

**2. Centralised Digital Displays**

They help to demonstrate products, new launches, special offers and schemes that can be availed by customers easily with real time updates. The content displayed through these screens is meticulously planned and can be modified from time to time.

### 3. Virtual Showroom

An immersive experience for customers. It allows users to get the feel of a real showroom over virtual platforms through 3D visuals, leveraging the power of Augmented Reality (AR). Customers can now easily browse through various motorcycles and scooters models from a mobile device, without compromising the experience offered by a physical showroom. The Company aims to further enhance this platform to accommodate more products.

### 4. Increased digital presence

Increases awareness about the company's products and improve its digital media presence, the Company has created social media pages for its channel partners.

### 5. WhatsApp for business

To directly connect with customers, the company launched Whatsapp for business. It helped not only in answering queries automatically, but also aided quick selection of new products, viewing the e-catalogue, searching dealership locations, booking online services and checking service schedules. The service is currently available with internal stakeholders and will soon be extended to a larger set of customers.

## Information Technology

The broader Digital Strategy of the organization in the year 2020-21 was aimed at effectively using digital technologies to improve the customer journey. The focus was on identifying opportunities at every step of the value chain, to enhance productivity and efficiency levels.

During the nationwide lockdown in the first half of the fiscal 2020-21 the Company built an end-to-end digital customer sales journey and strengthened its BCP framework.

The following initiatives were undertaken to strengthen the the Company's digital ecosystem the fiscal year 2020-21:

- Rollout of Dealer Management System across all Hero Genuine Parts Distributors (HGPDs), thereby linking all channel partners to a single platform for consistent and uniform business experience
- An end-to-end online customer sales journey was launched to provide a visual representation of the purchasing process and included facility for uploading documents required for vehicle registration
- Furthermore, a virtual showroom was launched for an immersive experience using Augmented Reality and 3D product configurator for customers. A similar app, Hero Xpert was launched for training dealers and their staff

### Business Process interventions

- Solutions such as Virtual Desktop Infrastructure (VDI) and Virtual Private Network (VPN) were deployed across the organisation for employees to work from home. The R&D team from Germany helped to introduce efficient tools and systems to improve the efficiency of the digital ecosystem

- Introduction of real time dashboard for monitoring supplier areas and an Artificial Intelligence (AI) based alert system for ensuring Covid-19 compliance It helped to monitor social distancing protocols and the use of masks within the organisation
- Augmented Reality technology was deployed through wearable devices for remote maintenance assistance and diagnosis of critical machines
- An AI based solution for monitoring footfalls and Robotic Process Automation (RPA) system for handling inbound supplies was implemented at select dealerships across the country
- Advanced analytics were deployed to improve efficiency in business processes, such as stock refurbishment It automated ordering of spare parts from the channel partners
- Manufacturing Execution Systems (MES) implementation enabled traceability of Safety and Emission parts in compliance with the government recall norms. This also helped in improving operational efficiency on the shopfloor and quality management through process automation
- Cutting edge technologies such as Industrial Internet of Things (IIoT) and edge-computing is used across manufacturing facilities. Printing machine tools are also being used at the plants
- Facilitated integration of Hero MotoCorp and Harley Davidson systems for streamlining the business operations and processes

Hero MotoCorp's efforts in spearheading the organisation towards Industrial Revolution 4.0 through digitalisation have been recognised by All India Management Association (AIMA). The Company was conferred with AIMA Award for Plant Smart Utility Cockpit - Innovation through Digital transformation.

## Making way for business continuity amidst challenges

In light of the significant disruptions caused by the pandemic, the Company extended full-fledged support to its employees and stakeholders.

Priorities were redefined for businesses, teams and individuals. It was crucial not only to ensure business continuity despite challenges, it was equally important to emphasize on the importance of health and well-being of people. The Company is proud of the fact that it stood firmly by its people amidst trying times and also ensured business continuity.

### Impact of Covid-19

Hero MotoCorp is a people-focused organisation and considers every member a part of the larger 'Hero MotoCorp Family'. Right at the onset of the Coronavirus pandemic, the organization announced that there would be no layoffs.

The Company's merit-based salary increments along with performance-based variable payouts are well above the industry

average and were made effective from April 1, 2020, to all employees, ranging from workmen to senior management. Around 15% of its employees were given promotions. With a clear focus on skill development, the Company continues to invest in its internal talent.

### HR Benefits and Policies

The Company follows global best practices and strives to offer employee-friendly policies that support the overall growth and development of employees. The policies, practices and procedures focused on inclusivity and remote working, during the year under review. It also laid emphasis on the safety and wellbeing of employees and their families. Here are some of the major focus areas:

- Work from Home across locations
- Equal employment opportunities for transgenders
- Medical Insurance coverage
- Contingent Workforce Insurance Coverage
- Girl Child Gift Scheme, and others

The Company consistently used digital tools to maintain clear channels of communication with its employees and engaged with

them over multiple platforms to gauge sentiments and formulate policies to support them.

### Recruitment

Owing to the Covid-19 pandemic, there has been a paradigm shift in hiring and onboarding strategies. The Company has adopted virtual interviewing techniques to hire candidates. The Company’s traditional onboarding practices and induction program have been redesigned to meet the requirements of a virtual set up. In addition, to keep new joinees engaged throughout the induction journey, it has incorporated gamified activities and virtual tours of its manufacturing facilities.

### Diversity and Inclusion (D&I)

The pandemic further strengthened the Company’s resolve to build a better, more equitable and inclusive society. The Company continues to foster diversity and inclusion at the workplace, with the adoption of various new initiatives such as Equal Employment Opportunity for Transgenders. Efforts are also being made to promote unconscious bias education for employees, foster career development, and implement mentoring programs to increase and retain workforce heterogeneity within the organisation.

Following are the overarching guidelines for various initiatives:

Leadership and advisory support	Culture and Mindset	Recruitment and selection
<ul style="list-style-type: none"> <li>▪ Women in Leadership Program (WIL)</li> <li>▪ POSH Policy</li> <li>▪ Maternity Benefits</li> <li>▪ Flexible Shift Approval for Women</li> <li>▪ Restricted Holidays</li> <li>▪ Transgender Equal Employment Opportunity Policy</li> </ul>	<ul style="list-style-type: none"> <li>▪ Gender Sensitization Workshop</li> <li>▪ D&amp;I Talks</li> <li>▪ Gamification/ Online Quizzes</li> <li>▪ Sign Language Training</li> <li>▪ Unconscious Bias Training</li> <li>▪ Endorsing the 7 principles of United Nations Women’s Empowerment Principles (UN WEP) to foster gender equality at workplace</li> </ul>	<ul style="list-style-type: none"> <li>▪ Acquiring diverse talent</li> <li>▪ Sensitization workshop for interviewers</li> <li>▪ Campus outreach</li> </ul>

The Company’s commitment and progressive attitude to retain its gender diversity is visible through the increasing representation of women in its workforce. The number of women in the workforce increased to 1,500 during the current year, a 50% rise over the previous year. Going ahead, the Company is committed to further improve the ratio.

In alignment with its D&I vision, Hero MotoCorp is a signatory of UN Women & UN Global Compact’s initiative - Women’s Empowerment Principles (WEPs). It offers guidance for promoting gender equality and women empowerment at workplaces. Association with the United Nations has further strengthened its Employee Value Proposition (EVP) as a truly inclusive entity.

### Employee Relations & Engagement

During the lockdown, the Company strengthened its people management processes, maintaining frequent and open

communications with its employees and their extended families. The plant operations also played a pivotal role in instilling trust and confidence in workmen as well as their families, enabling the Company to resume operations as soon as the restrictions were lifted. By utilising various communication platforms, the organisation kept in touch with all employees, whether on site or working from home, for multiple purposes ranging from salary disbursement, attendance management to Operations Management. This gave confidence to the line managers as they successfully coordinated with big teams seamlessly.

### Health and wellness initiatives during FY 2020-21

Employee health and wellbeing has always been the topmost priority at Hero MotoCorp. The Company has created and implemented efficient programs and policies for ensuring sound health and wellbeing of its workforce.

- Corporate Overview
- Management Review
- Statutory Reports
- Financial Statements

The occupational health and safety (OHS) policy is an integral part of its business strategy. Along with it, the cross-functional Total Productive Maintenance committee aims to maintain a healthy workforce and sustain increased productivity levels. It provides employees resources that help to maintain a good physical, mental and psychosocial work environment and the opportunity to be involved in community services.

Its manufacturing units are certified with ISO-45001 (International Occupational health & safety management system and standards), abiding by the highest standards of safety. The Company endeavours to implement best practices in occupational health and safety management.

After Covid-19 was declared as a pandemic by WHO on March 11, 2020 Hero MotoCorp was the first automobile company to suspend its operations considering the health and wellbeing of employees a priority.

The key focus of the organisation was to engage, motivate and support employees and their families during the lockdown and to prepare them for the new normal. To support these endeavours, the following initiatives were taken by the Company:

- Provided physical, mental, psychosocial and emotional support during and after the lockdown
- 31,000 Immunity booster kits were distributed to employees to prevent Covid-19 infection
- Additional medical insurance coverage was taken for employees to aid treatment and cover hospitalisation expenses incurred due to Covid-19
- Offered unlimited free online medical consultation to the entire Hero MotoCorp family of 31,000 people along with their family members
- Professional counselling services were made available 24x7, for supporting mental wellness of employees and their family members, through a reputed external service provider
- Support for health emergencies and routine medical issues were offered to employees
- Regular webinars were conducted on mental wellness and anxiety control through external experts
- Online stress management, Yoga, Laughter Yoga and meditation sessions were arranged regularly under "Yes Heroes can" initiative
- Emails on mental wellbeing and Covid-19 prevention were regularly circulated among employees
- Several new initiatives like online meetings, trainings, learning sessions were conducted for keeping employees engaged during the lockdown
- Interactive sessions were organized for employees, family members, vendors, suppliers etc. for allaying anxiety related to the pandemic
- Senior management regularly communicated with employees and assured them about the safety of the workplace

After resuming operations, the Company consistently emphasised on maintaining a safe working environment. The following methods were implemented to ensure employee well-being:

- SMS Concept (Social Distancing, Mask, Sanitation)
- Precaution and cleanliness maintained across common areas including the shop floor, canteens, washrooms, pantry, etc.
- Employees above the age of 60 or any employees with underlying medical conditions were asked to Work from Home even after reopening
- Implemented precautionary measures to keep employees safe during their travel to and from office
- **Contactless machines** installed to support attendance marking
- In the new normal, the following were actively implemented across operations:
  - Mandatory face mask at workplace
  - Virtual meetings
  - Sanitization and temperature check at entry
  - Hero MotoCorp health declaration app
  - Disinfection of workstations multiple times in a day
  - Distanced workstations
- **Restrictions at workplace:** Safety curbs were imposed on visitors' entry, foreign/domestic travel, mass gatherings, crèche and recreational activities.
- **Transportation Management:** To keep employees safe, all vehicles were disinfected after every trip. Seating arrangements were also made in compliance with social distancing norms.

## Industrial Relations

Continuing its philosophy of Progressive & Productive Industrial Relations, several measures were taken to promote resilience hope and optimism. Employees, across locations, wholeheartedly participated in the Covid-19 management program and enabled a safe working environment. During the period the entire workforce stood as one team and they delivered the highest ever production in a month. Rebooting of all plants post lifting of lockdown was seamless. The Company not only ensured the safety of all its employees, it also took care of its contingent workforce and offered financial as well as other assistance. While all effective measures were being taken to ensure the mental, physical and financial well-being of employees, the Company also entered into a long term wage agreement at its plant in Dharuhera, which paved the way for further flexibility in improving productivity, optimising cost and improving quality of life of all concerned workmen. As on March 31, 2021 the Company has 8,793 employees.

## Brand Engagements

To promote brand Hero MotoCorp, the Company successfully organized its annual student engagement campaign, Hero Campus

Challenge Season 6, through its first ever virtual platform. Season 6 set new records with over 35,000 student registrations from 1,700+ campuses from across the country. The theme for the year under review was "Ideate the Future".

In addition, the Company has also initiated two more student engagement programs. Hero MotoCorp became the partner sponsor of BAJA SAEINDIA 2021 and launched an exclusive campus design case study challenge for future designers in the automotive space.



### Talent Management & Development (TM/ TD)

Despite the pandemic, Hero MotoCorp was one of the very few organizations that did not reduce its expenditure for Talent Management & Development initiatives. Rather, the company strengthened its focus on integrating and consolidating efforts to build capabilities through Hero Talent Academy.

**Talent Academy** Talent Development @ Hero MotoCorp 👤👤👤

<b>Hero Virtual Learning Centre</b>	<b>Instructor Lead Training Program</b>	<b>Tiered Learning Program</b>
<ul style="list-style-type: none"> <li>▪ Behavioural Training                             <ul style="list-style-type: none"> <li>▪ Percipio</li> <li>▪ Webinars (BML)</li> <li>▪ E-Library</li> </ul> </li> <li>▪ Technical training                             <ul style="list-style-type: none"> <li>▪ VLMS</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Behavioural</li> <li>▪ Technical @ Gurukul</li> <li>▪ Functional Competency based</li> <li>▪ Compliance</li> </ul>	<ul style="list-style-type: none"> <li>▪ Women in leadership</li> <li>▪ Hero Lead MBA</li> <li>▪ NexGen Journeys</li> </ul>
<b>Certification Programs</b>		<b>Induction Programs</b>
<ul style="list-style-type: none"> <li>▪ Technical (TPM)</li> <li>▪ &amp; Others</li> </ul>	<ul style="list-style-type: none"> <li>▪ Coaching</li> <li>▪ Mentoring</li> </ul>	<ul style="list-style-type: none"> <li>▪ Market Laterals</li> <li>▪ Campus Hires</li> </ul>
<b>Learning Partner Categorisation and development</b>		
<b>On the job</b>		
<ul style="list-style-type: none"> <li>▪ Market Laterals</li> <li>▪ Campus Hires</li> </ul>		

Hero Virtual Learning Center (HVLC) remained one of the major facilitators for engaging employees during the lockdown. Through this program, 237,000+ internal courses and 2,000+ external certifications were offered to employees. More than 80,000+ courses were offered to people during the lockdown, a heartening achievement for the organisation. Even after the lockdown, the virtual learning sessions continued.

All the classroom learning sessions were converted to online capsules to capture the attention of participants. With a change in mode of learning, the Company started practicing Plan-Do-Check-Act (PDCA) cycle for all organisation level intervention programs.

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## Research and Development

The Company's focus on R&D is absolute and remained undeterred even during this difficult period. For R&D, the Company followed a 5C approach - Care, Connect, Capability, Collective Conscience and Community Service. A team of engineers, led by the R&D Leadership team, worked tirelessly during the lockdown to develop ventilators for Covid-19 patients. The Company successfully manufactured in-house ventilator prototypes. Another team utilized resources and machinery to produce sanitizers and masks, which were not only utilized internally but also donated to external communities. Foot dispensers were also manufactured in-house for their utilization inside R&D premises, ensuring zero-contact.



## Risk Management

The Company's risk management procedures take into consideration external as well as internal threats to devise efficient strategies for mitigating a diverse set of risks. The Company recognizes the need to identify changing risks, including those arising from Covid-19, and adopts a strategic approach for risk management.

Risk identification, analysis, mitigation and monitoring is regularly undertaken by the Risk Management Committee and is overseen by the Board of Directors. Several management and leadership team members are also actively involved in the process to ensure consistency in the overall process. Post assessment, mitigation plans are devised and a report is submitted to the Board of Directors for approval.



	Identified Risks	Potential impact	Opportunities	Mitigation measures
Economic	Resurgence of Covid-19 in HMC's export markets	Decline in demand due to lockdowns, negative sentiment	Support global business through entry into newer markets	Hero MotoCorp plans to enter new markets
	Economic uncertainty in key global markets	Decline in sales, impact on EBITDA margins	Deep localization efforts making Hero MotoCorp a part of other value chains than just the existing one.	Intelligence on local developments and a very agile global business team
	Potential threat of cyber attacks, as many employees continue to work from home	Cyber Attack can lead to loss of valuable information, unauthorized access to data systems and may lead to other events of data theft	Hero MotoCorp strengthened its IT infrastructure by scaling up the system security across geographies	Hero MotoCorp deployed measures such as taking data backup over internet, awareness mailers, IPSec & SSL tools to provide Virtual Private Network (VPN) access at homes, Virtual Desktop Infrastructure (VDI) for remote access, prevented corporate targeted phishing emails etc. It also renewed its Cyber Insurance

	Identified Risks	Potential impact	Opportunities	Mitigation measures
<b>Environmental</b>	Significant shift from Internal Combustion Engine (ICE) vehicles to Electric Vehicles	EV sales replacing the traditional IC engine volumes	Explore new business models with battery as a service, vehicle as a service etc.  Identify new revenue streams for Charging Infrastructure  With new age customers and expectations, accelerate digitization efforts	Investment in Ather Energy along with Hero MotoCorp's in-house R&D efforts to develop a mass market EV solution. Collaboration with Taiwan-based Gogoro, to venture into battery swapping infrastructure
	Rising pollution levels	Public transport and shared mobility taking over private modes of transportation augmenting motorcycles and scooters sales volumes	Shared mobility opens new revenue streams by encouraging OEMs to develop targeted products and to innovate business operations	Hero MotoCorp successfully transitioned to BS VI norms  In-house teams formed to explore new age business models to create value both for the organization and customers
	Depleting Air Quality Index	Prolonged exposure to poor air can lead to ailments such as accelerated aging of lungs, bronchitis, asthma etc.	To give back to society by planting more trees	Hero MotoCorp constantly works to increase the green coverage by planting trees in and around its facilities. During the year under review, 2,00,000+ saplings were planted, surpassing 2.3 million+ tree plantation cumulatively.
<b>Social</b>	Fear of pandemic in certain geographies preventing customers from visiting showrooms (particularly during the festive period)	Reduced customer demand	Explore innovative ways of creating value for customers	Hero MotoCorp launched e-shop portal, AI equipped showroom  Enabled digital payments at dealerships, online document collection facility etc.
	Workforce falling ill due to recurring infections	Labour challenges causing the workforce stay away from work for long periods	Developing labour centric policies and addressing their inherent needs	Provided Immunity booster kits  Supported not just the workforce but also their families during tough times

### Internal control systems and their adequacy

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

### Outlook: The Future of Mobility

Hero MotoCorp has laid out its new vision to be the future of mobility. This entails exploring emerging opportunities in the mobility space, while continuing to excel in the core mobility segments the Company operates in. Key strategic highlights:

#### 1. Growth in motorcycles and scooters market

India is projected to register a strong GDP growth in FY 2021-22. It puts India amongst the only major economies in the world to have the prospective of good growth in 2021. This enhances prospects of double digit growth in the domestic motorcycles and scooters industry for the rest of the year. However, resurgent waves of Covid-19 may lead to a downside risk revision.

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While BS VI was supposed to be a paradigm shift for motorcycles and scooters in FY 2020-21; Covid-19 turned out to be the surprise of the year, with a far more significant and unexpected impact. In every adversity lies an opportunity. Hero MotoCorp achieved the milestone of 100 million cumulative production, with the last 50 million units coming in a span of just seven years. Converting post-pandemic adversity into an opportunity and corroborating its motto of 'Tomorrow Can't Wait', Hero MotoCorp aims to target the next 100 million production of motorcycles and scooters before 2030.

The greater penetration opportunity in the domestic market, focus on export markets and stronger presence and performance in premium motorcycles and scooters with growth in urban India, are likely to drive Hero MotoCorp's way forward.

## 2. New opportunities through collaboration

Viewing competitors only as competition is passé. Collaboration will be the new world order for businesses, and it is something that Hero MotoCorp earnestly believes.

The previous year marked the win-win partnership of Harley Davidson and Hero MotoCorp, where Hero MotoCorp is the sole distributor of Harley's motorcycles, parts and accessories in India. In terms of licensing agreement, Hero MotoCorp will develop and sell a range of premium motorcycles in India under the iconic 'Harley-Davidson' brand.

Hero MotoCorp also entered into a distribution agreement with Grupo Salinas, a group of fast-growing and technologically advanced firms, to ride into Mexico. With Hero MotoCorp's global expertise and technology prowess, and the local market knowledge of Grupo Salinas, this partnership is directed at expanding Hero MotoCorp's global business presence rapidly over the next few years.

## 3. New products, business models etc.

In tandem with its mission statement of Create, Collaborate and Inspire, Hero MotoCorp opened a Tech Center in Germany (HTCG), the innovation cell of Hero MotoCorp for new and revolutionary vehicle concepts. It shall work alongside the global R&D hub – Center of Innovation & Technology (CIT), Jaipur. During its 100 million celebrations, the Company announced the launch of a host of new models over the next 5 years, with 10 new models every year till 2025, to consolidate its leadership position. The launches will include new products, variants, refreshes and upgrades.

## 4. Margin enhancement

Margin enhancement is planned through various levers, one of them being higher share of parts, accessories, and merchandize to strengthen overall profitability. An on-going, continuous program to manage material and fixed costs including other non-operational activities is also helping to maintain a steady margin.

## 5. Workplace Intelligence

Hero MotoCorp is dedicated to introduce workplace intelligence by creating a better work experience that drives tangible business results. With a focus on ensuring balanced organizational and employee growth, the Company strives to promote an optimistic work environment and exceptional career experiences that help to build positive work culture, something which has often contributed to its status of being a preferred employer.

The Company is proud of its diverse and inclusive team, its talented people - ranging from the shop floor to the senior leadership team. It is also committed to supporting its people as a topmost priority - including employees, dealers, suppliers - while navigating through crisis and paving the path for a stronger comeback. With renewed confidence, the Company is optimistic about resiliently overcoming challenges - now and later.

**MOTHER EARTH HEALS  
WHEN PROGRESS AND  
PRESERVATION GO  
HAND IN HAND.**

**SHARE YOUR PICTURES OR  
STORIES ABOUT MOTHER EARTH  
RESETTING HERSELF AND EARN  
1000 GOODLIFE GREEN BONUS POINTS**

Share at [goodlife@heromotocorp.biz](mailto:goodlife@heromotocorp.biz) along with  
Pollution Under Control Certificate & GoodLife Card  
Number/Chassis Number of your Hero Two-Wheeler

**VALID FROM: 05th TO 12th JUNE 2020**

HERO  
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# Board's Report

Dear Members,

Your Directors are pleased to present the thirty eighth annual report, together with the Company's audited financial statements for the financial year ended March 31, 2021.

## Financial Results – Standalone & Consolidated

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

(₹ in crore)

Particulars	Standalone		Consolidated	
	Year ended		Year ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Total Income	31,380.47	29,614.43	31,517.09	29,985.88
<b>Profit before Finance cost and Depreciation</b>	4,599.09	4,736.30	4,657.41	4,791.48
<b>Expenses</b>				
Finance cost	21.84	22.02	46.41	46.64
Depreciation and amortisation expenses	676.87	817.96	715.12	845.76
<b>Profit from ordinary activities before share of Profit / (Loss) of associates</b>	<b>3,900.38</b>	<b>3,896.32</b>	<b>3,895.88</b>	<b>3,899.08</b>
<b>Profit/ (Loss) of associates</b>				
Share in net profit / (loss) of associates	-	-	(46.56)	34.63
Exceptional items – NCCD income	-	737.48	-	737.48
Exceptional items – VRS expenses	-	(60.11)	-	(60.11)
<b>Profit from ordinary activities before tax</b>	<b>3,900.38</b>	<b>4,573.69</b>	<b>3,849.32</b>	<b>4,611.08</b>
<b>Tax expense</b>				
Current tax	924.92	1,084.11	931.38	1,096.79
Deferred tax	11.26	(143.68)	(18.11)	(145.12)
	<b>936.18</b>	<b>940.43</b>	<b>913.27</b>	<b>951.67</b>
<b>Net Profit from ordinary activities after tax</b>	<b>2,964.20</b>	<b>3,633.26</b>	<b>2,936.05</b>	<b>3,659.41</b>
Other comprehensive income / (expense) (net of tax)	(21.06)	(31.78)	(25.87)	(18.29)
<b>Total comprehensive income for the year</b>	<b>2,943.14</b>	<b>3,601.48</b>	<b>2,910.18</b>	<b>3,641.12</b>
<b>Net Profit / (loss) attributable to</b>				
a) Owners of the Company	2,964.20	3,633.26	2,917.75	3,638.11
b) Non-controlling interest	-	-	18.30	21.30
<b>Other comprehensive income attributable to</b>				
a) Owners of the Company	(21.06)	(31.78)	(24.01)	(23.61)
b) Non-controlling interest	-	-	(1.86)	5.32
<b>Total comprehensive income attributable to</b>				
a) Owners of the Company	2,943.14	3,601.48	2,893.74	3,614.50
b) Non-controlling interest	-	-	16.44	26.62
Balance of profit brought forward	11,416.82	10,147.81	11,652.06	10,385.31
<b>Dividend</b>				
- Interim – 2020-21	1,398.46	1,298.31	1,398.46	1,298.31
- Final – 2019-20	499.35	639.13	499.35	639.13
Corporate Dividend Tax	-	395.03	2.49	410.46
Other comprehensive income arising from re-measurement of defined benefit obligation (net of income tax)	-	-	(20.81)	(32.46)
<b>Balance carried to Balance Sheet</b>	<b>12,462.15</b>	<b>11,416.82</b>	<b>12,648.70</b>	<b>11,652.06</b>
<b>Earnings per equity share on Net Profit from ordinary activities after tax (face value ₹ 2/- each) (In ₹)</b>				
- Basic	148.39	181.91	146.07	182.15
- Diluted	148.37	181.91	146.04	182.15

## Financial Highlights

During FY 2020-21, your Company clocked sales of 58.00 lakh units over 63.98 lakh units in the previous financial year. Revenue from operations was ₹ 30,800.62 crore as compared to ₹ 28,836.09 crore in FY 2019-20, registering an increase of 6.81%.

Profit before tax (PBT) in FY 2020-21 was ₹ 3,900.38 crore as compared to ₹ 4,573.69 crore in FY 2019-20, reflecting a decrease of 14.72%. Profit after tax (PAT) was ₹ 2,964.20 crore as against ₹ 3,633.26 crore in FY 2019-20, a decrease of 18.41% over the previous year.

Earnings before Interest, Depreciation and Taxes (EBIDTA) stood at 13.05% in FY 2020-21, as compared to 13.73% in FY 2019-20.

## Consolidated Financial Statements

In accordance with provisions of the Companies Act, 2013 ('the Act') and Indian Accounting Standards (Ind AS)-110 on Consolidated Financial Statements, read with Ind AS-28 on Investments in Associates and Joint Ventures, the Audited Consolidated Financial Statements for the year ended March 31, 2021 are provided in this annual report.

## Update on Covid-19 Pandemic

The financial year 2020-21 was a highly disruptive and challenging year wherein the auto industry and the entire global economy faced unprecedented times owing to the Covid-19 pandemic. Despite the challenges posed by the pandemic, the Company adapted to the changing business needs and continued its growth momentum. The state of preparedness and quick countermeasures taken by the Company led to its growth in sales and other milestones achieved by it during the year.

The Company remains optimistic about growth in the next financial year, as a credible recovery in the Indian economy and a positive momentum towards personal mobility is likely to further strengthen the demand for two-wheelers. The wide range of best-in-class products and consistent alignment of new technologies and services will also ensure Company's strong growth impetus.

## Changes in Capital Structure

During the year under review, 40,849 equity shares of ₹ 2/- each were allotted on exercise of employee stock options and Restricted Stock Units (RSUs) by the employees of the Company. Consequently, the issued and paid-up share capital of the Company as on March 31, 2021 was ₹ 39,95,60,434 divided into 19,97,80,217 equity shares of ₹ 2/- each.

Further, on May 5, 2021, 9,672 equity shares of ₹ 2/- each were allotted on exercise of employee stock options/RSUs by the eligible employees of the Company. Thus, the issued and paid-up share capital of the Company was increased to ₹ 39,95,79,778 divided into 19,97,89,889 equity shares of ₹ 2/- each.

The Company has not issued any equity shares with differential rights, sweat equity shares or bonus shares. The Company has

only one class of equity shares with face value of ₹ 2/- each, ranking pari-passu.

## Dividend

Your Directors are pleased to recommend for your approval a final dividend of ₹ 35/- per equity share (1750%) of face value of ₹ 2/- each (comprising of final dividend @ 1250% i.e. ₹ 25/- per equity share and a special dividend @ 500% i.e. ₹ 10/- per equity share) in addition to an interim dividend of ₹ 70/- per equity share (3500%) (comprising of interim dividend @ 3250% i.e. ₹ 65/- per equity share and a special interim dividend @ 250% i.e. ₹ 5/- per equity share) declared in the month of February 2021, aggregating a total dividend payout of ₹ 105/- per equity share (5250%) for FY 2020-21. The special final and interim dividend has been considered and declared to mark the achievement of historic milestone of achieving 100 million cumulative production of two-wheelers. In the previous year, total dividend payout of ₹ 90/- per equity share (4500%) of face value of ₹ 2/- each was made. Final dividend, if approved at the ensuing annual general meeting, shall be paid to the eligible members within the stipulated time period. Dividend Distribution Policy of the Company as per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') is available at the following link: [https://www.heromotocorp.com/en-in/uploads/code\\_policy/20191126105519-code-policy-149.pdf](https://www.heromotocorp.com/en-in/uploads/code_policy/20191126105519-code-policy-149.pdf) and is also provided as **Annexure - I**.

## Management Discussion and Analysis Report

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

## Change in Nature of Business

During FY 2020-21, there was no change in the nature of Company's business.

## Capacity Expansion, New Projects & Strategic Alliances

During FY 2020-21, your Company focused on optimizing investments and ensuring business continuity to enhance market share across platforms. Capacity benchmarking and cross plant resource optimization have been consistently focused in the previous year to ensure improved efficiencies in overall ecosystem. The overall value chain turnaround post business re-opening of Covid-19 pandemic was phenomenal considering the challenging situation and facilitated your Company to regain volumes and market share promptly. With a strong recovery post Q2 and overall festive demand coupled with positive market sentiments, your Company enhanced the capacity of Halol (Gujarat) plant by 0.4 million per annum thereby consolidating the overall capacity to 9.3 million for domestic plants.

The overseas plants of your Company in Bangladesh and Colombia have continuously augmented their respective capacities during FY 2020-21 and retained a decent market share.

As a responsible corporate, your Company released its third annual Sustainability Report encompassing ESG (Environment, Social and Governance) aspects. Long-term strategy has been formulated with the objective of making your Company one of the most sustainable organisations.

Investment in Ather Energy – Electric is widely recognized as one of the most exciting areas in emerging mobility space. In 2016, Hero MotoCorp invested in Ather Energy, a two-wheeler electric vehicle company which went on to launch multiple products. As a follow up, Hero MotoCorp participated in other investment rounds. In July 2020, the Company invested ₹ 84 crore in Ather Energy, taking up its shareholding in the company to 34.58%. Subsequently, in November 2020, Hero MotoCorp again invested in Series D round in the Electric Vehicle startup.

Agreement with Harley-Davidson – As part of its growth strategy, Hero MotoCorp is focused on growing market share in the rapidly expanding Premium motorcycle segment. In October 2020, the Company signed a distribution agreement with Harley-Davidson (H-D), under which the Company will sell and service H-D motorcycles, and sell parts and accessories and general merchandise riding gear and apparel in India. The Company has inducted 11 dealers of Harley-Davidson into its own distribution network. Starting January 1, 2021, Hero MotoCorp Ltd. has become the distributor for Harley-Davidson in India.

Hero MotoCorp Ltd. and Harley-Davidson also signed a Licensing agreement under which the Company will develop and sell a range of premium motorcycles under the H-D brand name.

Partnership with Gogoro® Inc. - Your Company recently entered into a strategic partnership with Gogoro® Inc. to accelerate the shift from fuel based mobility to sustainable electric mobility in India. This partnership would bring together the Company and Gogoro® Inc., the global leader in urban battery swapping and smart mobility innovation and this joint venture is aimed to bring Gogoro's industry leading battery swapping platform to India. The Companies would also collaborate on electric vehicle development to bring Hero branded, powered by Gogoro Network vehicles to market.

## Global Forays

Your Company continues to strengthen its presence in global markets. During FY 2020-21, your Company entered into Mexico market and the footprint of your Company reached 41 markets outside India. The focus was on increasing the presence in premium segment through new product launches in the key markets of Bangladesh, Nepal and Latin America. As a result, the premium segment sales grew by 58% in FY 2020-21 over previous year.

Despite the tough Covid year, your Company managed to gain market share in 6 out of 9 focus markets.

Your Company also relaunched Hero brand in markets like Kenya, Honduras and Nicaragua. Plans are afoot to relaunch in Argentina as well.

## Innovation

The three projects which were launched under HeroHatch continue to make significant progress.

The Company-wide Idea Contest was undertaken for the 8th consecutive year in FY 2020-21 and for the 2nd time on the new platform. In addition, the platform was accessed all-year-round by employees for submitting ideas and facilitated crowd-source solutions on specific problem statements. It is pleasing to confirm that several of the winning ideas from 6th and 7th Idea Contest have already been implemented.

Hero MotoCorp launched its 2nd organization-wide Innovation Survey in FY 2020-21 and saw a 3% increase in favorability compared to the last survey.

## Subsidiary, Associate and Joint Venture Companies

The Company has 6 subsidiaries including step down subsidiaries and 2 associate companies and regularly monitors the performance of these companies.

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

### Subsidiary Companies

#### Hero Tech Center Germany GmbH ('HTCG')

HTCG is a wholly owned subsidiary of your Company, incorporated in Germany to undertake research and development and such other ancillary activities for the manufacture, testing, validating etc. of two-wheelers and components / parts thereof. It also undertakes, coordinates and facilitates two-wheeler rally participation and development activities. During FY 2020-21, HTCG has reported unadjusted revenue of ₹ 79.90 crore and a net profit of ₹ 4.24 crore.

#### HMCL Netherlands B.V. ('HNBV')

HNBV is a wholly owned subsidiary of your Company, incorporated in Amsterdam as a private company with limited liability under the laws of The Netherlands with the primary objective of promoting overseas investments. HNBV has invested in operating companies in Colombia and Bangladesh and during FY 2020-21, it has reported unadjusted revenue of ₹ 22.47 crore and a net profit of ₹ 21.44 crore.

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

HMCLC was incorporated in Colombia as a joint venture between HNBV and Woven Holdings LLC as a simplified stock corporation company. HNBV currently holds 68% equity in HMCLC and 32%

equity is held by Woven Holdings LLC. The main business of HMCLC is to manufacture and sell two-wheelers in Colombia. It has a manufacturing facility with a production capacity of 80,000 units per annum. During the year ended March 31, 2021, the Company has reported unadjusted revenue of ₹ 230.65 crore and a net loss of ₹ 7.26 crore.

### HMCL Niloy Bangladesh Limited ('HNBL')

HNBL was incorporated in Bangladesh as a joint venture between HNBV and Niloy Motors Limited, Bangladesh as a limited liability company. HNBV currently holds 55% equity in HNBL and 45% equity is held by Nitol Niloy Group, Bangladesh. The main business of HNBL is to manufacture and sell two-wheelers. It has a manufacturing facility with a production capacity of 1,50,000 units per annum. During FY 2020-21, HNBL reported unadjusted revenue of ₹ 502.72 crore and a net profit of ₹ 40.76 crore.

### HMCL Americas Inc. ('HMCLA')

HMCLA is a wholly owned subsidiary of your Company, incorporated as a Corporation pursuant to the General Corporation Law of the State of Delaware, United States of America with the primary objective to pursue various global businesses. During the year ended March 31, 2021, HMCLA has reported unadjusted revenue of ₹ 0.11 crore and a net loss of ₹ 0.03 crore.

### HMC MM Auto Limited ('HMCMMMA')

Your Company has a joint venture with Marelli Europe S.p.A, Italy, namely HMC MM Auto Limited in India, which is set up for the purpose of carrying out manufacturing, assembly, sale and distribution of two-wheeler fuel injection systems and parts. Your Company holds 60% of the equity share capital in HMCMMMA. During FY 2020-21, HMCMMMA has reported unadjusted revenue of ₹ 458.46 crore and a net profit of ₹ 4.77 crore.

### Associate Companies

#### Hero FinCorp Limited ('HFCL')

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

During FY 2020-21, HFCL's profit attributable to the Company is ₹ 22.90 crore.

#### Ather Energy Private Limited ('AEL')

AEL is a private limited company, focused on developing, designing and selling premium electric two-wheelers. The shareholding of your Company in AEL is 38.08% which is equivalent to 34.81% on a fully diluted basis. During FY 2020-21, AEL's loss attributable to the Company is ₹ 69.46 crore.

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

### Material Subsidiaries

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

### Directors and Key Managerial Personnel

Dr. Pawan Munjal was appointed as the Chairman, Managing Director and CEO of the Company for a term of five (5) years with effect from October 1, 2016. Now, the Board at its meeting held on May 6, 2021 has recommended the re-appointment of Dr. Pawan Munjal as Whole-time Director designated as the Chairman and CEO of the Company for another term of five (5) years effective October 1, 2021. The details of re-appointment have been furnished in the explanatory statement to the notice of the ensuing annual general meeting.

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

During the year under review, your Company has appointed Air Chief Marshal B. S. Dhanoa (Retd.) as an Additional Director of the Company as Non-Executive and Independent Director effective October 1, 2020. The Board recommends his appointment as an Independent Director of the Company. The Company has received a notice, in writing, under Section 160 of the Act from a member proposing the candidature of Air Chief Marshal B. S. Dhanoa (Retd.).

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

In the opinion of the Board, the Independent Director appointed during the year under review is a person of high repute, integrity and possesses the relevant expertise and experience in the respective fields.

The Company has a robust succession planning process for Directors as well as senior management personnel which is overseen by the Nomination and Remuneration Committee.

Mr. Paul B. Edgerley ceased to be a Director of the Company effective May 4, 2021, due to completion of his term of five (5) years as an Independent Director. The Board places on record its

appreciation for the guidance and support provided by Mr. Edgerley during his tenure with the Company.

### Key Managerial Personnel

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

### Declarations from Independent Directors

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

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

### Board Meetings

During FY 2020-21, five meetings of the Board of Directors were held. For details of these Board meetings, please refer to the section on Corporate Governance of this annual report.

### Annual Evaluation of the Board, its Committees and Individual Directors

A formal evaluation of the performance of the Board, its Committees, the Chairman and the individual Directors was carried out for FY 2020-21. Led by the Nomination and Remuneration Committee, the evaluation was carried out using individual questionnaires covering, amongst others, composition of Board, conduct as per company values and beliefs, contribution towards development of the strategy & business plan, risk management, receipt of regular inputs and information, codes & policies for strengthening governance, functioning, performance & structure of Board Committees, skill set, knowledge & expertise of Directors, preparation & contribution at Board meetings, leadership, etc.

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

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

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

### Directors' Responsibility Statement

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

1. that in the preparation of the annual accounts for the financial year ended March 31, 2021, the applicable accounting standards were followed, along with proper explanation relating to material departures;
2. that appropriate accounting policies were selected and applied consistently and judgments and estimates that are reasonable and prudent were made so as to give a true and fair view of the state of affairs as at March 31, 2021 and of the profit and loss of your Company for the financial year ended March 31, 2021;
3. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
4. that the annual accounts for the financial year ended March 31, 2021 have been prepared on a going concern basis;
5. that the Directors have laid down Internal Financial Controls which were followed by the Company and that such Internal Financial Controls are adequate and were operating effectively; and
6. that the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### Remuneration and Board Diversity Policy

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

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

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

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

There has been no change in the Remuneration and Board Diversity Policy of the Company during the year. The Remuneration and Board Diversity Policy of your Company can be viewed at the following link: [https://www.heromotocorp.com/en-in/uploads/code\\_policy/20191126105210-code-policy-421.pdf](https://www.heromotocorp.com/en-in/uploads/code_policy/20191126105210-code-policy-421.pdf).

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

1. To determine remuneration of Directors, KMP, other senior management personnel and other employees, keeping in view all relevant factors including industry trends and practices.
2. At the Board meeting, only the Non-Executive and Independent Directors shall participate in approving the remuneration paid to the Executive Directors.
3. The remuneration structure for the Executive Directors would include basic salary, commission, perquisites & allowances, contribution to Provident Fund and other funds. If the Company has no profits or its profits are inadequate, they shall be entitled to minimum remuneration as prescribed under the Act.
4. The Non-Executive and/or Independent Directors will also be entitled to remuneration by way of commission aggregating upto 1% of net profits of the Company pursuant to the provisions of Sections 197 and 198 of the Act, in addition to sitting fees.
5. The compensation for Key Managerial Personnel, senior management and other employees is based on the external competitiveness and internal parity through periodic benchmarking surveys. It includes basic salary, allowances, perquisites, loans and/or advances as per relevant HR policies, retirement benefits, performance linked pay out, benefits under welfare schemes, etc. besides long term incentives/ESOPs/RSUs/Performance shares or such other means as may be decided by the NRC.
6. Performance goals of senior management personnel shall be quantifiable and assessment of individual performance to be done accordingly. A significant part of senior management compensation will be variable and based upon Company performance.
7. To ensure adequate diversity at Board level, all appointments to be made on the basis of merit and due regard shall be given to other diversity attributes also. The NRC shall recommend the appointment or continuation of members to achieve

optimum combination at the Board and periodically assess the specific requirements in relation to Board diversity.

## Employees' Incentive Scheme

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

Further, the NRC has, at its meeting held on October 27, 2020 approved grant of 1,01,375 Stock Options at an exercise price of ₹ 2,085/- per option under ESOP Plan, 2020 and 1,560 Restricted Stock Units (RSUs) at face value of ₹ 2/- per unit under RSU Plan, 2020 to certain eligible employees of the Company.

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

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

## Corporate Governance

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

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

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

## Transfer to General Reserve

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

## Transfer to Investor Education and Protection Fund

During the year under review, your Company has transferred unpaid/ unclaimed dividend, amounting to ₹ 6.97 crore for FY 2012-13 and 18,760 shares to the Investor Education and Protection Fund (IEPF) Authority of the Central Government of India. Further, dividend pertaining to the shares transferred to demat account of the IEPF Authority amounting to ₹ 7.65 crore (after deduction of tax) was also transferred to the IEPF Authority.

## Material Changes and Commitments

No material change and/or commitment affecting the financial position of your Company has occurred between April 1, 2021 and the date of signing of this report. However, in view of the ongoing Covid-19 pandemic, your Company carried out a comprehensive assessment of possible impact on its business operations, financial assets, contractual obligations and its overall liquidity position, based on the internal and external sources of information and application of reasonable estimates. Your Company did not foresee any significant incremental risk to the recoverability of its assets or in meeting its financial obligations over the foreseeable future, given early and required steps taken to contain, protect and mitigate the exposure.

## Particulars of Loans, Guarantees and Investments

During FY 2020-21, your Company has not given any loan or guarantee pursuant to provisions of Section 186 of the Act. Details of investments made in terms of Section 186 of the Act are as under:

Particulars	(₹ in crore)		
	Principal Amount (Shares)	Principal Amount (Bonds/ Debentures)	Total
Opening	1,982.95	274.99	2,257.94
Addition*	382.58	457.75	840.33
Reduction**	-	(79.96)	(79.96)
Closing Balance	2,365.53	652.78	3,018.31

\* HMC MM Auto Limited - Nil, HMCL Netherlands BV - ₹ 14.21 crore, HMCL Americas Inc. - Nil, Hero Tech Center Germany GmbH - Nil, Hero FinCorp Limited - ₹ 194.37 crore, Ather Energy Private Limited - ₹ 174 crore (consequent to conversion of compulsorily convertible debentures into compulsorily convertible preference shares)

\*\* Maturity of bonds and amortization

## Deposits

Your Company has neither accepted nor renewed any deposits during FY 2020-21 in terms of Chapter V of the Act.

## Contracts and Arrangements with Related Parties

During FY 2020-21, all contracts/arrangements/transactions entered into by your Company with related parties under Section 188(1) of the Act were in the ordinary course of business and on an arm's length basis. During FY 2020-21, your Company has not entered into any contract/arrangement/transaction with related parties which could be considered 'material' in accordance with its Policy on Materiality of Related Party Transactions. Thus, there are no transactions required to be reported in Form AOC-2.

Further, during FY 2020-21, there were no materially significant related party transactions entered into by your Company with the Promoters, Directors, Key Managerial Personnel or other designated persons, which might have potential conflict with the interest of the Company at large.

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

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

## Risk Management Framework

The Board entrusted Risk Management Committee ('RMC') continued to guide the management team of RMC towards a comprehensive risk management process in your organization.

Last year, the lockdown imposed significant hardships on the entire human race and tested their survival. Many businesses were forced to adopt varied cost cutting measures. However, your Company ensured that not just there were no salary cuts or layoffs, there were in effect even more investments on employee well-being measures.

Your Company's response to Covid-19 was prepared well in advance and therefore, Hero MotoCorp Ltd. was amongst the first ones to restart operations when the Government order allowed. Your Company also refreshed the Risk Register and raised the profile of some of the risks that were traditionally low profile risks. This was done taking cognizance of the new threats posed by Covid-19. Your Company came up with a comprehensive risk mitigation plan and a dedicated team to manage Covid-19 risk.

Some of the risk mitigation steps were:

1. frequent interactions with dealers, suppliers, investors so that the ecosystem remained motivated;
2. proactive announcement of Work from Home policy, Corona FAQ's, Chatbots, travel bans and an increased hygiene level at the workplace;
3. stronger demand forecasting conducted for an even more accurate planning;
4. manufacturing at all the plants was proactively suspended, however with preparedness to restart at a short notice;
5. support offered to dealers and supply chain partners to ensure sustainability;
6. digital interventions introduced at dealerships to obviate showroom visits thereby ensuring customer safety;
7. multiple communications sent to employees on end user awareness due to increased risk of cyber-attacks. Your Company also used Artificial Intelligence to identify attacks, strengthened firewalls and actively monitored the dark web to fight the threats.

When the economy opened up, there were risks that emerged because of shortage of parts because of certain restrictions in the global supply chain. With a multi-sourcing strategy plan for every part, your Company was able to successfully manage this risk.

The BSVI transition was another major event of FY 2020-21. Your Company was well prepared to manage the risk both from a technology as well as a market operations standpoint. Your Company successfully transitioned to BSVI technology across the range of its products.

Your Company remains committed to protect the interests of its customers, stakeholders, investors, shareholders, employees and each person or entity with whom it is associated.

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

## Vigil Mechanism/ Whistle Blower Policy

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

During the year, your Company's Code of Conduct was refreshed and aligned with the new mission and vision statement of the Company. The revised Code of Conduct retained the essence of

all governing principles and its applicability was unified to include employees, directors and internal/external stakeholders. The other modifications included amendments related to the clauses on anti-bribery and anti-corruption, mandatory disclosure of all personal relationships for employees, strengthening of 'conflict of interest' section and emphasis on being an equal opportunity employer while embracing diverse and inclusive culture. Also, the induction module of new joiners at the Company was updated to include the updated Code of Conduct and case studies associated with the governing principles of the Code of Conduct. The incident reporting channels of the vigil management framework were made simpler to encourage reporting culture and instill confidence in the users. The new facilities include 24\*7 IVR service, an email address and a dedicated web based reporting page.

During the year under review, 48 complaints were received through various reporting channels and 4 complaints were carried forward from previous year. Out of these, 34 complaints have been investigated and acted upon, 6 and 4 complaints were reviewed and handed over for closure to Sales and After Sales and HR respectively and remaining 8 are under investigation.

During FY 2020-21, no individual was denied access to the Audit Committee for reporting concerns, if any.

The Vigil Mechanism/Whistle Blower Policy of the Company is available on the Company's website, [www.heromotocorp.com](http://www.heromotocorp.com) and can be viewed at the following link: [https://www.heromotocorp.com/en-in/uploads/code\\_policy/20200903060455-code-policy-95.pdf](https://www.heromotocorp.com/en-in/uploads/code_policy/20200903060455-code-policy-95.pdf).

## Corporate Social Responsibility

Your Company has constituted a Corporate Social Responsibility (CSR) Committee which functions under direct supervision of Dr. Pawan Munjal, Chairman, Managing Director & CEO of your Company, who is also the Chairman of the CSR Committee. Other members of the Committee are Mr. Pradeep Dinodia, Non-Executive Director, Prof. Jagmohan Singh Raju and Ms. Tina Trikha, who are the Independent Directors of your Company. Ms. Tina Trikha has been inducted in the CSR Committee on October 28, 2020.

The Company has also been doing a lot of work around sustainability in order to make the operations, business and the Company as a whole, a sustainable organization. The Company's sustainability strategy rests on the following five pillars:

1. Inclusive Growth
2. Eco-efficiency
3. People
4. Responsible Value Chain
5. Product Stewardship

In today's ever-evolving world, it is difficult to separate a corporate's responsibility towards society from the obligation of having a sustainable business and both the concepts are intertwined. From a strong governance perspective, it is imperative that both be run from a common strategic view point and direction, to have maximum long term impact. Accordingly, the ambit of the

CSR Committee was expanded to include the terms of reference with respect to Sustainability and thus, the CSR Committee was renamed as Sustainability and Corporate Social Responsibility Committee.

The CSR policy of the Company was changed during the year due to the recent amendments brought by the Ministry of Corporate Affairs in the Companies (Corporate Social Responsibility Policy) Rules, 2014 and as a part of standard review. The CSR Policy of your Company can be viewed at the following link: [https://www.heromotocorp.com/en-in/uploads/code\\_policy/20191126104858-code-policy-35.pdf](https://www.heromotocorp.com/en-in/uploads/code_policy/20191126104858-code-policy-35.pdf).

The salient features of the updated CSR Policy are as under:

1. The philosophy of the Company provides that a company's performance must be measured by its triple (+one) bottom line contribution to building economic, social and environmental capital thereby enhancing societal sustainability along with governance.
2. It believes that in the strategic context of business, enterprises possess, beyond mere financial resources, the transformational capacity to create game-changing development models by unleashing their power of entrepreneurial vitality, innovation and creativity. In line with this belief, the Company will continue to craft unique models to generate livelihoods and create a better society.
3. The broad guiding principles for selection of CSR activities include needs assessment, if required, programmes identified/adopted should be adaptive and flexible to meet the changing dynamics with focus on long-term sustained impact rather than one-time impact or requiring continuous intervention.
4. The implementation of the identified CSR activities shall be carried out either directly by the Company and/or through an implementing agency. The Company shall clearly define the objectives along with the desired timelines to effectively implement the activities within the given time frame and work towards active engagement of all employees to achieve maximum benefits. The modalities of execution shall be defined with every identified project.
5. There shall be a robust monitoring system to ensure that the identified CSR activities are carried out to reap optimal benefits for the beneficiaries. There shall be a periodic review by the Committee for the projects undertaken. The Committee may suggest modifications in the planned activities considering the existing scenario/circumstances.
6. The Committee will place for the Board's approval, an annual action plan delineating the CSR Programmes to be carried out during the financial year and the succeeding years in the case of Ongoing Projects along with the specified budgets thereof.

During the year under review, your Company spent ₹ 99.73 crore on its CSR activities (including the amount of ₹ 31.38 crore to be set-off), which is more than 2% of the average net profits of previous three financial years. The contribution of ₹ 31.38 crore was made to PM-CARES Fund on March 31, 2020 in pursuance of the appeal to contribute to PM-CARES Fund by the Secretary,

Ministry of Corporate Affairs. The CSR initiatives undertaken by your Company, along with other details form part of the annual report on CSR activities for FY 2020-21, which is annexed as **Annexure - VIII**. The overview of CSR activities carried out in FY 2020-21 is provided in a separate section in this annual report.

## Audit Committee

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

1.	Mr. M. Damodaran	Chairman
2.	Mr. Pradeep Dinodia	Member
3.	Ms. Tina Trikha	Member
4.	Air Chief Marshal B. S. Dhanoa (Retd.)	Member

Mr. Paul B. Edgerley ceased to be member of the Audit Committee due to completion of his term of five (5) years as an Independent Director.

Air Chief Marshal B. S. Dhanoa (Retd.) has been inducted in the Audit Committee on October 28, 2020. Further details on the Audit Committee and its terms of reference etc. have been furnished in Corporate Governance Report which forms part of this report as **Annexure - IV**.

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

## Auditors and Auditors' Report

### Statutory Auditors

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

M/s BSR & Co. LLP is one of the leading & recognized audit firms, affiliated to a renowned global brand. Its experience as an audit firm is commensurate with the requirements as regards the size and competencies necessary for rendering auditing services to the Company. The Company, as part of rotation of statutory auditors, appointed M/s BSR & Co. LLP having evaluated its competencies on various parameters including experience of the firm, partner and team in relevant industry, use of latest technology and auditing tools, peer review process for ensuring quality of audit and documentation. The firm performs its obligations in adherence to recognised auditing standards and periodically certifies its independence from the management.

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

## Cost Auditors

The Board, on the recommendation of Audit Committee, has approved the appointment of M/s R J Goel & Co., Cost Accountants, as Cost Auditors for the financial year ending March 31, 2022. The erstwhile Cost Auditors, M/s Ramanath Iyer & Co. will submit their report for the FY 2020-21 on or before the due date.

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

## Secretarial Auditors

M/s Sanjay Grover & Associates, Company Secretaries (Firm Registration No. P2001DE052900) were appointed to conduct Secretarial Audit of your Company during FY 2020-21.

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

## Internal Financial Controls and their Adequacy

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

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

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

## Prevention of Insider Trading Code

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

Your Company also has a Code of practices and procedures of fair disclosures of unpublished price sensitive information including a policy for determination of legitimate purposes along with the Institutional Mechanism for prevention of insider trading and

Policy and procedures for inquiry in case of leak of unpublished price sensitive information or suspected leak of unpublished price sensitive information. Further, your Company has put in place adequate and effective system of internal controls and standard processes have been set to ensure compliance with the requirements given in these regulations to prevent insider trading.

To increase awareness on the prevention of insider trading in the organization and to help the Designated Persons to identify and fulfill their obligations, a comprehensive campaign was run at all locations of Hero MotoCorp Ltd. This included display of relevant and useful content by way of posters on the notice boards & other strategic locations, placement of standees at common areas, key messaging through desktop wallpapers and screensavers, placement of permanent wall posters, orientation sessions as part of regular employee induction, conducting Company-wide workshop for all Designated Persons by a subject matter expert, sending text messages for closure of trading window and submission of periodic disclosures, etc. In addition to the above, an e-learning module was also developed and rolled out with an in-built assessment, for all the designated employees to educate and promote awareness.

## Business Responsibility Report

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

## Listing

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

## Personnel

As on March 31, 2021, total number of employees on the records of your Company were 8,793 as against 8,599 in the previous year.

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

## Particulars of Employees

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

## Annual Return

In terms of Sections 92(3) and 134(3)(a) of the Act, annual return is available under the 'Investors' section of the Company's website, [www.heromotocorp.com](http://www.heromotocorp.com) and can be viewed at the following link: <https://www.heromotocorp.com/en-in/investor-downloads.html>.

## Compliance with Secretarial Standards

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

## Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

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

## Statutory Disclosures

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

1. Deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of your Company under any scheme, save and except ESOS referred to in this report.
4. Neither the Managing Director nor the Whole-time Director of your Company receive any remuneration or commission from any of its subsidiaries.
5. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
6. Buy-back of shares or under Section 67(3).
7. No application was made or any proceeding is pending under the Insolvency and Bankruptcy Code, 2016.
8. No settlements have been done with banks or financial institutions.

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

Your Company has in place a policy on Prevention of Sexual Harassment at workplace. This policy is in line with the requirements of The Sexual Harassment of Women at the

Workplace (Prevention, Prohibition & Redressal) Act, 2013. All employees, whether permanent, contractual, temporary and trainees are covered under this Policy. The Company aims at providing a workplace that enables employees to work without gender bias and sexual harassment. To achieve this objective, the Company regularly organizes awareness sessions at all locations to sensitise the employees and conduct themselves in a professional manner. During FY 2020-21, over 120 POSH sessions were organized which were attended by more than 6,400 employees including workmen.

In addition to the above, over 20 gender sensitization sessions along with approximately 15 webinars on unconscious bias were conducted which were attended by more than 800 and 300 employees respectively.

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

No. of complaints received: 2

No. of complaints disposed off: 2

No. of complaints withdrawn: 0

No. of complaints pending: 0

Note: One of the complaints pending from the previous year was also disposed off.

## Disclosure under the Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome (Prevention and Control) Act, 2017

During the year under review, no complaints were received by the Complaints Officer under the Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome (Prevention and Control) Act, 2017.

## Awards and Recognition

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

1. Significant Achievement Award in Corporate Excellence in Sustainability by CII
2. CII-Environmental Best Practice Award 2020 for Zero Waste to Landfill – Most Innovative Environmental Project for Neemrana Plant
3. CII National Award for Excellence in Water Management 2020 to Gurgaon Plant under 'Within the Fence' category
4. CII National Award for Excellence in Water Management 2020 to Neemrana Plant as 'Noteworthy Project' under 'Beyond the Fence' category
5. GreenCo Star Performer Award 2020 by CII to Neemrana Plant for sustaining and continuously improving the environmental performance

6. National Award for Water Management 2020 by CII to Global Parts Center (GPC) and Neemrana Plant for an innovative, community led water management program
7. Premium Commuter Motorcycle of the year to Xtreme 160R by Car & Bike
8. CNB viewer's choice motorcycle of the year to Xtreme 160R by Car & Bike
9. Commuter Motorcycle of the year to Passion Pro by Car & Bike
10. Bike of the year upto 160cc to Xtreme 160R by Bike India
11. Best of 2020 to Xtreme 160R by Auto X
12. Commuter Motorcycle of the year to Passion Pro by Motoring World
13. Premium Commuter Motorcycle of the year to Xtreme 160R by Motoring World
14. Two-Wheeler Manufacturer of the year by Bike India

In addition to the above, the Company surpassed the monumental 100 million cumulative production milestone on January 21, 2021 and became the only Indian automotive manufacturer to achieve the incredible landmark. The 100 millionth motorcycle, the Xtreme

160R, was rolled-out of the Company's manufacturing facility in Haridwar, in the northern Indian hill state of Uttarakhand. To mark the occasion, your Company also introduced six celebration edition models. These included four motorcycles - Splendor+, Xtreme 160R, Passion Pro and Glamour and two scooters - Destini 125 & Maestro Edge 110.

## Acknowledgements

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

For and on behalf of the Board

Date: May 6, 2021  
Place: New Delhi

**Pawan Munjal**  
Chairman  
DIN: 00004223

# Annexure - I

## Dividend Distribution Policy

### Section: I - An Introduction to the Policy

#### Rationale for the Policy

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

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

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

#### Objective of the Policy

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

- a. Defining internal and external factors impacting the dividend decision;
- b. Financial parameters affecting dividend decision;
- c. Circumstances leading to declaration of dividend or the lack of it;
- d. Defining dividend distribution payment form and method.

### Section: II - Principles Guiding Dividend Decision

#### Internal Factors to be considered (if and when applicable)

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

**Liquidity position:** Availability of cash and sound financial position is also an important factor in dividend decisions. As dividend

means huge cash outflow, the greater the funds and the liquidity of the firm, the better is its ability to pay dividend.

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

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

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

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

#### External Factors to be considered

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

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

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

### Financial Parameters to be considered

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

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

- a. Net Income attributable to shareholders;
- b. Earnings growth;
- c. Liquidity Ratios;
- d. Financial Leverage Ratios (if and when debt occurs on the Company's financials);
- e. Free cash flows;
- f. Redeemable investments;
- g. Free Reserves;
- h. Cash flow projections;
- i. Investment plans.

### Section: III - Covenants of the Dividend Decision

- a. The Company shall be consistent and stable in its dividend pay-out practice, smoothening out the stream of dividends paid to its shareholders.
- b. The Company shall keep sufficient financial flexibility to fund future growth prospects and maximize corporate value in the long run.

- c. The Company may declare/distribute dividend out of surplus in the profit and loss account and free reserves of the Company to its shareholders.
- d. The Company may reward shareholders in a number of ways. Cash dividends may be distributed to shareholders through regular or through extra (also referred to as special or irregular) dividends. The Company may issue bonus shares or stock splits, if it considers prudent to do so.
- e. The Company prefers to declare/distribute dividends at an annual frequency, along with extra dividend, if and when financials/internal/external factors so permit.
- f. If the financial position, internal and external factors and laws so permit, the Company may declare/distribute Interim Dividend. This may also be done after the Board has considered the Interim financial statements and at any time before the closure of the financial year.
- g. The Company, may in future issue equity shares with differential rights or preference shares or any other class of shares, in which case, the Dividend or Interim Dividend so declared on all or anyone or more of the classes of such shares shall be consistent with covenants of the Dividend Policy and rights and privileges associated with such new issuances.
- h. The Company shall use any of the electronic modes of payment approved by the Reserve Bank of India for the payment of dividends. Also, where it is not possible to use electronic mode of payment, 'payable-at-par' warrants or cheques may be issued.
- i. The Management/Board of Directors can modify/amend the policy depending on business needs and external environment.

# Annexure - II

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

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

Name of Directors/ KMP and Designation	Remuneration of Director/KMP for Financial Year 2020-21 (₹ crore)	% increase in Remuneration in Financial Year 2020-21	Ratio of the remuneration to the median remuneration of employees
<b>Executive Directors</b>			
Dr. Pawan Munjal-Chairman, Managing Director & CEO (Chairman effective June 1, 2015)	86.93	2.77	826
Mr. Vikram S. Kasbekar	6.54	-2.39	62
<b>Non-Executive Directors*</b>			
Mr. Pradeep Dinodia	1.09	-7.63	10
Mr. Suman Kant Munjal	0.23	27.78	2
<b>Non-Executive and Independent Directors*</b>			
Mr. M. Damodaran	1.01	-2.88	10
Mr. Paul Bradford Edgerley**	0.68	28.30	6
Prof. Jagmohan Singh Raju	0.66	10.00	6
Ms. Tina Trikha***	0.56	211.11	5
Mr. B.S. Dhanoa****	0.24	NA	2
<b>Employees &amp; KMP</b>			
Mr. Niranjan Kumar Gupta – Chief Financial Officer	4.97	4.19	47
Ms. Neerja Sharma – Company Secretary & Chief Compliance Officer	5.31	51.28	50

\* Includes sitting fees and commission

\*\* Ceased to be Director w.e.f May 4, 2021

\*\*\* Appointed as Director w.e.f October 23, 2019

\*\*\*\* Appointed as Director w.e.f October 1, 2020

2. The median remuneration of employees of the Company during the financial year was ₹ 10.52 lakhs.
3. Median salary of employees in current year has decreased by 6.47% in comparison to the previous year.
4. The number of permanent employees on the rolls of Company as on March 31, 2021 was 8,793 (previous year 8,599) including workers defined under the Factories Act, 1948.
5. Average percentage increase made in the salary of employees other than the managerial personnel in last financial year i.e. 2020-21 was 6%.
6. The compensation for the Key Managerial Personnel, Senior Management and Employees (Staff) of the Company is guided by the external competitiveness and internal parity through annual benchmarking surveys.

Internally, performance ratings of all employees (Staff) are always spread across a normal distribution curve. The rating

obtained by an employee is used as an input to determine his variable and merit pay increases. Variable and merit pay increases are calculated using a combination of individual performance and Company performance.

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

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

7. It is hereby affirmed that remuneration is in line with the Remuneration Policy of the Company.

## Annexure - III

### Disclosures pursuant to Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014 read with SEBI Circular dated June 16, 2015 on ESOP Disclosures for the Financial Year ended March 31, 2021.

Sl. No.	Particulars	Employee Incentive Scheme, 2014
1.	Date of shareholders' approval	22nd September 2014 through postal ballot
2.	Total number of options/ RSUs approved under Employee Incentive Scheme 2014	49,90,000
3.	Vesting requirements	<p>The Options/RSUs granted under Employee Incentive Scheme 2014 (and various plans formulated thereunder) would vest not earlier than one year from the Grant Date in accordance with the SEBI Guidelines and not later than such Vesting Period as may be determined by the Nomination and Remuneration Committee from time to time on the Grant Date.</p> <p>Vesting of RSUs shall be subject to the condition that the Grantee is in continuous employment with the Company and is not serving any notice of resignation on the date of such Vesting (except in the case of (i) death (ii) Permanent Disability suffered by the Grantee; (iii) retirement; or (iv) transfer to an entity within the Group and shall not be subject to any pending disciplinary proceeding and thus the Options and/or RSUs would Vest on passage of time.</p> <p>In addition to the above, the Nomination and Remuneration Committee may also specify certain performance parameters subject to which the Options and/or RSUs would Vest. The specific Vesting schedule and conditions, if any, subject to which Vesting would take place would be outlined in the Letter of Grant given to the Grantee at the time of the Grant of Options and/or RSUs.</p>
4.	Exercise price or pricing formula	The Option and/ or RSU Exercise Price would be determined by the Nomination and Remuneration Committee, provided that the Exercise Price shall not be less than the face value of the equity Shares of the Company on the date of grant of Options/ RSU.
5.	Maximum term of options granted	The Options and/or RSUs granted to a grantee shall be capable of being exercised within a period of not exceeding seven years from the date of Grant of the respective options and/or RSUs or such other period as may be determined by the Nomination and Remuneration Committee from time to time.
6.	Source of shares (primary, secondary or combination)	Primary
7.	Variation in terms of options	<p>Subject to applicable law, the Nomination and Remuneration Committee will at its absolute discretion have the right to modify/amend the Employee Incentive Scheme 2014 in such manner and at such time or times as it may deem fit, subject however that any such modification/ amendment shall not be detrimental to the interest of the Grantees/ Employees and approval wherever required for such modification/ amendment is obtained from the shareholders of the Company in terms of the SEBI Guidelines.</p> <p>During the year, no amendment/ modification/ variation has been introduced in terms of options granted by the Company.</p>
8.	Method used to account for ESOS - Intrinsic or fair value	The employee compensation cost has been calculated using the fair value method for options using the Black- Scholes Options Pricing Model. The employee compensation cost as per the fair valuation method for the financial year 2020-21 is ₹ 8.86 crore

Sl. No.	Particulars	Employee Incentive Scheme, 2014
9.	Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	Not applicable as the Company has calculated employee compensation cost using fair value method.
10.	Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	<p>Weighted average exercise price under Employee Stock Option Plan 2014 (ESOP-2014) – ₹ 2,159</p> <p>Weighted average exercise price under Employee Stock Option Plan 2016 (ESOP-2016) – ₹ 2,469</p> <p>Weighted average exercise price under Employee Stock Option Plan 2017 (ESOP-2017) – ₹ 2,818</p> <p>Weighted average exercise price under Employee Stock Option Plan 2018 (ESOP-2018) – ₹ 2,033</p> <p>Weighted average exercise price under Employee Stock Option Plan 2019 (ESOP-2019) – ₹ 1,745</p> <p>Weighted average exercise price under Employee Stock Option Plan 2020 (ESOP-2020) – ₹ 2,085</p> <p>Weighted average exercise price under Restricted Stock Unit Plan 2016 (RSU 2016) – ₹ 2 (Face value of share)</p> <p>Weighted average exercise price under Restricted Stock Unit Plan 2017 (RSU 2017) – ₹ 2 (Face value of share)</p> <p>Weighted average exercise price under Restricted Stock Unit Plan 2018 (RSU 2018) – ₹ 2 (Face value of share)</p> <p>Weighted average exercise price under Restricted Stock Unit Plan 2019 (RSU 2019) – ₹ 2 (Face value of share)</p> <p>Weighted average exercise price under Restricted Stock Unit Plan 2020 (RSU 2020) – ₹ 2 (Face value of share)</p> <p>Weighted average option fair value under ESOP Plan 2014 – ₹1,228.39</p> <p>Weighted average option fair value under ESOP Plan 2016 – ₹1,324.00</p> <p>Weighted average option fair value under ESOP Plan 2017 – ₹1,615.00</p> <p>Weighted average option fair value under ESOP Plan 2018 – ₹1,138.00</p> <p>Weighted average option fair value under ESOP Plan 2019 – ₹1,067.00</p> <p>Weighted average option fair value under ESOP Plan 2020 – ₹1,200.00</p> <p>Weighted average option fair value under RSU Plan 2016 – ₹3,290.00</p> <p>Weighted average option fair value under RSU Plan 2017 – ₹3,663.00</p> <p>Weighted average option fair value under RSU Plan 2018 – ₹2,672.00</p> <p>Weighted average option fair value under RSU Plan 2019 – ₹2,308.00</p> <p>Weighted average option fair value under RSU Plan 2020 – ₹2,686.00</p>

Sl. No.	Particulars	Employee Incentive Scheme, 2014											
11.	<p>A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:</p> <p>(a) the weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model;</p> <p>(b) the method used and the assumptions made to incorporate the effects of expected early exercise;</p> <p>(c) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and</p> <p>(d) whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition</p>	The fair value of options/RSUs granted under various plans is estimated using the Black Scholes option pricing model after applying the following key assumption.											
		Share Price	ESOP 2014	ESOP 2016	ESOP 2017	ESOP 2018	ESOP 2019	ESOP 2020	RSU 2016	RSU 2017	RSU 2018	RSU 2019	RSU 2020
		Exercise Price	2995.85	3292	3757	2711	2637	3210	3292	3757	2865	2637	3210
		Risk Free Interest Rate	2159	2469	2818	2033	1745	2085	2	2	2	2	2
		Expected Life (in years)	8.45%	7.08%	6.42%	7.00%	6.57%	5.88%	7.06%	6.42%	7.23%	6.57%	5.88%
		Expected annual volatility of shares	4.85	4.85	4.85	4.85	4.85	4.85	4.55	4.55	4.55	4.55	4.55
		Expected dividend yield	26.87%	27.39%	23.98%	22.96%	22.54%	26.42%	113.57%	107.92%	23.17%	22.49%	26.61%
		Expected volatility of shares	3.17%	2.87%	2.56%	2.78%	2.92%	3.91%	2.87%	2.56%	2.78%	2.92%	3.91%
		Expected life options of each vest.	The expected volatility has been calculated using the daily stock returns on NSE, based on expected life options of each vest.										
		The expected life of the share option is based on historical data and current expectation and not necessarily indicative of exercise pattern that may occur.	The expected life of the share option is based on historical data and current expectation and not necessarily indicative of exercise pattern that may occur.										
12.	Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with Indian Accounting Standard 33 any other relevant Indian accounting standards as prescribed from time to time	₹ 148.37 per share											
13.	Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI or any other relevant Indian accounting standards as prescribed from time to time	All relevant disclosures have been made in the financial statements.											

### Details of option movement during the Year

Sl. No.	Particulars	ESOP - 2014	ESOP - 2016	ESOP - 2017	ESOP - 2018	ESOP - 2019	ESOP - 2020	RSU - 2016	RSU - 2017	RSU - 2018	RSU - 2019	RSU - 2020
1.	Number of options/ RSUs outstanding at the beginning of the year	864	20,916	21,826	108,030	93,425	-	-	2,128	5,580	5,210	-
2.	Number of options/ RSUs granted during the year	NIL	NIL	NIL	NIL	NIL	101,375	NIL	NIL	NIL	NIL	1,560
3.	Number of options/ RSUs forfeited / lapsed during the year	-	1,954	3,960	12,280	16,110	7375	-	-	-	-	-
4.	Number of options/ RSUs vested during the year	-	9,250	5,647	28,725	15,463	-	-	2128	1674	1563	-
5.	Number of options/ RSUs exercised during the year	864	7,941	2,628	13,344	12,835	-	-	-	1,674	1,563	-
6.	Number of shares arising as a result of exercise of options/ RSUs	864	7,941	2,628	13,344	12,835	-	-	-	1,674	1,563	-
7.	Money realized by exercise of options/ RSUs (₹), if scheme is implemented directly by the Company	18,65,376	1,96,06,329	74,05,704	2,71,28,352	2,23,97,075	-	-	-	3,348	3,126	-
8.	Loan repaid by the Trust during the year from exercise price received	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable					
9.	Number of options/ RSUs outstanding at the end of the year	-	11,349	14,910	82,406	64,480	94,000	-	2,128	3,906	3,647	1,560
10.	Number of options/ RSUs exercisable at the end of the year	-	11,349	9,753	26,808	2,628	-	-	2,128	1,674	-	-
11.	Employee wise details (name of employee, designation, number of options/RSUs granted during the year, exercise price) of options granted to -											
	(a) Key Managerial Personnel/ senior managerial personnel;	None	None	None	None	None	Refer Note 1 below	None	None	None	None	Refer Note 1 below
	(b) any other employee who receives a grant in any one year of option/ RSU amounting to 5% or more of option/ RSUs granted during that year; and	None	None	None	None	None	Refer Note 1 below	None	None	None	None	Refer Note 1 below
	(c) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	None	None	None	None	None	Refer Note 1 below	None	None	None	None	Refer Note 1 below

**Note 1:**

	<b>Employee Name</b>	<b>Designation</b>	<b>No. of options to senior managerial personnel</b>
<b>ESOP 2020</b>			
	Vikram S. Kasbekar	Executive Director and Chief Technical Officer	8,250*
	Naveen Chauhan	Head - Sales & After Sales	3,600
	Surender Kumar Chhabra	Vice President - Corporate Finance	3,350
	Neerja Sharma	Company Secretary & Chief Compliance Officer	7,750*
	Rakesh Vasisht	Associate Vice President	1,800
	Malo Le Masson	Head - Strategy & Global Product Planning	8,000*
	Ravi Kumar Pisipaty	Head – Plant Operations	1,750
	Mukesh Goyal	Deputy Head – Plant Operations	3,700
	Mahesh Kumar Kaikini	Head - Quality	2,325
	Gurinder Sandhu	Head- Marketing	1,050
	Markus Feichtner	Head - Centre of Competency	7,125*
		<b>Total</b>	<b>54,075</b>
<b>RSU 2020</b>			
	Niranjan Kumar Gupta	Chief Financial Officer	1,560*
		<b>Total</b>	<b>1,560</b>

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

# Annexure - IV

## Corporate Governance Report

### Company's philosophy on Corporate Governance

Corporate governance at Hero MotoCorp Limited ("Hero"/"Company") is strongly founded on its core guiding values viz. passion, integrity, respect, courage and responsibility in all its actions, operations and engagement with the stakeholders and society at large. The Company believes that good corporate governance emerges from the application of the best and sound management practices and compliance with the laws coupled with adherence to the highest standards of transparency and business ethics.

Being an industry leader for the last 20 years, gives us immense pride and at the same time puts onus on us to raise our own bar of governance. Achieving milestones is important for us, but achieving them the right and ethical way is all the more important and essential.

Create, Collaborate and Inspire are the main tenets of our governance philosophy and a medium or a mission for us to achieve our vision of becoming the future of mobility.

- Create: Re-define mobility through the creation of a mobility roadmap. Set best practices and benchmarks for the industry.
- Collaborate: Leverage partnerships and exhibit teamwork. Co-create solutions that benefit the community, while caring for both the internal and external environmental ecosystems and support sustainability.
- Inspire: Move forward with purpose. Inspire our colleagues, customers and communities. Thrive on the local and global stage.

The governance principles ingrained in the value system of the Company are based on conscience, openness, fairness and professionalism, which have built strong foundation of trust and confidence in the minds of our stakeholders. The governance structure at Hero is based on the principles of providing adequate authority to the executive management within a given framework to ensure that the powers vested in the executive management are exercised with due care and utmost responsibility so as to meet the expectation of all the stakeholders. In line with these principles, the Company follows a three tier corporate governance structure, viz.:

- i. The Board of Directors – Hero has a balanced mix of eminent executive, non-executive and independent directors on the Board. The Board exercises strategic oversight over business operations, ensures compliance with the legal framework, integrity of financial accounting and reporting systems and ensures that a good corporate culture and strong ethical environment is followed across the organization which consequently leads to long term success of the Company.
- ii. Committees of Directors – The Committees of the Board such as Audit Committee, Risk Management Committee, Nomination and Remuneration Committee, Sustainability & Corporate Social Responsibility Committee (SCSR), etc. are focused on financial reporting, audit and internal controls, legal & compliance issues, appointment and remuneration of Directors and senior management employees, implementation and monitoring of SCSR activities and the risk management framework.
- iii. Executive Management – The entire business including the support functions are managed with clearly demarcated responsibilities and authorities at different levels. The Managing Director and CEO is responsible for achieving the Company's vision and mission, business strategies, significant policy decisions and providing strategic guidance. The Managing Director and CEO is supported by the leadership team which comprises of functional heads.

### Board of Directors

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

### Composition of Board

The Board of Directors ('Board') has an optimum combination of Executive and Non-Executive Directors, representing a blend of professionalism, knowledge and experience. The Company profess the importance of diversity at Board and at all levels within the organization. The size and composition of the Board meet the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). As on March 31, 2021, the Company's Board comprised of nine Directors, with two Executive Directors, one of them being the Chairman, two Non-Executive Directors, five Non-Executive and Independent Directors, including one woman Director, i.e. 78% of total strength of Board comprises Non-Executive Directors.

Mr. Paul B. Edgerley (effective May 4, 2021) ceased to be the Director of the Company, due to completion of his tenure as per the provisions of the Companies Act, 2013 & relevant provisions of the Listing Regulations. The Board appreciates the guidance and support provided by Mr. Edgerley during his tenure. Further, Air Chief Marshal B.S. Dhanoa (Retd.) was appointed as an Additional and Independent Director effective October 1, 2020, for a tenure of five years.

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

Composition of the Board as on March 31, 2021 is given in Table 1:

**Table 1: Company's Board**

Names of Directors	Category of Directorship	Details of Directorships		Committee Memberships*	
		Indian companies		Number of Committee Memberships held	Number of Committee Chairmanships held
		Public companies	Others (including Foreign companies)	(excluding Private, Foreign and Section 8 companies)	
Dr. Pawan Munjal	Chairman, Managing Director & CEO	3	6	-	-
Mr. Vikram S. Kasbekar	Whole-time Director	2	1	-	-
Mr. Pradeep Dinodia	Non-Executive	4	-	8	5
Mr. Suman Kant Munjal	Non-Executive	4	13	1	-
Prof. Jagmohan Singh Raju	Non-Executive & Independent	1	-	1	-
Mr. Meleveetil Damodaran	Non-Executive & Independent	9	3	8	4
Mr. Paul B. Edgerley	Non-Executive & Independent	1	8	1	-
Ms. Tina Trikha	Non-Executive & Independent	2	1	2	-
Air Chief Marshal B.S. Dhanoa (Retd.)	Additional & Independent	1	-	1	-

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

The names of other listed companies where directorship is held by Board members as on March 31, 2021 is given below in Table 2.

**Table 2: Directorship in other listed Companies**

S.No.	Names of Directors	Names of companies & categories of Directorship
1.	Dr. Pawan Munjal	-
2.	Mr. Vikram S. Kasbekar	-
3.	Mr. Pradeep Dinodia	<ul style="list-style-type: none"> <li>▪ Shriram Pistons and Rings Limited Chairman &amp; Non-Executive Director</li> <li>▪ DCM Shriram Limited Non-Executive &amp; Independent Director</li> </ul>
4.	Mr. Suman Kant Munjal	-
5.	Prof. Jagmohan Singh Raju	-
6.	Mr. M. Damodaran	<ul style="list-style-type: none"> <li>▪ Biocon Limited Non-Executive &amp; Independent Director</li> <li>▪ Interglobe Aviation Limited Chairman &amp; Non-Executive &amp; Independent Director</li> <li>▪ CRISIL Limited Non-Executive &amp; Independent Director</li> <li>▪ Larsen &amp; Toubro Limited Non-Executive &amp; Independent Director</li> <li>▪ Tech Mahindra Limited Non-Executive &amp; Independent Director</li> </ul>
7.	Mr. Paul B. Edgerley	-
8.	Ms. Tina Trikha	<ul style="list-style-type: none"> <li>▪ Oberoi Realty Limited Non-Executive &amp; Independent Director</li> </ul>
9.	Air Chief Marshal B.S. Dhanoa (Retd.)	-

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

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

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

All Independent Directors have confirmed in accordance with applicable Listing Regulations and Section 149(6) of the Companies Act, 2013 and the rules framed thereunder that they meet the

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

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

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

## Independent Directors

Eminent people having an independent standing in their respective field /profession and who can effectively contribute to the Company's business and policy decisions are considered for appointment as Independent Directors. They are expected to be independent from management and to act as trustees of shareholders, this implies that they should actively participate in Board/ Committee meetings, seek answers to questions, evaluate proposals from the perspective of small shareholders, review current information flow and suggest necessary changes wherever required. The Nomination and Remuneration Committee ('NRC'), *inter alia*, considers various metrics and adheres to defined processes for selection of Independent Directors. The Board considers the NRC's recommendation and takes appropriate decisions in appointment of the Independent Directors. None of the Independent Directors hold more directorships than the permissible limits under the Companies Act, 2013 and Listing Regulations.

During FY 2020-21, none of the Independent Director resigned from the Company before the expiry of his/ her tenure. Mr. Paul B. Edgerley (effective May 4, 2021) ceased to be the Director of the Company, due to completion of his tenure as per the provisions of the Companies Act, 2013 & relevant provisions of the Listing Regulations.

## Role of the Board of Directors

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

The Board meets periodically to review financial reports from the Chief Financial Officer, compliance reports from the Company Secretary and Chief Compliance Officer and business reports from other executive management teams, besides possible risks and risk mitigation measures. These detailed meetings and one-to-one interactions set the agenda and provide the strategic roadmap for the Company. The Board has also established various Committees

Directors' attendance at Board meetings and the annual general meeting (AGM) of the Company held during the year ended March 31, 2021 is given in Table 3.

**Table 3: Directors' attendance record during FY 2020-21 at Board meetings and previous annual general meeting**

Names of Directors	Number of Board Meetings		Attendance at Previous AGM
	Held	Attended	
<b>Executive Directors</b>			
Dr. Pawan Munjal	5	5	
Mr. Vikram S. Kasbekar	5	5	

to discharge its responsibilities in an efficient and effective manner. The Chairman, Managing Director & CEO provides overall direction and guidance to the Company and is assisted by the leadership team.

## Board Support and Role of Company Secretary in Governance Process

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

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

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

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

## Board Meetings

During FY 2020-21, the Board met five times viz. on June 9, 2020, July 23, 2020, August 13, 2020, October 28, 2020 and February 4, 2021. Pursuant to Ministry of Corporate Affairs (MCA) general circular no. 11/2020 dated March 24, 2020, issued in view of COVID-19 outbreak, the mandatory requirement of holding Board meeting within the interval of one hundred and twenty (120) days provided in Section 173 of the Companies Act, 2013 was relaxed and extended by a period of sixty (60) days for the companies.

In view of the above relaxation, the first Board Meeting for FY 2020-21 was conducted on June 9, 2020 which was as per the revised timelines of the MCA circular.

Names of Directors	Number of Board Meetings		Attendance at Previous AGM
	Held	Attended	
<b>Non-Executive Directors</b>			
Mr. Pradeep Dinodia	5	5	☑
Mr. Suman Kant Munjal	5	5	☑
<b>Non-Executive and Independent Directors</b>			
Mr. M. Damodaran	5	5	☑
Mr. Paul B. Edgerley*	5	5	☑
Prof. Jagmohan Singh Raju	5	5	☑
Ms. Tina Trikha	5	5	☑
Air Chief Marshal B.S. Dhanoa (Retd.)#	2	2	N.A.

# Appointed as Director effective October 1, 2020

\* Ceased to be Director effective May 4, 2021

### Shareholding of Non-Executive Directors as on March 31, 2021

Names of Directors	No. of shares held	Beneficiary
Mr. Pradeep Dinodia	160	Shares are held either by himself or jointly with relative(s).
Mr. Suman Kant Munjal	91,250	Self
	10,833	As Karta of HUF
	93,09,018	On behalf of Brijmohan Lall Om Parkash (BMOP), partnership firm

Apart from the above, none of the Non-Executive (including Independent) Directors holds any shares (as own or on behalf of any other person on beneficial basis) in the Company as on March 31, 2021.

### Familiarisation Programme for Board Members

The Company regularly provides orientation and business overview to its Directors by way of detailed presentations by the various business & functional heads at Board meetings and through other interactive programmes. Such meetings/ programmes include briefings on the culture, values, business model, domestic and global business of the Company, the roles and responsibilities of Directors and senior executives. Besides these, the Directors are regularly updated about Company's new projects, R&D initiatives, changes in regulatory environment and strategic direction. A two (2) day detailed orientation programme through virtual means was organized for Air Chief Marshal B.S. Dhanoa (Retd.) who joined the Board during the year, covering all aspects of business operations, meetings with business heads and virtual plant tour.

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

During the year, a session on the specifics of corporate governance and Board room practices was also conducted for the entire Board including the Non-Independent Directors.

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

### Code of Conduct for the Board Members and Employees

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

The Board revised and updated the Code of Conduct during the year, to remain adaptive and agile in order to anticipate and adjust effectively to change. The Company's code was formulated in the year 2010 on the basis of 8 broad principles viz. Fiduciary, Property, Reliability, Transparency, Dignity, Fairness, Citizenship and Responsiveness. On detailed review, it was felt necessary to update the Code in line with contemporary norms, complexities and business requirements.

The updated Code of Conduct features the following:

1. Inclusion of senior management under the "employee" category for uniformity and ease of understanding and implementation.
2. Amendments related to the clause on anti-bribery and anti-corruption.
3. Mandatory disclosure of all personal relationships for employees.
4. Strengthening of "conflict of interest" section.
5. Emphasis on being an equal opportunity employer and to embrace diverse and inclusive culture.

The Company has received affirmations from Board members as well as senior management confirming their compliance with the said Code for FY 2020-21. An annual declaration signed by the Chairman, Managing Director & CEO to this effect forms part of this Report as **Annexure - VII**.

The Code is available on the website of the Company at the following link: [https://www.heromotocorp.com/en-in/uploads/code\\_policy/20191224114146-code-policy-495.pdf](https://www.heromotocorp.com/en-in/uploads/code_policy/20191224114146-code-policy-495.pdf).

## Board/ Committee Meetings & Procedures

### Frequency of meetings and information supplied

A well-defined system of convening at least 4 pre-scheduled Board meetings annually is currently in place in the Company. However, additional Board meetings are convened, from time to time, as per specific requirements by giving appropriate notice. During FY 2020-21, the Company has convened its Board meetings and other committee meetings through video conferencing (VC) pursuant to the circulars issued by Ministry of Corporate Affairs from time to time. Wherever it is not possible to convene a Board meeting, resolutions are passed by circulation in order to meet the business exigencies.

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

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

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

- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material;
- Non-compliance of any regulatory, statutory or listing requirements and shareholders' services such as non-payment of dividend, delay in share transfer etc.

### Information supplied for Board/Committee meetings

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

### Minutes of Board/Committee meetings

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

### Meeting of Independent Directors

Independent Directors of the Company met twice during FY 2020-21, i.e. on June 15, 2020 and February 3, 2021.

### Committees of the Board

#### Audit Committee

Your Company has a duly constituted Audit Committee and its composition as well as charter are in line with the requirements of the Act and Listing Regulations. Effective October 28, 2020, Air Chief Marshal B.S. Dhanoa (Retd.) was co-opted as member of the Audit Committee. As on March 31, 2021, Audit Committee comprises five Directors viz. Mr. M. Damodaran, Mr. Paul B. Edgerley, Mr. Pradeep Dinodia, Ms. Tina Trikha and Air Chief Marshal B.S. Dhanoa (Retd.), all learned and eminent personalities in their respective fields. At present, Mr. M. Damodaran is the Chairman of the Committee. All members of the Audit Committee are financially literate and have accounting or related financial management expertise as mandated by the Listing Regulations.

The Audit Committee has the following terms of reference:

- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Review and monitor the auditors' independence and performance and effectiveness of audit process;

- Examination of the financial statements and the auditors' report thereon;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters;
- Operate the vigil mechanism in the Company.
- Approval of any subsequent modification of transactions of the Company with related parties;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

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

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

The Audit Committee also mandatorily reviews the following information:

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

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

During FY 2020-21, six meetings of the Audit Committee were held on June 9, 2020, July 23, 2020, August 13, 2020, October 28, 2020, February 4, 2021 and March 3, 2021 in due compliance with the provisions of the Act and Listing Regulations.

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

**Table 4: Details of Audit Committee Members and Number of Meetings Attended**

Names of Committee Members	Position held	No. of meetings held during FY 2020-21	No. of meetings attended
Mr. M. Damodaran	Chairman	6	6
Mr. Paul B. Edgerley*	Member	6	6
Mr. Pradeep Dinodia	Member	6	6
Ms. Tina Trikha	Member	6	6
Air Chief Marshal B.S. Dhanoa (Retd.)#	Member	2	2

\* Ceased to be a Director effective May 4, 2021

# Appointed as member effective October 28, 2020

### Role and reporting of Internal Auditors

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

The role of Internal Audit is to provide an objective and independent review of the design and operation of risk management, control and governance processes operated across the Company. Internal Audit also adds value by providing advice to management on improvements they can make to these processes.

Internal Audit reviews controls that cover:

- the appropriateness and effectiveness of risk management and governance processes
- the reliability and integrity of financial and operating information
- the effectiveness and efficiency of operations
- safeguarding of assets
- compliance with laws, regulations and contracts
- the delivery of major programmes
- quality and continuous improvement.

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

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

### Nomination and Remuneration Committee ('NRC')

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

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

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

- to formulate and recommend to the Board of Directors the Company's policies, relating to the remuneration for the Directors, Key Managerial Personnel and other employees, criteria for determining qualifications, positive attributes and independence of a Director;
- to formulate criteria for evaluation of Independent Directors and the Board;
- to identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal;
- to carry out evaluation of every Director's performance;
- to devise a policy on Board diversity;
- to administer and superintend the ESOP including but not limited to the formulation of detailed terms and conditions of the ESOS;

- to allot shares and issue share certificates against the options exercised in terms of Employees Incentive Scheme of the Company as approved by shareholders from time-to-time;
- to recommend to the Board, all remuneration, in whatever form, payable to senior management.

Effective August 13, 2020, Dr. Pawan Munjal was co-opted as member of the NRC. As on March 31, 2021, the NRC comprises four Directors viz. Prof. Jagmohan Singh Raju, Dr. Pawan Munjal, Mr. Pradeep Dinodia and Mr. M. Damodaran as members. At present,

Prof. Jagmohan Singh Raju is the Chairman of the Nomination and Remuneration Committee. The Company Secretary acts as the Secretary of the Nomination & Remuneration Committee.

During FY 2020-21, five meetings of the NRC were held on June 8, 2020, August 12, 2020, October 27, 2020, November 26, 2020 and February 3, 2021.

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

**Table 5: Details of Nomination and Remuneration Committee Members and Number of Meetings Attended**

Names of Committee Members	Position held	No. of meetings held during FY 2020-21	No. of meetings attended
Prof. Jagmohan Singh Raju	Chairman	5	5
Dr. Pawan Munjal <sup>#</sup>	Member	3	3
Mr. Pradeep Dinodia	Member	5	5
Mr. M. Damodaran	Member	5	5

<sup>#</sup> Appointed as member effective August 13, 2020

### Remuneration and Board Diversity Policy

The Company's Remuneration Policy represents the approach of the Company to the remuneration of Directors and senior management. The Company's policy on Board Diversity sets out the approach to have a diversity on the Board of the Company in terms of gender, age, cultural, educational & geographical background, ethnicity, profession, experience skills and knowledge.

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

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

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

### Remuneration paid to Executive Directors

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

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

Table 6 gives details of remuneration paid to Executive Directors.

**Table 6: Remuneration to Executive Directors<sup>#</sup>**

Names of Directors	Basic Salary	Perquisites, Allowances & Retirals	Commission (Fixed)	Total
Dr. Pawan Munjal	18.40	30.58	37.95	86.93
Mr. Vikram S. Kasbekar	2.34	4.20	-	6.54

(₹ in crore)

<sup>#</sup> No notice period and severance fee is payable to Executive Directors as on March 31, 2021.

## Remuneration paid to Non-Executive Directors

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

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

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

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

**Table 7: Remuneration to Non-Executive Directors**

(₹ in crore)			
Names of Directors	Sitting fees	Commission	Total
Prof. Jagmohan Singh Raju	0.16	0.50	0.66
Mr. M. Damodaran	0.24	0.77	1.01
Mr. Paul B. Edgerley <sup>#</sup>	0.17	0.51	0.68
Mr. Pradeep Dinodia	0.24	0.85	1.09
Mr. Suman Kant Munjal	0.05	0.18	0.23
Ms. Tina Trikha	0.13	0.43	0.56
Air Chief Marshal B.S. Dhanoa (Retd.) <sup>*</sup>	0.06	0.18	0.24

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

<sup>#</sup> Ceased to be a Director effective May 4, 2021

<sup>\*</sup> Appointed as Director effective October 1, 2020

During FY 2020-21, the Company did not advance any loans to any of its Directors. Further, there are no pecuniary relationships or transactions between the Independent Directors and the Company, other than the details provided above and the sitting fees and commission drawn by the Non-Executive and Independent Directors.

## Performance Evaluation Criteria for Independent Directors

A formal evaluation of performance of the Board, its Committees, the Chairman and individual Directors was carried out in FY 2020-21, details of which are provided in the Board's Report.

## Stakeholders' Relationship Committee ('SRC')

This Committee looks into investors' grievances arising out of issues regarding share transfers, dividends, dematerialisation and

related matters, evaluating performance and service standards of the Registrar and Share Transfer Agent and takes requisite action(s) to redress the same.

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

During the year, two meetings of the Stakeholders' Relationship Committee were held on August 12, 2020 and March 3, 2021. The Company Secretary acts as the Secretary of the Stakeholders' Relationship Committee. Ms. Neerja Sharma is the Company Secretary & Chief Compliance Officer of the Company.

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

**Table 8: Details of Stakeholders' Relationship Committee Members and Number of Meetings Attended**

Names of Committee Members	Position held	No. of meetings held during FY 2020-21	No. of meetings attended
Mr. Pradeep Dinodia	Chairman	2	2
Prof. Jagmohan Singh Raju	Member	2	2
Mr. M. Damodaran	Member	2	2

## Investors' Grievance Redressal

During FY 2020-21, the following complaints were received and resolved to the satisfaction of shareholders. As on March 31, 2021, 18 complaints were pending.

S. No.	Nature of Complaints	Opening	Received	Resolved	Closing (Pending)
1.	Non-receipt of shares	-	17	17	-
2.	Non-receipt of dividend	-	328	310	18*
3.	Complaints lodged with Authorities	-	22	22	-
4.	Non-receipt of securities after transfer/ transmission/duplicate/ remat/name correction etc.	-	-	-	-

\* The complaints received on March 30 & 31, 2021 were closed on or before April 6, 2021

## Sustainability and Corporate Social Responsibility ('SCSR') Committee

The SCSR Committee is responsible for formulation and recommendation of the CSR policy of the Company. It also recommends the amount of expenses to be incurred on CSR activities and closely and effectively monitors the implementation of the policy. The Company has also been performing work around sustainability in order to make the operations, business and the Company as a whole, a sustainable organization. The Company's sustainability strategy rests on the following five pillars:

- Inclusive Growth
- Eco-efficiency
- People
- Responsible Value Chain
- Product Stewardship

In today's ever-evolving world, it is difficult to separate a corporate's responsibility towards society from the obligation of having a sustainable business and both the concepts are intertwined. From a strong governance perspective, it is imperative that both be run from a common strategic view point and direction, to have maximum long term impact. Therefore, the Board at its meeting held on May 6, 2021 has included 'Sustainability' within the role of Corporate Social Responsibility Committee of the Company and accordingly amended and expanded the terms of reference of the

Committee by including the terms with respect to 'Sustainability'.

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

Due to the inclusion of Sustainability within the ambit of the Corporate Social Responsibility Committee, the existing 'Corporate Social Responsibility Committee' was renamed by the Board as 'Sustainability Corporate Social Responsibility Committee'.

Further, due to the recent amendments by the Ministry of Corporate Affairs in the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Corporate Social Responsibility Policy was updated during the year, the details of which may be referred to in the Board's Report. The said policy is disclosed on the Company's website, link for which is [https://www.heromotocorp.com/en-in/uploads/code\\_policy/20191126104858-code-policy-35.pdf](https://www.heromotocorp.com/en-in/uploads/code_policy/20191126104858-code-policy-35.pdf).

Effective October 28, 2020, Ms. Tina Trikha was co-opted as member of the SCSR committee. As on March 31, 2021, the SCSR committee comprises four Directors viz. Dr. Pawan Munjal as Chairman, Mr. Pradeep Dinodia, Prof. Jagmohan Singh Raju and Ms. Tina Trikha as members.

During the year, two meetings of the Committee were held on June 8, 2020 and October 27, 2020. The Company Secretary acts as the Secretary of the SCSR Committee. The details of the SCSR Committee are given in Table 9.

**Table 9: Details of Sustainability and Corporate Social Responsibility Committee Members and Number of Meetings Attended**

Names of Committee Members	Position held	No. of meetings held during FY 2020-21	No. of meetings attended
Dr. Pawan Munjal	Chairman	2	2
Mr. Pradeep Dinodia	Member	2	2
Prof. Jagmohan Singh Raju	Member	2	2
Ms. Tina Trikha*	Member	-	-

\*Appointed as member effective October 28, 2020

## Risk Management Committee ('RMC')

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

The role and terms of reference of the Committee cover the areas of developing a formal risk management structure along with formation and delegation of responsibility to an executive management team. A separate risk management function forms part of your Company, which defines risk across the organization including cyber security, monitors the material risks to which your organization is exposed and appropriately implements the mitigation plan on sustainable and continuous basis.

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

Effective October 28, 2020, Air Chief Marshal B.S. Dhanoa (Retd.) was co-opted as member of the RMC. As on March 31, 2021, the RMC comprises four Directors viz. Mr. Pradeep Dinodia as Chairman, Mr. M. Damodaran, Mr. Paul B. Edgerley and Air Chief Marshal B.S. Dhanoa (Retd.) as members.

During the year under review, four meetings of the Risk Management Committee were held on June 8, 2020, August 12, 2020, October 27, 2020 and February 3, 2021. The Company Secretary acts as the Secretary of the Risk Management Committee. The details of the Risk Management Committee are given in Table 10.

**Table 10: Details of Risk Management Committee Members and Number of Meetings Attended**

Names of Committee Members	Position held	No. of meetings held during FY 2020-21	No. of meetings attended
Mr. Pradeep Dinodia	Chairman	4	4
Mr. M. Damodaran	Member	4	4
Mr. Paul B. Edgerley <sup>#</sup>	Member	4	4
Air Chief Marshal B.S. Dhanoa (Retd.) <sup>*</sup>	Member	1	1

<sup>#</sup> Ceased to be a Director effective May 4, 2021

<sup>\*</sup> Appointed as member effective October 28, 2020

## Committee of Directors

The Company has a Committee of Directors which presently comprises Dr. Pawan Munjal as Chairman, Mr. Vikram S. Kasbekar and Mr. Pradeep Dinodia as its members. The Company Secretary acts as the Secretary of the Committee. The resolutions were passed by circulation by the Committee on a need basis. During the financial year under review, circular resolutions were passed on fifteen occasions viz. April 23, 2020, June 15, 2020, July 16, 2020, July 30, 2020, August 20, 2020, September 11, 2020, October 6, 2020, November 4, 2020, December 1, 2020, December 18, 2020, January 14, 2021, February 1, 2021, February 17, 2021, March 12, 2021 and March 26, 2021.

## Share Transfer Committee ('STC')

The role of the STC is to attend to the requests pertaining to share transfer, transmission, etc. Chief Financial Officer, Vice President

(Finance) and Company Secretary & Chief Compliance Officer are ex-officio members of the Committee. During the financial year under review, circular resolutions were passed on fifteen occasions viz. April 17, 2020, May 6, 2020, June 23, 2020, July 17, 2020, August 4, 2020, August 25, 2020, September 16, 2020, October 9, 2020, November 6, 2020, December 3, 2020, January 19, 2021, February 3, 2021, February 23, 2021, March 17, 2021 and March 31, 2021.

## Confirmation on the Recommendations of Committees of the Board

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

## Credit Ratings

The details of the credit ratings assigned by various rating agencies, is provided in Table 11:

**Table 11: Details of Credit Ratings for FY 2020-21**

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

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

## Disclosures

### Prevention of Insider Trading

In terms of the SEBI (Prohibition of Insider Trading) Regulations, 2015 ('PIT Regulations'), the Company has a comprehensive Code of Conduct for regulating, monitoring and reporting of trading by Designated Persons ('the Code'). The said Code lays down guidelines which provide for the procedure to be followed and disclosures whilst dealing with shares of the Company. Further, the Company has complied with the standardized reporting of violations related to code of conduct under SEBI (Prohibition of Insider Trading) Regulations, 2015. The Company has also put in place the institutional mechanism for prevention of insider trading along with policy for inquiry in case of leak of unpublished price sensitive information or suspected leak of unpublished price sensitive information. The Company has set up a mechanism for weekly tracking of the dealings of equity shares of the Company by the Designated persons and their immediate relatives having access to unpublished price sensitive information.

The officials of the secretarial department conduct induction programs for all the employees joining the organization and various other sessions for spreading awareness amongst its Designated Persons and other employees and to educate them about the specifics of PIT Regulations and the Code.

As part of the awareness programme, the Company had also rolled out an e-learning module for its designated persons, to impart learning and spread awareness on the practical aspects through an engaging audio-video mechanism.

### Related Party Transactions

In terms of Section 188(1) of the Act, all related party transactions entered into by the Company during FY 2020-21 were carried out with prior approval of the Audit Committee. No approval of the Board was required as all transactions were on an arm's length basis and in the ordinary course of business. Related party transactions pursuant to Indian Accounting Standard 24 were, however, disclosed to the Board.

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

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

### Disclosure of policy on material subsidiaries

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

### Accounting treatment in preparation of financial statements

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

### Compliances by the Company

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

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

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

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

### Legal Compliance Management Tool

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

### Vigil Mechanism/ Whistle Blower Policy

In compliance with the Act and the Listing Regulations, the Company has a policy/ mechanism on dealing with whistle blowers, which is approved by the Audit Committee of the Company. The Audit Committee reviews the same as and when required. During the year, no individual was denied access to the Audit Committee for reporting concerns, if any. Also, the said policy was updated during the year, the details of which may be referred to in the Board's Report. The said policy/ mechanism is disclosed on the Company's website, link for which is [https://www.heromotocorp.com/en-in/uploads/code\\_policy/20200903060455-code-policy-95.pdf](https://www.heromotocorp.com/en-in/uploads/code_policy/20200903060455-code-policy-95.pdf).

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

### Group Governance Code

Good governance is a business imperative and thus, strong processes, practices and structures through which a Company manages its business and affairs should be established. This helps

in achieving financial, operational and strategic objectives along with long-term sustainability.

Keeping in context of the above approach, the Company has implemented a Group Governance Code for its group companies and entities.

The Code was instituted with the objective of providing guidance for business conduct of the group companies and affiliates in line with the Group's overall ethos, vision and values and implementation of appropriate governance practices to ensure uniformity and to promote a culture of information sharing.

### Commodity price risk or foreign exchange risk and hedging activities

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

### Disclosures with respect to demat suspense account/ unclaimed suspense account

As per Schedule V of Listing Regulations, the status of the unclaimed equity shares lying in the demat suspense account is given in Table 12 below. The voting & beneficial rights on these shares are frozen till the rightful owner of such shares claims the shares.

**Table 12: Status of unclaimed equity shares lying in the Demat suspense account**

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

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

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

### Fees paid to Statutory Auditors

The details of fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditors and all entities in the network firm/ network entity of which statutory auditors are part of, are given in Table 13.

**Table 13: Details of fees paid to statutory auditors**

S. No.	Name of Entity	Relationship with Hero MotoCorp Ltd.	Details of Services	Amount (₹ in crore)
1.	Hero MotoCorp Limited	-	Audit Fees	1.42
2.	Hero MotoCorp Limited	-	Tax Audit Fees	0.08
3.	Hero MotoCorp Limited	-	Out of Pocket Expenses	0.11
4.	Hero MotoCorp Limited	-	Certifications	0.08
5.	HMC MM Auto Limited	Subsidiary	Audit Fees	0.18
6.	HMC MM Auto Limited	Subsidiary	Tax Audit Fees	0.02
7.	HMC MM Auto Limited	Subsidiary	Out of Pocket Expenses	0.01
8.	HMC MM Auto Limited	Subsidiary	Certifications	0.01
9.	HMCL Niloy Bangladesh Limited	Subsidiary	Audit Fees	0.11
10.	HMCL Colombia S.A.S	Subsidiary	Audit Fees	0.17
11.	Hero Tech Center Germany GmbH	Subsidiary	Audit Fees	0.32
12.	HMCL Netherlands B.V.	Subsidiary	Audit Fees	0.25
<b>TOTAL</b>				<b>2.76</b>

The Company had also included the conditions as specified in the SEBI Circular dated October 18, 2019, related to resignation of statutory auditors, in their terms of appointment.

## CEO & CFO Certification

The Chairman, Managing Director & CEO and the Chief Financial Officer ('CFO') of the Company furnish a certificate on quarterly and annual basis on financial statements of the Company in terms of Regulation 33(2)(a) and Regulation 17(8) respectively of the Listing Regulations. In terms of Regulation 17(8) of the Listing Regulations, the certificate duly signed by the Chairman, Managing Director & CEO and the CFO of the Company was placed before the Board at its meeting held on May 6, 2021 and is annexed to this report as **Annexure - VII**.

## Re-appointment of Directors

Dr. Pawan Munjal was appointed as the Chairman, Managing Director and CEO of the Company for a term of five (5) years with effect from October 1, 2016. The Board at its meeting held on May 6, 2021 has recommended the re-appointment of Dr. Pawan Munjal as Whole-time Director designated as the Chairman and CEO of the Company for another term of 5 years effective October 1, 2021. The details of re-appointment have been furnished in the explanatory statement to the notice of the ensuing annual general meeting.

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

During the FY under review, your Company has appointed Air Chief Marshal B.S. Dhanoa (Retd.) as an Additional Director of

the Company in the category of Non-Executive and Independent Directors effective October 1, 2020. The Board recommends his appointment as an Independent Director of the Company.

## Compliance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

### Mandatory Requirements

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

### Discretionary requirements

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

### The Board

The Company has an Executive Chairman.

### Shareholders Rights

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

During December 2020 – January 2021, the Company conducted a shareholder satisfaction survey, wherein a questionnaire was made available to all the shareholders, whose email IDs were

registered. The link of the survey was also made available on Company's website for others to participate. The objective of the survey was to understand the views of its stakeholders and thereby, enhancing the shareholders' services. The feedback/outcome was presented to the SRC at its meeting held on March 3, 2021. The outcome of the survey was quite encouraging, while the improvement areas were actioned upon by the Company.

### Audit Qualifications

There are no audit qualifications in the financial statements of FY 2020-21. The Company continues to adopt best practices in order to ensure unqualified financial statements.

### Separate post of Chairman and CEO

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

### Role and reporting of Internal Audit

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

## Means of Communication

### Company website

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

With the objective of enhancing the shareholders' services and guiding the shareholders in an effective manner, the Company has made available Frequently Asked Questions (FAQs) towards queries related to shares and dividend on the Investors section of the Company's website. Procedures and formats related to shares and dividend related requests have also been made available for the shareholders for easy access.

### NSE Electronic Application Processing System ('NEAPS')

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

### BSE Corporate Compliance & Listing Centre ('Listing Centre')

The Listing Centre of BSE Ltd., is a web-based application designed for corporate filings. All periodical compliance filings like

shareholding pattern, corporate governance report, media releases, among others are filed electronically on the Listing Centre.

### Financial Results

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

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

### News Releases and Presentations

Official news and media releases are sent to stock exchanges on which the shares of the Company are listed and are also uploaded on the Company's website at [www.heromotocorp.com](http://www.heromotocorp.com).

### Presentations made to Institutional Investors/ Analysts

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

### Annual Report

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

### Reminder to Investors

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

In our constant endeavour to improve shareholders' services, a process of updating shareholders' database was initiated by the Company in the month of March 2021. The Company had sent a communication, requesting the shareholders to update their credentials/ folio details/ demat account details, which were either not available or have incomplete details in the Company's database. Through this exercise, the Company has tried to reach around 1.33 lakh shareholders for updation of records.

Through the aforesaid communication, the Company has also urged the shareholders to convert their physical holding into dematerialized form to eliminate risks associated with physical shares and for ease of holding.

## Green Initiative

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

## General Body Meetings

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

Location, date and time of general meetings held during the previous three (3) years and ordinary and special resolutions passed there at are given in Table 14 as under:

**Table 14: Details of Annual General Meetings held:**

Year	Time, Day, Date and Location	Summary of special resolution(s) passed
2019-20	04:30 p.m., Wednesday, August 12, 2020, The meeting was convened through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM") as per circular dated May 5, 2020 issued by the Ministry of Corporate Affairs.	- No special resolution was passed at the meeting
2018-19	10:30 a.m., Monday, July 29, 2019, Air Force Auditorium, Subroto Park, New Delhi 110 010.	- Special resolution pertaining to re-appointment of Mr. Meleveetil Damodaran as an Independent Director of the Company for a period with effect from July 29, 2019 to May 3, 2022 was passed at the meeting.
2017-18	10:30 a.m., Tuesday, July 24, 2018, Air Force Auditorium, Subroto Park, New Delhi 110 010.	- No special resolution was passed at the meeting

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

## Postal Ballot

During the year ended March 31, 2021, no resolution was passed by postal ballot. Hence, disclosure under this section is not applicable.

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

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

## General Shareholders' Information

### Annual General Meeting

Date	: August 4, 2021
Day	: Wednesday
Time	: 4:30 p.m.
Venue	: The Company will conduct the meeting through VC / OAVM, relevant details of which have been provided in the notice of AGM

**Financial Calendar:** Financial year: April 1, 2020 to March 31, 2021

For FY 2020-21	Results were announced on
First quarter ended June 30, 2020	Thursday, August 13, 2020
Second quarter and half year ended September 30, 2020	Wednesday, October 28, 2020
Third quarter and nine months ended December 31, 2020	Thursday, February 4, 2021
Fourth quarter and year ended March 31, 2021	Thursday, May 6, 2021
For FY 2021-22	Results are likely to be announced by (tentative and subject to change)
First quarter ended June 30, 2021	Second week of August, 2021
Second quarter and half year ended September 30, 2021	Second week of November, 2021
Third quarter and nine months ended December 31, 2021	Second week of February, 2022
Fourth quarter and year ended March 31, 2022	Second week of May, 2022

## Book closure

The dates of book closure shall be from Saturday, July 24, 2021 to Wednesday, August 4, 2021 (both days inclusive).

## Dividend payment

The Board has declared an interim dividend @ 3,250% i.e. ₹ 65 per share and special interim dividend of ₹ 100 crore @ 250% i.e. ₹ 5 per equity share, taking the aggregate interim dividend declared to 3,500% i.e. ₹ 70 per equity share. The dividend was paid to those shareholders whose names appeared on the register of members as on February 16, 2021 and payment was made on February 23, 2021.

The Board has recommended a final dividend @ 1,250% i.e. ₹ 25 per equity share and special dividend @ 500% i.e. ₹ 10 per equity share for FY 2020-21.

The special final and interim dividend has been considered and declared to mark the achievement of historic milestone of achieving 100 million cumulative production of two-wheelers.

The dividend recommended by the Directors for the year ended March 31, 2021, if declared at the ensuing annual general meeting, will be paid by Friday, September 3, 2021 to those members, whose names appear in the register of members/depository records as on July 23, 2021.

## Listing on stock exchange

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

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

## Stock Codes

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

	Scrip Code
BSE	500182
NSE	HEROMOTOCO

The ISIN of the Company is INE158A01026

## Annual Listing Fees

Annual listing fees for FY 2021-22 has been paid to BSE and NSE within the stipulated time.

## Stock Market Data

Monthly high and low quotations as well as the volume of shares traded at the National Stock Exchange of India Limited and BSE Limited are given in Table 15.

**Table 15:** Share Price Data for FY 2020-21

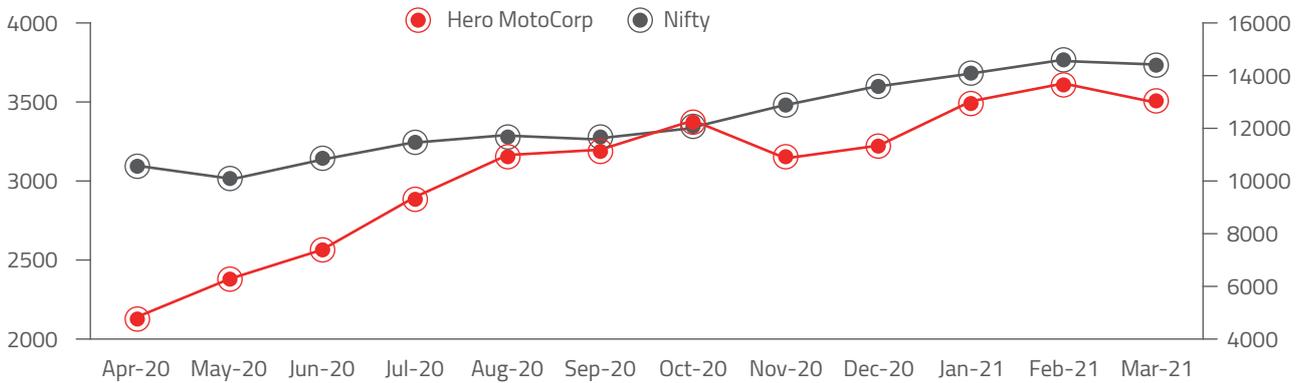
(Equity shares of ₹ 2 each paid up value)

### National Stock Exchange of India Limited, Mumbai (NSE)

Month	Total Volume (No. of Shares)	High Price (₹)	Date	Volume on that day	Low Price (₹)	Date	Volume on that day
Apr-20	3,15,58,247	2,198.10	30-Apr-20	27,86,594	1,543.15	03-Apr-20	15,92,848
May-20	4,29,19,992	2,391.90	29-May-20	33,68,797	1,933.25	06-May-20	18,81,161
Jun-20	4,60,49,937	2,590.65	26-Jun-20	13,51,765	2,230.70	12-Jun-20	32,96,739
Jul-20	3,17,14,518	2,885.70	21-Jul-20	12,89,304	2,530.00	01-Jul-20	13,36,769
Aug-20	3,68,14,376	3,181.35	26-Aug-20	46,51,111	2,620.75	03-Aug-20	22,82,040
Sep-20	3,28,69,712	3,222.05	29-Sep-20	33,94,236	2,852.00	07-Sep-20	12,63,519
Oct-20	4,09,79,510	3,394.90	16-Oct-20	14,61,911	2,787.00	30-Oct-20	31,10,794
Nov-20	3,63,07,276	3,156.95	14-Nov-20	1,99,281	2,812.00	02-Nov-20	26,71,709
Dec-20	2,11,98,526	3,239.50	11-Dec-20	12,76,394	2,900.60	22-Dec-20	10,73,505
Jan-21	2,89,06,985	3,520.15	25-Jan-21	22,66,967	3,031.00	05-Jan-21	11,50,326
Feb-21	2,64,12,322	3,629.05	18-Feb-21	1,20,356	3,199.80	26-Feb-21	1,03,281
Mar-21	2,03,59,013	3,510.90	03-Mar-21	9,65,062	2,902.00	31-Mar-21	12,12,659

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

### Hero MotoCorp's Share Price Movement vis-a-vis Nifty



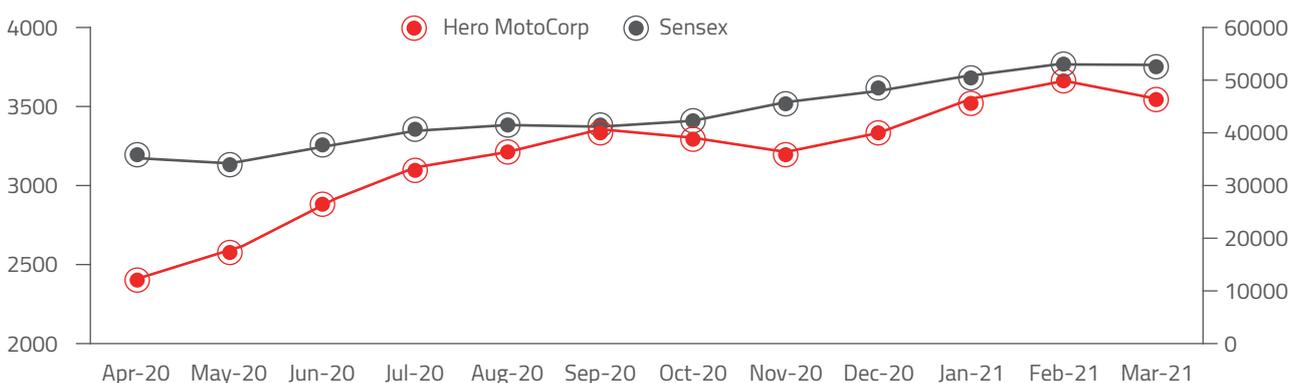
Note: The above chart depicts comparison of monthly high of Nifty and the Company's share price.

### BSE Limited, Mumbai (BSE)

Month	Total Volume (No. of Shares)	High Price (₹)	Date	Volume on that day	Low Price (₹)	Date	Volume on that day
Apr-20	10,69,866	2,194.00	30-Apr-20	1,21,658	1,544.90	03-Apr-20	39,309
May-20	11,69,849	2,390.65	29-May-20	53,631	1,935.00	06-May-20	51,827
Jun-20	13,27,970	2,590.70	26-Jun-20	33,948	2,233.40	12-Jun-20	1,09,703
Jul-20	9,89,217	2,887.50	21-Jul-20	34,598	2,530.85	01-Jul-20	46,733
Aug-20	11,81,778	3,179.55	26-Aug-20	1,35,458	2,622.50	03-Aug-20	62,750
Sep-20	13,94,157	3,221.60	29-Sep-20	69,659	2,833.55	09-Sep-20	44,897
Oct-20	10,83,460	3,393.85	16-Oct-20	28,781	2,786.55	30-Oct-20	80,304
Nov-20	11,74,849	3,158.00	14-Nov-20	7,508	2,813.45	02-Nov-20	80,656
Dec-20	7,28,333	3,240.00	11-Dec-20	49,201	2,900.00	22-Dec-20	51,484
Jan-21	11,41,456	3,520.00	25-Jan-21	85,156	3,031.10	05-Jan-21	53,427
Feb-21	11,06,505	3,628.55	18-Feb-21	45,390	3,069.15	24-Feb-21	1,29,446
Mar-21	8,21,088	3,514.20	03-Mar-21	34,798	2,889.30	31-Mar-21	33,662

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

### Hero MotoCorp's Share Price Movement vis-a-vis Sensex



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

## Distribution of shareholding by size

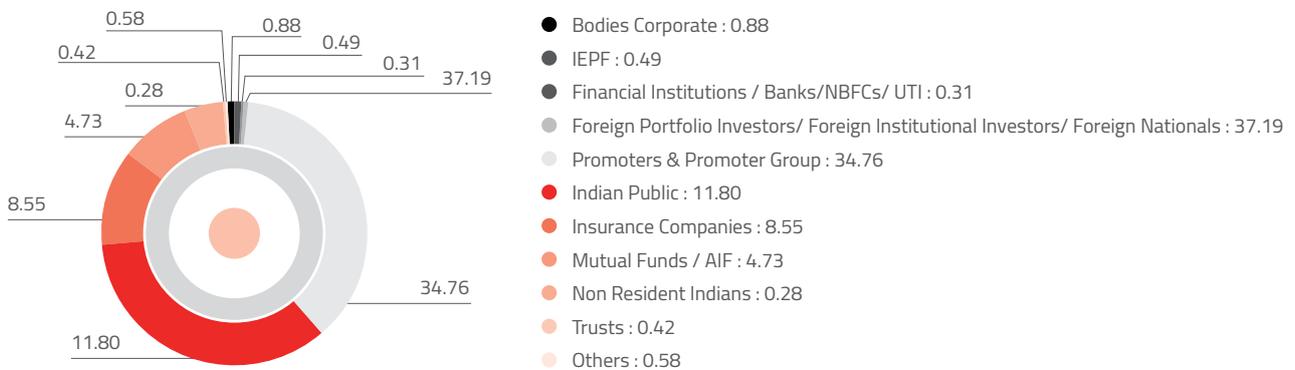
Table 16 lists the distribution of shareholding by number of shares held and shareholding pattern in percentage pursuant to Regulation 31 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as on March 31, 2021.

**Table 16: Distribution of Shareholding**

No. of shares held (₹ 2 paid-up)	Shareholders		Shares of ₹ 2 paid-up	
	Numbers	%	Number	%
Upto 5000	2,09,542	99.39	1,18,07,982	5.91
5001 – 10000	401	0.19	13,88,952	0.70
10001 – 20000	213	0.10	15,08,143	0.75
20001 – 30000	130	0.06	16,04,524	0.80
30001 – 40000	60	0.03	10,35,520	0.52
40001 – 50000	51	0.02	11,50,907	0.58
50001 – 100000	129	0.06	45,26,304	2.27
100001 & above	301	0.14	17,67,57,885	88.48
<b>Total</b>	<b>2,10,827*</b>	<b>100.00</b>	<b>19,97,80,217</b>	<b>100.00</b>

\* Shareholders grouped on the basis of PAN

## Shareholding Pattern as on March 31, 2021



## Category of shareholding as on March 31, 2021

Category	No. of holders	% to total holders	Total shares	% to equity
Physical	2,425	1.12	11,75,046	0.59
NSDL	1,07,213	49.51	19,49,80,175	97.60
CDSL	1,06,891	49.37	36,24,996	1.81
<b>Total</b>	<b>2,16,529</b>	<b>100.00</b>	<b>19,97,80,217</b>	<b>100.00</b>

## Corporate benefits

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

Financial Year	Type	Dividend declared	Dividend per share	Due date for transfer to IEPF
2013-14	Final	₹ 65	3250%	September 4, 2021
2014-15	Interim	₹ 30	1500%	September 4, 2021
	Final	₹ 30	1500%	September 30, 2022
2015-16	Interim	₹ 40	2000%	April 11, 2023
	Final	₹ 32	1600%	October 24, 2023
2016-17	Interim	₹ 55	2750%	April 6, 2024
	Final	₹ 30	1500%	August 14, 2024
2017-18	Interim	₹ 55	2750%	March 13, 2025
	Final	₹ 40	2000%	August 30, 2025
2018-19	Interim	₹ 55	2750%	March 5, 2026
	Final	₹ 32	1600%	August 30, 2026
2019-20	Interim	₹ 65	3250%	March 12, 2027
	Final	₹ 25	1250%	September 16, 2027
2020-21	Interim	₹ 70	3500%	March 10, 2028
	Final (recommended)	₹ 35	1750%	September 3, 2028 (tentative)

### Transfer of unclaimed shares to Investor Education and Protection Fund

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

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

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

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

### Investor Education and Protection Fund claim Guidelines

With effect from September 7, 2016, Investors whose unpaid dividends and shares have been transferred to IEPF under

Companies Act, 2013, can claim the amounts and shares from the IEPF Authority as per the procedures/guidelines stated below:

- Create a login on the website of MCA (<http://www.mca.gov.in/>).
- Login to the MCA website with your login credentials.
- Select Form IEPF-5 under MCA Services.
- Fill the online form with required details and submit. Rule 7 of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 or FAQs from the website of IEPF Authority may also be referred for further clarification.
- Take a printout of the duly filled and submitted Form IEPF-5 and the copy of the acknowledgement generated.
- Following documents to be arranged after submission of online form:
  - Indemnity Bond (original) with claimant signature to be executed.
 

**Note:** In case of refund of dividend amount of ₹ 10,000 or more and/ or market value of shares, non-judicial stamp paper of appropriate value as prescribed under Stamp Act according to state is required. For claim of only amount of ₹ 10,000 or less, indemnity bond can be executed on a plain paper.
  - Advance Receipt (original) with revenue stamp and signatures of claimant and witnesses, to be executed.
  - Original share certificate (in case of securities held in physical form) or copy of transaction statement in case of securities held in demat form.

- IV. Self-attested copy of PAN and Aadhaar Card.
  - V. Proof of entitlement/ original share certificate/ dividend warrant (if any).
  - VI. Original cancelled cheque leaf.
  - VII. Copy of Passport, OCI and PIO card in case of foreigners and NRIs.
  - VIII. Client Master List duly attested by the Depository Participant
  - IX. In case any joint holder is deceased, notarized copy of death certificate is to be attached. In case of NRI, self-attested copy of Overseas Indian Card (OIC) issued by MHA or Copy of Passport of PIO card, apostille as per Hague Convention is to be provided.
- g. Submit all the above and self-attested copy of e-form along with the other documents as mentioned in the Form IEPF-5, if any, to the Nodal Officer (IEPF) of the Company at its registered office in an envelope marked "Claim for refund from IEPF Authority".

The Company had received applications from various claimants during the year. The claims of only those claimants are considered to whom the entitlement letters are issued either by the Company or KFin Technologies Private Limited.

The Company has appointed Ms. Neerja Sharma as Nodal Officer and Mr. Dhiraj Kapoor as Dy. Nodal Officer of the Company for the purpose of coordinating with IEPF Authority, ensuring verification of claims.

### Dematerialisation of shares and liquidity

The shares of the Company are traded in compulsory demat segment. As on March 31, 2021, 99.41% of the total share capital was held in dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

As to liquidity, equity shares of the Company are part of the BSE Sensex, BSE-100, BSE-200, BSE-500, BSE Sectoral Indices, S&P CNX Nifty, S&P CNX 500 and CNX 100. Further, the equity shares of the Company are frequently traded at NSE and BSE.

### Outstanding GDRs/ ADRs/ warrants or any convertible instruments conversion date and likely impact on equity

Not applicable.

### Disclosure of commodity price risk or foreign exchange risk and hedging activities in terms of Regulation 34(3) read with clause 9(n) of Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

1. Risk management policy of the Company with respect to commodities including through hedging

Hero MotoCorp Limited has an approved risk management policy. The key objectives of the policy are -

- Identification and categorization of potential risks
- Assessment and mitigation of risks
- To monitor and assure continuous growth and to sustain market leadership in the mobility industry, domestically and globally.

Commodity price risk is the financial risk on an entity's financial performance/ profitability upon fluctuations in the prices of commodities. As a resource intensive manufacturing operations, the Company is exposed to a variety of market risks, including the effects of changes in commodity prices and exchange rates.

The Company procures components from its vendors for most of its business requirements, who in turn buy necessary commodities and process the same. Hence, direct purchase of commodity by Company is marginal, but the changes in prices of commodities impact procurement cost of components and parts. The key commodities which are used in the manufacture of two-wheelers are base metals (steel, aluminum), precious metals and crude oil derived plastics/resins. Sharp fluctuations in commodity prices can create business challenges that can affect production costs, product pricing and earnings.

The risk management policy is designed to manage the impact of commodity price fluctuations across its value chain to effectively manage its financial performance and profitability. Multiple levers are deployed to mitigate these risks and the selection of a lever depends on the cost-benefit analysis and the extent of exposure including its assessment of ability to pass adverse fluctuation to the customer by way of price increases. The Company works on an ongoing basis on cost optimization, weight reduction and process improvement exercises. The Company also considers localization of imports/ global sourcing to ensure lowest cost option in sourcing of parts/ raw material.

2. Exposure of the Company to commodity and commodity risks faced by the Company throughout the year: a) Total exposure of the Company to commodities in INR; and b) Exposure of the Company to various commodities.

Based on the assessment by the Company and after factoring the ability to optimize costs and pass on prices to customers, no individual commodity is likely to adversely impact the financial performance/profitability beyond its materiality threshold approved by the Board. Hence, commodity level information is not being provided hereunder:

Commodity Name	Exposure in INR towards the particular commodity	Exposure in quantity terms towards the particular commodity	% of such exposure hedged through commodity derivatives			
			Domestic market		International market	Total
	Rs./vehicle	Kg/vehicle	OTC	Exchange	OTC	Exchange

As of the reporting date i.e. March 31, 2021, the Company did not have any open contracts/derivative and consequential gains or losses arising therefrom.

- c) Commodity risks faced by the Company during the year and how they have been managed:

After witnessing a fall in the first quarter of the financial year, commodities have seen a sharp increase. Most of the ferrous, non-ferrous and precious metals are at their multi year highs which has adversely impacted the margins across the industry.

The Company has proactively monitored and managed these exposures as an integral part of its overall risk management program, which recognizes the unpredictability of markets and seeks to reduce potentially adverse effects on its business. As part of various levers mentioned including value engineering through the accelerated Leap program which has contributed approximately 200 bps saving in material cost, the Company has also periodically taken, judicious price increases to offset the adverse impact of commodity and currency on its financial performance/ profitability.

Consequent to the various measures, price movements and product mix, the material cost increase as a percentage to revenue from operations has been limited to 2.3%, which is largely attributable to the higher material cost of BSVI vehicles. This increase after offset of saving in the other cost heads has led to Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) margins falling from 13.7% in FY 20 to 13% in FY 21.

#### Details of public funding obtained in the previous three years

The Company has not obtained any public funding in the previous three years.

#### Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A)

The Company has not raised funds through preferential allotment or qualified institutions placement during the year.

#### Registrar & Share Transfer Agent ('RTA')

All work related to share registry, both in physical form and electronic form, is handled by the Company's RTA, KFin Technologies Private Limited. The communication address of the RTA is given hereunder:

KFin Technologies Private Limited (Unit: Hero MotoCorp Ltd.)  
Selenium, Tower-B, Plot No. 31 & 32,  
Financial District, Nanakramguda, Serilingampally Mandal,  
Hyderabad – 500 032  
Toll Free No: 1-800-3094-001  
E-mail: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)  
Website: [www.kfintech.com](http://www.kfintech.com)

#### Share Transfer System

All share transfers and other communications regarding share certificates, change of address, dividends, etc. should be addressed to Registrar & Share Transfer Agent.

Share Transfer Committee is authorised to approve transfer and transmission of shares in the physical segment. Such transfers generally take place on fortnightly basis. All share transfers are completed within statutory time limit from the date of receipt, provided the documents meet the stipulated requirement of statutory provisions in all respects. However, pursuant to the proviso of Regulation 40(1) of the Listing Regulations, the requests for effecting transfer of securities in physical mode shall not be processed by the Company unless the securities are held in the dematerialized form with a depository, except in case of transmission or transposition of securities. The Company obtains from a Company Secretary in practice, half yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the Listing Regulations, and files a copy of the same with the stock exchanges.

#### Reconciliation of Share Capital Audit

Audits were also carried out by the practicing Company Secretary to reconcile the total admitted capital with NSDL and CDSL. The reports for the same were submitted to BSE and NSE. The audit confirms that the total issued / paid-up and listed capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialised form (held with NSDL and CDSL).

## Compliance with Secretarial Standards

The Institute of Company Secretaries of India, a statutory body, has issued Secretarial Standards on Meeting of the Board of Directors and General Meetings. The Company has complied with all the applicable provisions of the Secretarial Standards.

## Company's Registered Address

The Grand Plaza, Plot No. 2, Nelson Mandela Road,  
Vasant Kunj – Phase-II, New Delhi-110 070.

CIN: L35911DL1984PLC017354

Tel: +91-11-4604 4220

Fax: +91-11-4604 4399

Website: [www.heromotocorp.com](http://www.heromotocorp.com)

## Plant Locations and R&D Centre

### Gurugram Plant

37 km Stone, Delhi-Jaipur Highway,  
Sector 33, Gurugram-122 001  
Haryana, India  
Tel: 0124-289 4200, 237 2123  
Fax: 0124-237 3141/42

### Dharuhera Plant

69 km Stone, Delhi-Jaipur Highway,  
Dharuhera, Distt. Rewari-123 110  
Haryana, India  
Tel: 01274-264 000  
Fax: 01274-267 018

### Haridwar Plant

Plot No. 3, Sector 10,  
I.I.E., SIDCUL, Roshanabad,  
Haridwar-249 403, Uttarakhand, India  
Tel: 01334-238 500, 239 514-16  
Fax: 01334-239 512/13

### Neemrana Plant

SP 101-103, 108 & 109,  
RIICO Industrial Area, Phase – II,  
Delhi-Jaipur Highway, Neemrana,  
District Alwar, Rajasthan-301 705, India  
Tel: 01494-2673000

### Global Parts Centre

SP 104-107,  
RIICO Industrial Area, Phase – II,  
Delhi-Jaipur Highway, Neemrana,  
District Alwar, Rajasthan-301 705, India

### Halol Plant

Plot No. 102, Halol (Exp.) Industrial Estate,  
Vadodara Godhra Highway  
Taluka-Kalol, Tehsil-Halol,  
Distt. Panchmahal, Gujarat-389 350, India  
Tel: 02675-229 114

### Chittoor Plant

Sy. No. 1, Industrial Park,  
Madanapalem (Village)  
Sathyavedu (Mandal)  
Chittoor,  
Andhra Pradesh-517 588, India

### R&D Centre

Centre of Innovation & Technology  
SPL-1, RIICO Industrial Area,  
Kukas, Phase-II, NH-11C,  
Jaipur, Rajasthan-302 028, India  
Tel: 0142-643 000

### Colombia Plant

HMCL Colombia S.A.S  
KM 24, via Cali – Santender De Quilichao  
Zona Franca Permanente Conjunto,  
Industrial Parque Sur, Villa Rica, Cauca,  
Lote 6A, Colombia  
Tel: +572-3120662

### Bangladesh Plant

HMCL Niloy Bangladesh Ltd.  
Padmabilla, Shakharihati,  
Kotwali, Jessore, Bangladesh  
Tel: +8809601505541

### Hero Tech Center Germany GmbH

Kronstaudener Weg 1,  
D-83071 Stephanskirchen,  
Germany

## Compliance Certificate of the Secretarial Auditors

Certificates from Sanjay Grover & Associates, Company Secretaries (Firm Registration No. P2001DE052900), was issued confirming:

- Compliance with conditions of Corporate Governance as stipulated under Listing Regulations which is attached to this report as **Annexure - V**.
- None of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by SEBI/ Ministry of Corporate Affairs or any such statutory authority which is also attached to this report as **Annexure - VI**.

### Retail Shareholder Correspondence may be addressed to:

KFin Technologies Private Limited (Unit: Hero MotoCorp Ltd.)  
Selenium, Tower-B, Plot No. 31 & 32,  
Financial District, Nanakramguda, Serilingampally Mandal,  
Hyderabad – 500 032, Telangana  
Toll Free No.: 1-800-3094-001  
E-mail: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)  
Website: [www.kfintech.com](http://www.kfintech.com)

OR

Mr. Dhiraj Kapoor  
General Manager-Secretarial & Dy. Nodal Officer  
The Grand Plaza, Plot No. 2, Nelson Mandela Road,  
Vasant Kunj-Phase-II, New Delhi-110 070  
E-mail: [secretarialho@heromotocorp.com](mailto:secretarialho@heromotocorp.com)

**For Institutional Investors' matters:**

Mr. Umang Deep Singh Khurana,  
Head-Investor Relations  
The Grand Plaza, Plot No. 2, Nelson Mandela Road,  
Vasant Kunj-Phase-II, New Delhi-110 070  
E-mail: [umang.khurana@heromotocorp.com](mailto:umang.khurana@heromotocorp.com)  
[investor.relations@heromotocorp.com](mailto:investor.relations@heromotocorp.com)

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

Mr. Niranjana Gupta, Chief Financial Officer  
The Grand Plaza, Plot No. 2, Nelson Mandela Road,  
Vasant Kunj-Phase-II, New Delhi-110 070

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

Customer Care  
Hero MotoCorp Ltd.  
The Grand Plaza, Plot No. 2, Nelson Mandela Road,  
Vasant Kunj-Phase-II, New Delhi-110 070  
E-mail: [customercare@heromotocorp.com](mailto:customercare@heromotocorp.com)

# Annexure - V

## Corporate Governance Certificate

To  
The Members  
**Hero MotoCorp Limited**

We have examined the compliance of conditions of Corporate Governance by **Hero MotoCorp Limited** ("the Company"), for the financial year ended March 31, 2021 as stipulated under Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V to the Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Sanjay Grover & Associates  
Company Secretaries  
Firm Registration No.: P2001DE052900

**Devesh Kumar Vasisht**  
Partner

M. No.: F8488, CP No.:13700  
UDIN: F008488C000248970

Place: New Delhi  
Date: May 6, 2021

# Annexure - VI

## Certificate of Non-Disqualification of Directors

(Pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members of  
**Hero MotoCorp Limited**  
The Grand Plaza, Plot No. 2, Nelson Mandela Road,  
Vasant Kunj - Phase-II, New Delhi - 110 070

- That Hero MotoCorp Limited (CIN: L35911DL1984PLC017354) is having its registered office at The Grand Plaza, Plot No. 2, Nelson Mandela Road, Vasant Kunj - Phase-II, New Delhi - 110 070 (hereinafter referred as "the Company"). The equity shares of the Company are listed on BSE Limited and National Stock Exchange of India Limited.
- We have examined the relevant disclosures received from the Directors, registers, records, forms, and returns maintained by the Company and produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub-clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- In our opinion and to the best of our information and according to the verifications and examination of the disclosures under Sections 184/189, 170, 164, 149 of the Companies Act, 2013 (the Act) and DIN status at the portal, [www.mca.gov.in](http://www.mca.gov.in), as considered necessary and explanations furnished to us by the Company and its officers, we certify that none of the below named Directors on the Board of the Company as on March 31, 2021 have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority:

S. No.	Name of Director	Director Identification Number (DIN)
1.	Dr. Pawan Munjal	00004223
2.	Mr. Vikram Sitaram Kasbekar	00985182
3.	Mr. Suman Kant Munjal	00002803
4.	Mr. Pradeep Dinodia	00027995
5.	Mr. Meleveetil Damodaran	02106990
6.	Prof. Jagmohan Singh Raju	08273039
7.	Ms. Tina Trikha	02778940
8.	ACM Birender Singh Dhanoa (Retd.)	08851613
9.	Mr. Paul Bradford Edgerley*	02213279

\*Mr. Paul Bradford Edgerley ceased to be Director on May 4, 2021 due to completion of his term.

- Ensuring the eligibility of the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.
- This certificate is based on the information and records available up to this date and we have no responsibility to update this certificate for the events and circumstances occurring after the date of the certificate.

For Sanjay Grover & Associates  
Company Secretaries  
Firm Registration No.: P2001DE052900

**Devesh Kumar Vasisht**

Partner

Place: New Delhi  
Date: May 6, 2021

M. No.: F8488, CP No.: 13700  
UDIN: F008488C000248959

# Annexure - VII

## Compliance Certificate

The Board of Directors

**Hero MotoCorp Limited**

The Grand Plaza, Plot No.2,  
Nelson Mandela Road, Vasant Kunj - Phase -II,  
New Delhi - 110070

**Sub: Compliance Certificate in terms of Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

- A. This is to certify that we have reviewed financial statements and the cash flow statement for the financial year ended March 31, 2021 and that to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit Committee:
- (1) significant changes in internal control over financial reporting during the year;
  - (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Dated: May 6, 2021

**Niranjan Kumar Gupta**  
Chief Financial Officer

**Pawan Munjal**  
Chairman, Managing Director & CEO

## Declaration by Chairman, Managing Director & CEO

[Regulation 34(3), read with Schedule V (Part D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

I, Pawan Munjal, Chairman, Managing Director & CEO of Hero MotoCorp Limited, hereby declare that all the members of Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the financial year 2020-21.

For **Hero MotoCorp Limited**

Date: April 28, 2021  
Place: New Delhi

**Pawan Munjal**  
Chairman, Managing Director & CEO  
DIN: 00004223

# Annexure - VIII

## Annual Report on CSR Activities for the FY 2020-21

### 1. Brief outline on CSR Policy of the Company

We, at HMCL, reckon that a company's performance must be measured by its triple (+one) bottom line contribution to building economic, social and environmental capital thereby enhancing societal sustainability along with governance. HMCL believes that in the strategic context of business, enterprises possess, beyond mere financial resources, the transformational capacity to create game changing development models by unleashing their power of entrepreneurial vitality, innovation and creativity. In line with this belief, the Company will continue to craft unique models to generate livelihoods and create a better society. Such CSR projects are far more replicable, scalable and sustainable, with a significant multiplier impact on sustainable livelihood creation and working for the cause of humanity.

Key features of the CSR Policy are as under:

- 1) The broad guiding principles for selection of CSR activities include needs assessment, if required, programmes identified/adopted should be adaptive and flexible to meet the changing dynamics with focus on long-term sustained impact rather than one-time impact or requiring continuous intervention.
- 2) The implementation of the identified CSR activities shall be carried out either directly by the Company and/or through an implementing agency. The Company shall clearly define the objectives along with the desired timelines to effectively implement the activities within the given time frame and work towards active engagement of all employees to achieve maximum benefits. The modalities of execution shall be defined with every identified project.
- 3) There shall be a robust monitoring system to ensure that the identified CSR activities are carried out to reap optimal benefits for the beneficiaries. There shall be a periodic review by the Committee for the projects undertaken. The Committee may suggest modifications in the planned activities considering the existing scenario/circumstances.
- 4) The Committee will place for the Board's approval, an annual action plan delineating the CSR Programmes to be carried out during the financial year and the succeeding years in the case of Ongoing Projects along with the specified budgets thereof.

### 2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Dr. Pawan Munjal	Chairman	2	2
2	Mr. Pradeep Dinodia	Member	2	2
3	Prof. Jagmohan Singh Raju	Member	2	2
4	Ms. Tina Trikha*	Member	2	0

\* Ms. Tina Trikha was appointed as a Member on 28th October, 2020

### 3. Web-links where composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company:

- The composition of the CSR committee is available on our website at <https://www.heromotocorp.com/en-in/about-us/committee-of-directors.html>
- The CSR Policy of the Company is available on our website at [https://www.heromotocorp.com/en-in/uploads/code\\_policy/20191126104858-code-policy-35.pdf](https://www.heromotocorp.com/en-in/uploads/code_policy/20191126104858-code-policy-35.pdf)
- The details of CSR projects are available on our website at <https://www.heromotocorp.com/en-in/investors/annual-reports.html>

### 4. Details of impact assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable:

Details of impact assessment and outcomes are provided in Annexure VIII (A)

## 5. Details of the amount available for set off in pursuance of sub-rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1	2019-20	31.38 crore	31.38 crore*
	<b>TOTAL</b>	<b>31.38 crore</b>	<b>31.38 crore</b>

\* The contribution of ₹31.38 crore was made to PM- CARES Fund on 31.03.2020 in pursuance of the appeal to contribute to PM-CARES Fund by Secretary, Ministry of Corporate Affairs

## 6. Average net profit of the Company as per section 135(5):

2017-18	₹ 5,172.79 crore
2018-19	₹ 4,823.72 crore
2019-20	₹ 4,561.79 crore
Total	₹ 14,558.30 crore
Average Net Profit	₹ 4,852.77 crore

7. (a) Two percent of average net profit of the Company as per section 135(5): ₹97.06 crore  
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.: NIL  
 (c) Amount required to be set off for the financial year, if any: ₹ 31.38 crore (Contribution to PM Cares Fund during FY 19-20)  
 (d) Total CSR obligation for the financial year (7a+7b-7c): ₹65.68 crore
8. (a) CSR amount spent or unspent for the financial year:

Total amount spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of Fund	Amount	Date of transfer
99.73 crore	NIL	N.A.	N.A.	NIL	N.A.

(b) Details of CSR amount spent against ongoing project for the financial year: **Not Applicable**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Sl. No.	Name of the project	Items from the list of activities on Schedule VII to the act	Local area (Yes/No)	Location of the project State District	Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial year (in ₹)	Amount transferred to unspent CSR account for the project as per Section 135(6) (in ₹)	Mode of Implementation – Direct (Yes/No)	Mode of Implementation - through implementing agency Name CSR Registration number
1.										
<b>TOTAL</b>										

(c) Details of CSR amount spent against other than ongoing project for the financial year: **As per Annexure VIII (B)**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	Name of the Project	Items from the list of activities in Schedule VII to the act	Local area (Yes/No)	Location of the project State District	Amount spent for the project (in ₹)	Mode of Implementation – Direct (Yes/No)	Mode of Implementation - through implementing agency Name CSR Registration number
1.	AS PER ANNEXURE VIII (B)						

- (d) Amount spent in Administrative Overheads: 2,85,58,637.15
- (e) Amount spent on Impact Assessment, if applicable: 23,47,369.28
- (f) Total amount spent for the Financial Year (8b+8c+8d+8e): 68,35,37,878.62
- (g) Excess amount for set off, if any:

Sl. No.	Particulars	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	97.06 crore
(ii)	Total amount spent for the Financial Year	99.73 crore
(iii)	Excess amount spent for the financial year[(ii)-(i)]	2.67 crore
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	2.67 crore

9. (a) Detail of Unspent CSR amount for the preceding three financial years: **NONE**

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135(6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
1.							
TOTAL							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): **NONE**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of the reporting Financial Year (in ₹)	Status of the project- Completed / Ongoing
1.								
TOTAL								

**10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details):**

- (a) Date of creation or acquisition of the capital asset(s).
- (b) Amount of CSR spent for creation or acquisition of capital asset.
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital).

No capital asset was created / acquired during FY 2020-21 through CSR spend.

**11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).**

**Not Applicable**

Sd/-

**Pawan Munjal**

(Chairman, CSR Committee

Chairman, Managing Director & CEO)

# Annexure VIII (A)

## Impact Assessment Report

### Background

Hero MotoCorp engaged Saucepan Media Pvt Ltd., an independent entity, with extensive development sector experience, for evaluation of all its Corporate Social Responsibility (CSR) programmes and their respective components that the Company has been running since 2015.

The primary objective of the evaluation was to assess if each programme was meeting its hypothesis and was making the intended and desired impact. Applying internationally accepted methodologies and research tools, the evaluation team conducted a total of eight studies that covered all primary components of each CSR programme of Hero MotoCorp.

### Evaluation methodology

The research team followed a strategic methodology to conduct a qualitative evaluation study. The available programmes related data was analysed and multiple evaluation stages along with appropriate information collection tools viz. questionnaires, interview schedules, observation sheets were created for each programme component. Appropriate sampling of project sites/ locations as well as beneficiaries was done to receive justifiable information for the qualitative research.

The following processes were followed as per the evaluation methodology:

- Programme information review – data evaluation

The team reviewed all necessary information available with the Company with regard to each programme. The material reviewed included

- Need assessment/project background reports (by the Company or the project proposer/partner).
- Project proposals – either in-house or from partners
- Project MoUs/Scope of Work documents
- Monitoring reports and data sheets [on-site verification]
- Project lead and implementing agency interviews
- Beneficiaries and project sites sampling
- Site visits, interviews and FGDs
- Observation research

Alongside, the team also studied the outcomes of similar projects and the evaluations of the similar projects implemented by governments, international agencies and foundations as well as the corporate groups.

### Outcomes

The primary outcomes along with the relevant output data have been shared in this brief report. The outcomes have been segregated under three primary headings – Greener, Safer and Equitable wherein Greener covers the outcomes of the report focused on environmental initiatives, Safer cover the findings of the evaluation study of road-safety programmes and Equitable contains the brief outcomes from six evaluation reports that covered all projects focused at education, women empowerment, skill development, specially-abled, community welfare and sports.

#### Greener



- Evaluation study of Environment programmes

#### Safer



- Evaluation study of Road-safety programmes

#### Equitable



- Evaluation study of Education programmes
- Evaluation study of Women Empowerment programmes
- Evaluation study of Skill Development programmes
- Evaluation study of Disability focused programmes
- Evaluation study of Community focused programmes
- Evaluation study of Sports programmes

## Greener



Hero MotoCorp's flagship programmes focused on fulfilling its vision of a greener world have three primary components – large-scale planting, water conservation and solar energy promotion. Another important component is spreading awareness about the environment.

### Large-scale planting

A total of **19,59,300** surviving trees

#### Outcomes

- Annual CO2 sequestration: 7350.77 tonne (approx.)
- Increased green cover: 78,37,200 sq. ft. (approx.)
- Conserved rare and near extinct plants/trees species
- Decreased risk of floods, soil erosion, landslides
- Farmers in Uttarakhand and Uttar Pradesh reported additional income from fruits

### Solar street lights

A total of **19,932** lights installed benefitting about **11,80,500** people

#### Outcomes

- A total of 11,64,029 KWh energy produced (approx.)
- 989.42 tonne CO2 offset (approx.)
- Greater sense of safety with decrease in night thefts and robberies reported at all locations
- Decrease in wild animals' attacks in Rajasthan and Uttarakhand
- Increased sales at village shops as they can remain open until late evening

### Water conservation

A total of **395.3** lakh litres (approx.) of water harvested/saved

#### Outcomes

- Increased availability of usable water for local communities as well as cattle
- Increase in natural flora and fauna – more birds' nests observed around the ponds
- A marginal increase in overall groundwater level reported from villages of Dharuhera

## Safer



Ride Safe India (RSI) is Hero MotoCorp's flagship programme focused on road safety. Through the goals underlying this programme, the Company is striving to do its bit towards achieving a safer world. Through its various inter-related projects and activities, the programme stresses on the need to inculcate self-discipline among road users by way of sending out constant reminders through road safety trainings, spreading awareness with regard to traffic rules and safe driving habits, and reinforcing these messages via mass awareness campaigns. The outcomes of its major components are shared in the table below:

### Road Safety Training Parks (RSTP)

Managing **9** training parks in **7** states

Provided trainings to **6,56,407** people

#### Outcomes

- A total of 90 per cent of RSTP participants 'always' follow traffic rules
- A total of 90 per cent of participants motivate and encourage their family and friends to follow all traffic rules

### Road Safety Clubs (RSC)

**1,150** active Road Safety Clubs in schools

**200+** engagements with students through RSCs

#### Outcomes

- 100 per cent of RSC students encourage their parents to wear helmet and seatbelt
- 65 per cent of RSC students know almost all road signs and their purpose

**Road safety awareness campaigns**



Over **30 million** engagements (views, likes shares) with people on social media

**1,27,000** people pledged to be Road Heroes

About **20 million** people reached via mainstream print media

**01** Road Safety Van engaged **1,700+** students

**Outcomes**

- Consistent safety-focused tips and reminders has resulted in behavioural change in more than 50 per cent of the receivers of such content
- More than 10 per cent of people who engaged on social media mostly follow traffic rules and drive safe
- 75 per cent of students who engaged with the Road Safety Van agreed that they learnt something new. Over 50 per cent respondents stated they would share safety-focused information with others

**Equitable**



As its contribution towards building and cementing an equitable world, Hero MotoCorp invests a substantial part of its CSR funds in various initiatives focused on education, healthcare, women empowerment, skill development, specially-abled individuals and sports. The reach and outcomes of these initiatives are shared in the table hereunder:

**Education**



**216** schools and **28** ICDS centres have renewed infrastructure

**1,483** operational toilets in **171** schools

**48,291** students benefitting from remedial and special coaching and/or scholarships

**4** Mobile Science Labs and **8** Labs on Wheels and **1** science centre enabling science practicals in 70 schools

**Outcomes**

- Increased enrolments
- Zero Dropouts and higher attendance rates
- 100 per cent YoY increase in teachers' attendance
- In district Rewari, Haryana, a few students moved from private schools to Hero-supported government schools

**Community welfare**



**4** healthcare vans, **1** eyecare van and 1 vision centre

Covid-19 relief material for over **50,893** individuals

**2** RO water treatment plants in **2** villages

**Outcomes**

- Easy access to professional healthcare and eyecare in areas with no PHCs
- Economic benefits to all beneficiaries with cost saving on medicines and increased productivity at job/work
- Timely diagnosis prevented hundreds of potential cases of chronic diseases

**Sports**



Supporting training of **20** boxers

Support to **710** international para-athletes

Support to Khel Mahakumbh, Uttarakhand

Built sports facilities at **21** government schools

**Outcomes**

- All trainee boxers participating at district & state meets. Three of them graduated to play nationals.
- India saw it's best ever performances in Summer Paralympics 2016, World Para Athletics Championships 2017 and 2019 World Para Athletics Championships
- 50 per cent year-on-year rise in participation at Khel Mahakumbh
- Enhanced interest of student in sports at beneficiary schools

<b>Women empowerment</b> 	<b>Specially-abled</b> 	<b>Skill development</b> 
<p><b>21,502</b> beneficiaries of self-help groups and entrepreneurship focused projects</p> <p><b>5,429</b> girls trained to ride a two-wheeler at <b>15</b> training centres</p>	<p><b>6,968</b> differently-abled people received prosthetic limbs or supportive aids and surgeries</p> <p>Employability trainings and vocational courses</p>	<p><b>37</b> skill centres offering technical and vocational courses in <b>13</b> trades</p> <p><b>3,687</b> students skilled in various trades including two-wheeler mechanics work</p>
<p><b>Outcomes</b></p> <ul style="list-style-type: none"> <li>All beneficiaries reported rise in household income and socio-economic status</li> <li>More than 55 women turned entrepreneurs and run their own enterprises such as kirana shops and dairies</li> <li>Bettered women's skills in two-wheeler riding, along with an improved sense of traffic rules</li> <li>Increased confidence levels of women and an attitudinal change in men in their families</li> </ul>	<p><b>Outcomes</b></p> <ul style="list-style-type: none"> <li>Those who received artificial limbs have better economic opportunities as their mobility is not dependent on others and they can work and fend for themselves</li> <li>About 30 per cent of the specially-abled who attended vocational courses are employed in reputed companies or in the informal sector and some even work from homes.</li> <li>All beneficiaries claimed that CSR interventions have helped create a dignified space for themselves.</li> </ul>	<p><b>Outcomes</b></p> <ul style="list-style-type: none"> <li>44.3% individuals who completed the course are gainfully employed</li> <li>A majority of women who completed tailoring and beautician courses are either employed or work from home and have an independent source of income</li> </ul>

**Evaluators' remarks** 

In a consolidated report, the evaluation team rated almost all projects' outcomes as above average as compared to similar projects undertaken by other entities. The team also noted that the Company acted upon recommendations to address a few challenges that were identified in FY 2018-2019 and had started to work upon long-term sustainability plans for its flagship programmes.

## Annexure - VIII (B)

### Details of CSR amount spent against other than ongoing projects for the Financial Year 2020-21

Name of the project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project		Amount spent for the project (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation Through Implementing Agency	
			State	District			Name	CSR Registration Number
Aarush	Schedule VII (iv)	Yes	Rajasthan	Alwar	2,53,700.00	Yes	N.A.	-
		Yes	Rajasthan	Jaipur	2,47,82,716.00	Yes	N.A.	-
		Yes	Rajasthan	Pali	1,74,286.00	Yes	N.A.	-
		Yes	Haryana	Gurgaon	2,49,138.00	Yes	N.A.	-
		Yes	Rajasthan	Jaipur	25,83,841.00	Yes	N.A.	-
		Yes	Rajasthan	Pali	2,07,975.00	Yes	N.A.	-
		Yes	Uttarakhand	Haridwar	3,75,000.00	No	Society of Pollution & Environmental Conservation Scientists	-
		Yes	Haryana	Gurgaon	11,505.00	Yes	N.A.	-
		Yes	Rajasthan	Jaipur	1,76,475.00	Yes	N.A.	-
Arogya	Schedule VII (i)	Yes	Delhi	Delhi	6,38,610.00	No	AIIMS	-
		Yes	Delhi	Delhi	1,77,811.00	No	Humana People to People India	CSR00000929
		No	Gujarat	Panchama	22,86,000.00	No	Wockhardt Foundation	CSR00000161
		Yes	Haryana	Rewari	36,57,600.00	No	Wockhardt Foundation	CSR00000161
		Yes	Rajasthan	Alwar	22,86,000.00	No	Wockhardt Foundation	CSR00000161
		Yes	Rajasthan	Jaipur	5,00,250.00	Yes	N.A.	-
		Yes	Andhra Pradesh	Chittoor	25,500.00	Yes	N.A.	-
		Yes	Delhi	Delhi	12,000.00	Yes	N.A.	-
Community Development	Schedule VII (x)	Yes	Delhi	Delhi	8,31,130.00	No	Association for Voluntary Action	-
		Yes	Haryana	Chandigarh	2,68,76,972.00	No	International Federation for Research and Education	-
		Yes	Haryana	Chandigarh	1,80,54,000.00	Yes	N.A.	-
		Yes	Rajasthan	Jaipur	31,64,656.96	Yes	N.A.	-
COVID 19 Relief	Schedule VII (i)	Yes	Rajasthan	Jaipur	63,62,400.00	No	Akshay Patra	-
		Yes	Uttarakhand	Haridwar	2,33,614.00	No	Adarsh Yuva Samiti	CSR00000390
		Yes	Uttarakhand	Haridwar	66,70,333.00	No	Habitat for Humanity	CSR00000402
		No	Kerala	Ernakulam	2,89,250.00	No	Habitat for Humanity	CSR00000402
		Yes	Maharashtra	Mumbai	4,79,426.00	No	Habitat for Humanity	CSR00000402
		Yes	Maharashtra	Mumbai	2,50,00,000.00	No	Kishore Musale Charitable Trust	-
		Yes	Rajasthan	Jaipur	6,50,000.00	No	Nath Sans riti Seva Sansthan	CSR00005135
		Yes	Haryana	Gurgaon	56,00,000.00	No	Raman Kant Munjal Foundation	CSR00004870
		Yes	Rajasthan	Jaipur	10,00,000.00	No	Raman Kant Munjal Foundation	CSR00004870
		No	Uttarakhand	Pauri Garhwal	6,50,000.00	No	Raman Kant Munjal Foundation	CSR00004870
		Yes	Delhi	Delhi	35,30,000.00	No	Wishes and Blessings	CSR00000923
		Yes	All India Covid Support			24,07,91,191.00	Yes	N.A.

Name of the project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project		Amount spent for the project (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation Through Implementing Agency	
			State	District			Name	CSR Registration Number
Enable	Schedule VII (i)	Yes	Rajasthan	Jaipur	45,25,000.00	No	Bhagwan Mahaveer Viklang Sahayata Samiti	-
Green Drive	Schedule VII (iv)	Yes	Delhi	Delhi	1,78,64,880.00	Yes	N.A.	-
		Yes	Gujarat	Ahemdabad	4,07,100.00	Yes	N.A.	-
		Yes	Haryana	Chandigrah	32,450.00	Yes	N.A.	-
		Yes	Karnataka	Bengaluru	1,34,47,194.04	Yes	N.A.	-
		Yes	TamilNadu	Chennai	1,87,75,162.10	Yes	N.A.	-
		Yes	Rajasthan	Jaipur	14,60,000.00	No	Contree Foundation	CSR00000049
		Yes	Uttarakhand	Haridwar	9,50,000.00	No	Empowering Music, Arts & Cultural Heritage	-
		Yes	Delhi	Delhi	2,65,500.00	Yes	N.A.	-
		Yes	Delhi	Delhi	15,79,950.00	Yes	N.A.	-
		Yes	Haryana	Rewari	62,46,090.00	Yes	N.A.	-
		Yes	Haryana	Rewari	31,02,548.55	Yes	N.A.	-
		Yes	Delhi	Delhi	35,02,610.00	Yes	N.A.	-
		Jeevika	Schedule VII (iii)	Yes	Uttarakhand	Haridwar	22,470.00	No
No	Madhya Pradesh			Chhindwara	9,51,080.00	Yes	N.A.	-
Yes	Haryana			Rewari	5,95,127.00	No	Humana People to People India	CSR00000929
Yes	Rajasthan			Jaipur	1,24,227.00	No	Indo Frech Cultural Society	-
Yes	Rajasthan			Jaipur	1,50,000.00	No	Nath Sanskriti Seva Sansthan	CSR00005135
Yes	Delhi			Delhi	30,70,035.00	No	National Skill Development Corporation	-
Yes	Haryana			Rewari	5,05,443.00	No	Raman Kant Munjal Foundation	CSR00004870
No	Gujarat			Panchmahal	15,68,773.00	No	Setco Foundation	-
Yes	Telangana			Hyderabad	9,56,792.00	Yes	N.A.	-
Yes	Delhi			Delhi	6,82,944.00	No	Udayan Care	CSR00000619
Yes	Delhi			Delhi	2,98,078.50	Yes	N.A.	-
No	Haryana			Sonipat	20,009.36	Yes	N.A.	-
No	Haryana			Ambala	1,28,589.86	Yes	N.A.	-
Yes	Karnataka	Bengaluru	7,36,440.90	Yes	N.A.	-		
Yes	Rajasthan	Jaipur	1,00,599.90	Yes	N.A.	-		
Khelo Hero	Schedule VII (vii)	No	Uttarakhand	Dehradun	2,00,000.00	Yes	Yuva Kalyan & PRD	-
		Yes	Delhi	Delhi	3,85,722.00	Yes	N.A.	-
Ride Safe India	Schedule VII (ii)	No	Chhatisgarh	Bilaspur	5,95,734.80	Yes	N.A.	-
		Yes	Delhi	Delhi	10,404.00	Yes	N.A.	-
		Yes	Haryana	Gurgaon	18,98,021.51	Yes	N.A.	-
		No	Maharashtra	Nagpur	2,51,680.37	Yes	N.A.	-
		No	Maharashtra	Nashik	9,44,000.00	Yes	N.A.	-
		No	Orissa	Rourkela	12,21,300.00	Yes	N.A.	-
		Yes	Telangana	Hyderabad	29,232.00	Yes	N.A.	-
		No	Uttar Pradesh	Lucknow	10,56,909.56	Yes	N.A.	-
RSAP (Road Safety Awareness Program)	Schedule VII (ii)	Yes	Delhi	Delhi	3,59,310.52	Yes	N.A.	-
		No	Andhra Pradesh	Vijayawada	57,00,000.00	Yes	N.A.	-
		No	Andhra Pradesh	Vijayawada	1,85,170.32	Yes	N.A.	-
		Yes	Haryana	Gurgaon	1,12,816.65	Yes	N.A.	-
		No	Maharashtra	Nagpur	11,86,343.68	Yes	N.A.	-
		Yes	Telangana	Hyderabad	65,653.73	Yes	N.A.	-
No	Uttar Pradesh	Lucknow	5,67,132.06	Yes	N.A.	-		

Name of the project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project		Amount spent for the project ( in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation Through Implementing Agency	
			State	District			Name	CSR Registration Number
Shiksha	Schedule VII ( ii )	Yes	Haryana	Rewari	38,23,932.00	No	Agastya Foundation	-
		Yes	Delhi	Delhi	1,68,113.00	Yes	N.A.	-
		Yes	Uttarakhand	Haridwar	17,35,131.00	No	Adarsh Yuva Samiti	CSR00000390
		Yes	Haryana	Rewari	10,00,00,000.00	No	Brijmohan Lall Munjal University	-
		Yes	Delhi	Delhi	42,20,000.00	No	Brijmohan Lall Munjal University	-
		Yes	Rajasthan	Jaipur	16,00,000.00	No	Contree Foundation	CSR00000049
		Yes	Rajasthan	Jaipur	1,04,01,600.00	No	Friends Union for Energising Lives	CSR00000051
		Yes	Haryana	Gurgaon	18,43,873.00	No	Humana People to People India	CSR00000929
		Yes	Haryana	Rewari	12,15,375.00	No	Humana People to People India	CSR00000929
		Yes	Rajasthan	Neemrana	2,54,836.00	No	Humana People to People India	CSR00000929
		Yes	Rajasthan	Alwar	7,64,511.00	No	Humana People to People India	CSR00000929
		Yes	Uttarakhand	Haridwar	13,18,248.00	No	Humana People to People India	CSR00000929
		No	Uttar Pradesh	Noida	26,81,965.00	No	Jayaprakash Narayan Memorial Trust	-
		Yes	Delhi	Delhi	15,22,371.00	No	Magicbus Foundation	-
		Yes	Rajasthan	Jaipur	2,80,000.00	No	Nath Sanskriti Seva Sansthan	CSR00005135
		Yes	Haryana	Gurgaon	2,80,350.00	No	Quota International of DLF City	-
		Yes	Haryana	Rewari	1,25,70,180.00	No	Raman Kant Munjal Foundation	CSR00004870
		Yes	Delhi	Delhi	1,00,000.00	No	Raman Kant Munjal Foundation	CSR00004870
		Yes	Rajasthan	Jaipur	7,00,000.00	No	Round Table India Trust	-
		Yes	Rajasthan	Jaipur	4,71,330.00	No	School Development & Management Committee	-
		Yes	Rajasthan	Jaipur	67,39,200.00	No	SOS Children's Village	-
		Yes	Delhi	Delhi	21,91,440.14	Yes	N.A.	-
		No	Gujarat	Panchmahal	22,08,296.08	Yes	N.A.	-
		Yes	Haryana	Gurgaon	36,89,085.05	Yes	N.A.	-
		No	Haryana	Mewat	16,495.38	Yes	N.A.	-
		Yes	Haryana	Rewari	20,46,414.69	Yes	N.A.	-
		Yes	Rajasthan	Alwar	2,57,363.32	Yes	N.A.	-
		Yes	Rajasthan	Jaipur	37,61,742.77	Yes	N.A.	-
		Yes	Uttarakhand	Haridwar	74,89,554.62	Yes	N.A.	-
		Water Conservation	Schedule VII ( iv )	Yes	Haryana	Gurgaon	27,99,200.00	No
No	Gujarat			Panchmahal	61,360.00	Yes	N.A.	-
<b>Grand Total</b>					<b>65,26,31,872.42</b>			

# Annexure - IX

## Secretarial Audit Report

For the Financial Year Ended March 31, 2021

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

To,  
The Members,  
**Hero MotoCorp Limited**  
(CIN: L35911DL1984PLC017354)  
The Grand Plaza, Plot No. 2, Nelson Mandela Road,  
Vasant Kunj - Phase-II, New Delhi - 110 070

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Hero MotoCorp Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

### We report that-

- a) Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- b) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- c) We have not verified the correctness and appropriateness of the financial statements of the Company.
- d) Wherever required, we have obtained the management representation about the compliances of laws, rules and regulations and happening of events etc.
- e) The compliance of the provisions of the corporate and other applicable laws, rules, regulations and standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
- f) The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the

conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2021 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2021 according to the provisions of:

- (i) The Companies Act, 2013 ("the Act") and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, where applicable;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) \*The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - (d) The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014;
  - (e) \*The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) \*The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

- (h) \*The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; and
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

\*No event took place under these regulations during the Audit Period.

We have also examined compliance with the applicable clauses of the Secretarial Standards on Meetings of the Board of Directors and on General Meetings issued by the Institute of Company Secretaries of India.

During the Audit Period, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards, etc. to the extent applicable, as mentioned above.

- (vi) The Company is engaged in the manufacturing and selling of motorised two-wheelers, spare parts and related services and accordingly, the Motor Vehicles Act, 1988 and rules made thereunder, primarily in respect of vehicles manufactured by the Company, are the laws specifically applicable to the Company.

We have checked the compliance management system of the Company to obtain reasonable assurance about the adequacy of systems in place to ensure compliance of specifically applicable laws and this verification was done on test basis. We believe that the audit evidence which we have obtained is sufficient and appropriate to provide a basis for our audit opinion. In our opinion and to the best of our information and according to explanations given to us, we believe that the compliance management system of the Company is adequate to ensure compliance of laws specifically applicable to the Company.

**We further report that** the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notices were given to all directors to schedule the Board Meetings, Agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation at the meeting.

Board decisions are carried out with unanimous consent and therefore, no dissenting views were required to be captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For **Sanjay Grover & Associates**

Company Secretaries

Firm Registration No.: P2001DE052900

**Devesh Kumar Vasisht**

Partner

CP No.:13700

M. No.: F8488

UDIN: F008488C000248981

Place: New Delhi

Date: May 6, 2021

# Annexure - X

## Business Responsibility Report

### Section A: General Information about the Company

Corporate Identity Number (CIN) of the Company	L35911DL1984PLC017354
Name of the Company	Hero MotoCorp Limited
Registered Address	The Grand Plaza, Plot No. 2 Nelson Mandela Road, Vasant Kunj, Phase-II, New Delhi - 110070
Website	<a href="http://www.heromotocorp.com">www.heromotocorp.com</a>
E-mail Id	<a href="mailto:secretarialho@heromotocorp.com">secretarialho@heromotocorp.com</a>
Financial Year reported	1st April 2020 to 31st March 2021
Sector(s) that the Company is engaged in (industrial activity code-wise)	<p>Group* : 309</p> <p>Class : 3091</p> <p>Sub-Class : 30911</p> <p>Description : Manufacture of motorcycles, scooters, and their engine<sup>#</sup></p> <p>*As per classification under National Industrial Classification 2008 (NIC-2008), Central Statistical Organisation, Ministry of Statistics and Programme Implementation, Government of India, New Delhi.</p> <p><sup>#</sup>It may be noted that Company manufactures the parts of motorcycles and scooters as well.</p>
List three key products/services that the Company manufactures/provides (as in balance sheet)	<ul style="list-style-type: none"> <li>▪ Motorcycles,</li> <li>▪ Scooters and</li> <li>▪ Parts thereof</li> </ul>
Total number of locations where business activity is undertaken by the Company	We are present in 44 countries outside India:
Number of International Locations (Details of major 5)	<p><b>Asia</b> - Bangladesh, Myanmar, Nepal and Sri Lanka.</p> <p><b>Africa &amp; Middle East</b> - Angola, Burkina Faso, DR Congo, Ethiopia, Ghana, Guinea, Ivory Coast, Kenya, Liberia, Madagascar, Mozambique, Nigeria, South Africa, Tanzania, Uganda, Egypt, Iran, Turkey, Zambia, Djibouti, Mauritius, Iraq &amp; GCC (UAE, Saudi Arabia, Kuwait, Bahrain, Yemen)</p> <p><b>Americas</b> - Argentina, Bolivia, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Peru, Guyana and Trinidad &amp; Tobago.</p> <p><b>Europe</b> - Austria, Germany</p>
Number of National Locations	<p>Headquartered in New Delhi, we have manufacturing plants in 6 locations in the country:</p> <p><b>State/Union Territory Location</b></p> <p>Haryana : Dharuhera &amp; Gurgaon</p> <p>Uttarakhand : Haridwar</p> <p>Rajasthan : Neemrana</p> <p>Gujarat : Halol</p> <p>Andhra Pradesh : Chittoor</p> <p>The Company also has a Global Parts Centre at Neemrana, Rajasthan, for supplying the parts at local and global market and Global Centre of Innovation and Technology (CIT) at Jaipur, Rajasthan</p>
Markets served by the Company - Local/ State/ National/International	The Company has taken rapid strides to expand its presence to 45 countries across Asia, Africa, Europe and South & Central America. It is a truly global enterprise with a workforce that comprises of people from different nationalities across the globe.

## Section B: Financial details of the Company

1.	Paid up Capital (₹)	₹ 39.96 crore
2.	Total Turnover (₹)	₹ 31,380.47 crore
3.	Total profit after taxes (₹)	₹ 2,964.20 crore
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	The total spend on CSR for 2020-21 is ₹ 99.73 crore which is more than 2% of average net profits of the last three financial years.
5.	Activities in which expenditure in 4 above has been incurred	List of CSR activities undertaken by the Company are detailed in the Annual Report of CSR Activities

## Section C: Other Details

### 1. Does the Company have any Subsidiary Company/ Companies?

Yes, HMCL has subsidiaries in and outside India. Details of the same have been provided in other section of the Annual Report.

### 2. Do the Subsidiary Company/Companies participate in the Business Responsibility Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).

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

### 3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%].

Under its Program, viz. Green Partner Development Program (GPDP), the Company actively engages with its suppliers through its BR initiatives. During the year 20-21, under Phase-XI, Company enrolled 20 supply chain partners, however due to pandemic issues, only 16 supply chain partners could be certified under the GPDP program.

Also, the Company has conducted safety audit and training of its 35 critical supply chain partners during the reporting year. The safety audit was conducted through certified external auditors covering areas such as fire and safety risks. Further, the partners were also guided to implement the actions for mitigating the risks identified.

## Section D: BR Information

### 1. Details of Director/Directors responsible for BR

#### 1.1 Details of the Director/Directors responsible for implementation of the BR policy/policies

DIN Number :	00985182
Name :	Mr. Vikram Sitaram Kasbekar
Designation :	Executive Director & Chief Technical Officer

#### 1.2 Details of the BR head:

S. No.	Particulars	Details
1.	DIN Number (if applicable)	00985182
2.	Name	Mr. Vikram Sitaram Kasbekar
3.	Designation	Executive Director & Chief Technical Officer
4.	Telephone Number	+91 11 4604 4100
5.	E-mail id	secretarialho@heromotocorp.com

## 2. Principle-wise [as per National Voluntary Guidelines (NVGs)] BR Policies:

The National Voluntary Guidelines on Social, Environment and Economic Responsibilities of Business (NVGs), released by the Ministry of Corporate Affairs, has adopted nine areas of Business Responsibility.

<b>Principle</b> <span style="border: 1px solid white; border-radius: 50%; padding: 2px 6px; font-weight: bold;">1</span>	<b>Principle</b> <span style="border: 1px solid white; border-radius: 50%; padding: 2px 6px; font-weight: bold;">2</span>	<b>Principle</b> <span style="border: 1px solid white; border-radius: 50%; padding: 2px 6px; font-weight: bold;">3</span>
Business should conduct and govern themselves with Ethics, Transparency and Accountability.	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.	Businesses should promote the wellbeing of all employees.
<b>Principle</b> <span style="border: 1px solid white; border-radius: 50%; padding: 2px 6px; font-weight: bold;">4</span>	<b>Principle</b> <span style="border: 1px solid white; border-radius: 50%; padding: 2px 6px; font-weight: bold;">5</span>	<b>Principle</b> <span style="border: 1px solid white; border-radius: 50%; padding: 2px 6px; font-weight: bold;">6</span>
Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.	Businesses should respect and promote human rights.	Businesses should respect, protect, and make efforts to restore the environment.
<b>Principle</b> <span style="border: 1px solid white; border-radius: 50%; padding: 2px 6px; font-weight: bold;">7</span>	<b>Principle</b> <span style="border: 1px solid white; border-radius: 50%; padding: 2px 6px; font-weight: bold;">8</span>	<b>Principle</b> <span style="border: 1px solid white; border-radius: 50%; padding: 2px 6px; font-weight: bold;">9</span>
Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.	Businesses should support inclusive growth and equitable development.	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

### (a) Details of compliance (Reply in Y/N)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Do you have policy/policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national/international standards? If yes, specify? *	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/Owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the Company have a specified committee of the Board / Director/Official to oversee the implementation of the policy? **	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online? ***	Y	Y	Y	Y	Y	Y	Y	Y	Y
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies? **	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

\* The Whistle Blower Policy, Code of Conduct, Prevention of Sexual Harassment Policy and Corporate Social Responsibility Policy are framed as per the requirements of the respective legislations of India. Environment policy conforms to ISO - 14001 which is an international standard released by International Standards Organization (ISO).

\*\* The Whistle Blower Policy and Code of Conduct are overseen by the Audit Committee of the Board of Directors of the Company and Corporate Social Responsibility Policy is overseen by the Sustainability and Corporate Social Responsibility Committee of the Board of Directors of the Company. Prevention of Sexual Harassment Policy is being overseen by Internal Complaints Committee (ICC) constituted under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The grievance, if any, arising out of Whistle Blower Policy, Code of Conduct and Prevention of Sexual Harassment Policy is being redressed by the respective committees which oversee them.

\*\*\* Online link for policies mapped to each principle is as under:

Principle	Applicable Policies	Web Link for policies
<b>Principle 1:</b> Business conduct and govern themselves with Ethics, Transparency and Accountability.	Vigil Mechanism/ Whistle Blower Policy	<a href="https://www.heromotocorp.com/en-in/about-us/key-policies.html">https://www.heromotocorp.com/en-in/about-us/key-policies.html</a>
	Code of Conduct	<a href="https://www.heromotocorp.com/en-in/about-us/code-of-conduct.html">https://www.heromotocorp.com/en-in/about-us/code-of-conduct.html</a>
<b>Principle 2:</b> Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.	Environment Policy Quality Policy	<a href="https://www.heromotocorp.com/en-in/about-us/key-policies.html">https://www.heromotocorp.com/en-in/about-us/key-policies.html</a>
<b>Principle 3:</b> Businesses should promote the wellbeing of all employees.	Safety Policy	<a href="https://www.heromotocorp.com/en-in/about-us/key-policies.html">https://www.heromotocorp.com/en-in/about-us/key-policies.html</a>
	Code of conduct	<a href="https://www.heromotocorp.com/en-in/about-us/code-of-conduct.html">https://www.heromotocorp.com/en-in/about-us/code-of-conduct.html</a>
	Prevention of Sexual Harassment Policy & Leave Policy ****	
<b>Principle 4:</b> Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.	Corporate Social Responsibility Policy	<a href="https://www.heromotocorp.com/en-in/uploads/code_policy/20191126104858-code-policy-35.pdf">https://www.heromotocorp.com/en-in/uploads/code_policy/20191126104858-code-policy-35.pdf</a>
<b>Principle 5:</b> Businesses should respect and promote human rights.	Code of conduct	<a href="https://www.heromotocorp.com/en-in/about-us/code-of-conduct.html">https://www.heromotocorp.com/en-in/about-us/code-of-conduct.html</a>
<b>Principle 6:</b> Businesses should respect, protect, and make efforts to restore the environment.	Environment Policy	<a href="https://www.heromotocorp.com/en-in/about-us/key-policies.html">https://www.heromotocorp.com/en-in/about-us/key-policies.html</a>
<b>Principle 7:</b> Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.	Code of Conduct	<a href="https://www.heromotocorp.com/en-in/about-us/code-of-conduct.html">https://www.heromotocorp.com/en-in/about-us/code-of-conduct.html</a>
	Vigil Mechanism/ Whistle Blower Policy	<a href="https://www.heromotocorp.com/en-in/about-us/key-policies.html">https://www.heromotocorp.com/en-in/about-us/key-policies.html</a>
<b>Principle 8:</b> Businesses should support inclusive growth and equitable development.	Corporate Social Responsibility Policy	<a href="https://www.heromotocorp.com/en-in/uploads/code_policy/20191126104858-code-policy-35.pdf">https://www.heromotocorp.com/en-in/uploads/code_policy/20191126104858-code-policy-35.pdf</a>
	Equal Opportunities Policy for Person with Disabilities****	
	Transgender Equal Opportunity Policy****	
<b>Principle 9:</b> Businesses should engage with and provide value to their customers and consumers in a responsible manner.	Quality Policy	<a href="https://www.heromotocorp.com/en-in/about-us/key-policies.html">https://www.heromotocorp.com/en-in/about-us/key-policies.html</a>
	Policy on warranty and service maintenance schedule	<a href="http://www.heromotocorp.com/en-in/rider-zone/bike-warranty-details-and-policy.html">http://www.heromotocorp.com/en-in/rider-zone/bike-warranty-details-and-policy.html</a>

\*\*\*\* Available on Company's intranet

Sustainability Policy of the Company is an overarching policy. The Sustainability guiding principles of the Company covers all the aforesaid principles. The Policy can be accessed at [https://www.heromotocorp.com/en-in/uploads/code\\_policy/20210413140308-code-policy-418.pdf](https://www.heromotocorp.com/en-in/uploads/code_policy/20210413140308-code-policy-418.pdf)

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**(b). If answer to the question as stated above against any principle, is 'No', please explain why:**

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	The Company has not understood the Principles									
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The Company does not have financial or manpower resources available for the task						Not Applicable			
4.	It is planned to be done within the next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									

**3. Governance related to BR**

**(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.**

The Management of the Company reviews the BR vision, strategy and performance of the Company periodically.

**(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

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

Sustainability Report - The Company has released its Third Sustainability Report, which can be accessed at <https://www.heromotocorp.com/en-in/investors/sustainability-report.html>

**Section E: Principle-wise Performance**

**Principle** **1**  
 Ethics, Transparency and Accountability

**1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/ NGOs Others?**

Yes, the Whistle Blower Policy of the Company, which is applicable to not just the company, but it also extends to all our direct and indirect subsidiaries, and all their employees and directors whether working in India or not. The Policy also extends to Company's consultants, vendors, suppliers, dealers, customers and contractors working for and/or on behalf of any of the group entities. This policy provides a platform to these stakeholders for reporting suspected unethical behaviour, malpractices, wrongful conduct, fraud, violation of the Company's Policies including Code of Conduct, violation of law or questionable Accounting or Auditing matters by any employee/ director in the Company, leak of any unpublished price sensitive information (UPSI) or any suspected leak of UPSI, unethical behavior, malpractices, fraud or violation of the Company's policies without fear of reprisal and help in eliminating any kind of wrongful conduct in the system. The Company's Code of Conduct includes Company's policy relating to ethics, bribery and corruption.

**2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words.**

During FY 20-21, 48 complaints were received through various reporting channels. 30 of these have been investigated and acted upon, 4 cases were reviewed and handed over to HR for closure, 6 cases were reviewed and handed over to Sales and After Sales for closure and remaining 8 cases are currently under investigation. 4 pending cases from 2019-20 were also investigated and concluded.

**Principle** **2**  
 Product Life Cycle Sustainability

**1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/ or opportunities**

The Company has taken the following measures to take care of the social or environmental concerns:

**1. Resource consumption-** Designed and developed completely at the Company's R&D hub - Center of Innovation and Technology (CIT), Jaipur, Xtreme 160R has one of the best power-to-weight ratios in its class. Thanks to its low kerb weight of 138.5 Kg. This could be

possible due to intensive research on material selection, design optimization, ergonomic studies and use of new technologies during model development.

2. **Fuel efficiency enhancement** – Hero MotoCorp R&D team has been continuously working on fuel economy, emissions, and drivability improvement efforts. In this context, there is a considerable improvement achieved in terms of mileage on already fuel efficient BS VI motorcycles. This has been achieved primarily by calibration cycle optimization through a closed loop lambda sensor technology. The results of some of the models have been tested & approved by ICAT in 125 cc models.
3. **Path breaking innovation in After treatment technology** – Substantial cost saving through in-house R&D efforts and innovation in Catalytic Converter design through Structure modification, washcoat optimization and PGM ratio balancing has led to lower consumption of raw material without compromising on the after treatment efficiency of exhaust gases across models.
4. **Social Cause** - First Responder Vehicles (FRVs) development. These special and versatile vehicles help to reach out to patients in rural and remote areas and transfer them easily to closest hospitals. First Responder has been custom-built as an upgrade on Hero MotoCorp's powerful Xtreme 200R motorcycles.

**2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product**

**Continuous improvement in Material technology**

- Implementation of aluminum alloy ADC 12 in place of conventional material Zinc (ZDC - 2) in Cap fuel filler of 100 cc models, which is lighter in weight, cost effective and has better mechanical properties than the former.
- Introduction of Zn-Ni coated steel sheets, replacing double sided Electro galvanized (EG) sheet. This has resulted in Cost saving, reduction in import quantity, higher corrosion resistance against EG sheet, hence longer life.

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

In terms of Sustainability Policy of the Company, the Company is committed to handhold its value chain partners to implement relevant policies and processes to enhance their sustainability performance.

Under its Program, Green Partner Development Program (GPDP), the Company actively engages with its suppliers through its BR initiatives. During the year 20-21, under Phase-XI, Company enrolled 20 supply chain partners, however due to pandemic issues, only 16 supply chain partners could be certified under the GPDP program.

GPDP encourages a collaborative effort between Hero MotoCorp and its suppliers, dealers to achieve Company's

overall corporate sustainability goal. Six pillars have been assigned to GPDP model. Partner vendors and dealer are given specific training on all six pillars of GPDP and mapping of processes/equipment is carried out based on logical analysis so as to identify the gaps or Significant environmental and safety aspects and accordingly improvements projects are undertaken for implementation. The objective of GPDP is as under:

- Provide employees a safer & healthy place to work
- De-risking of business in view of legal compliance
- Reduce environment impact - reduced energy, water and landfill waste
- Reduce Carbon dioxide (CO<sub>2</sub>) gas emission & encourage use of renewable energy
- Differentiate your business from others in your community by sustainable practices
- Benchmark Supplier and dealers on sustainability

**Safety Audit and training:**

As a part of our de-risking drive of our supply chain partners, a structure Fire & Safety audit was conducted by the Company through external certified auditor for 35 supply chain partners, selected on the basis of criticality of process, dependability & critical hazardous chemical/ waste handling. Further, the partners were also guided to implement the actions for mitigating the risks identified.

**Hero Supplier Total Productive Maintenance (TPM)**

In order to improve reliability, efficiency & cost; enhance operational efficiency of Value Chain; and continuous up-gradation of our Supply Chain Partners for sustainable growth through TPM, HMCL has initiated a program Hero S-TPM (Hero Supplier TPM). 8 suppliers are currently under this program. Company is also continuing Jishu Hozen activity related to production, shop floor management & hygiene and Quality Management activity for these 8 partners.

Company's major target is to enhance the quality performance of Supply Chain partners through this initiative.

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

While the criteria for selection of goods and services is quality, reliability and cost, Company gives preference to local supply chain partners which includes large, mid-size and small scale industries who meets its quality, delivery, cost and technology expectations.

**5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%).**

At Hero MotoCorp, we have adopted the Zero Waste to landfill (ZWL) approach. All Hazardous waste is either diverted for Co-processing in cement kiln as an alternate resource or

as direct resource for recyclers. All our non-hazardous waste is segregated at source and managed as under:

1. Transfer Waste in segregated way by Authorized Waste collector
2. Create energy and Compost from organic waste.
3. Recycle waste to useful resource.

In FY 2020-21, 2 more plants, i.e. Haridwar plant and Halol Plant achieved Zero Waste to Landfill (ZWL) Certification for diversion rate more than 99%. This certification was received after audit. The Company's manufacturing plants at Neemrana, Dharuhera, Gurgaon and Global Parts Centre have already been certified for ZWL.

Zero Waste to Landfill certification provides improved credibility and visibility to Company's efforts to improve its environmental impacts within an organization as a whole & towards our commitment to Sustainability.

## Principle

3

### Employee Wellbeing

At Hero MotoCorp employee wellbeing continues to be a top priority & HMCL keep exploring opportunities to cater to the changing needs of its employees. All our manufacturing facilities are certified with ISO -45001 (International Occupational health & safety management system and standards) and the Company endeavor to implement best practices in occupational health and safety management.

When COVID-19 was declared as pandemic by the World Health Organization (WHO) on 11 March 2020, Hero MotoCorp was the first automobile company to suspend its operations w.e.f 22 March 2020 for health and wellbeing of employees even before the lockdown was announced by Government. HMCL resumed its operations in May 2020 as per the guidelines stipulated by the Ministry of Home Affairs, Government of India.

During the year under review, Company continued to put stress on the various initiatives already prevalent and take new initiatives taken in 2020-21 to further foster culture of well-being.

Key focused initiatives were as follows:

1. **Support during Pandemic** – To support the employees, HMCL arranged programs to provide physical, mental, psychosocial and emotional support to the employees during and after the lockdown. To boost the immunity, immunity booster kits were distributed free of cost to the employees. Additional medical insurance coverage was taken to cover hospitalization cost in case of Covid-19.
2. **Healthy Heroes Campaign** – To promote awareness around health measures, preventive approach to diseases and inculcating healthy food habits. Programs on Online Stress management, Yoga, Laughter Yoga and meditation sessions were arranged regularly under **Yes Heros can** initiative. New ergonomic interventions have been done at workplace by

introduction of Anti fatigue mats on assembly lines to reduce work related fatigue and musculoskeletal discomfort of workforce.

3. **Talent and Sports Policy for Employees and Children** – To encourage, support and reward talented employees to nurture their hobby and passion.
4. **Paternity, Adoption and Day care policy revision** – To celebrate parenting and support our colleagues in having work-life balance.
5. **Group Life Insurance Coverage and Group Personal Accident coverage** – To extend additional monetary support to our employees to cover any unfortunate and unforeseen event.
6. **Spouse and Children employment policy** – To provide fair and transparent opportunities for employees to refer their children / spouse for employment.
7. **Diversity & Inclusion** – At Hero MotoCorp, we believe a diverse and inclusive workplace makes us all stronger. Engaging different thoughts and sharing insights broadly has helped make us the organization we are today. Therefore, we are committed to creating a truly inclusive organization with a culture that values, respects and encourages diversity.
8. **Project Tejasvini** – Hero MotoCorp's journey for D&I started with its setting up of the Diversity and Inclusion Agenda for itself and took up the challenge of introducing "**Women at Shopfloor**" through its Project- **Project Tejaswini**. Till now we had around **980** female employees on the shop floor around all the locations, ably matching shoulders with their male counterparts and delivering in all walks of operations.
9. **Woman in leadership** – Women's day at Hero MotoCorp marked the successful completion of **Batch 4 of Women in Leadership (WIL) Program**, who joined us virtually this year and the degrees were virtually presented to **22 graduating women**.
10. **Hero Virtual Learning Classroom (HVLC)** – Coronavirus disease (COVID-19) pandemic has led to massive changes, as a proactive measure 'Hero Virtual learning classroom' full-scale product training session through e-modules on the Company's internal virtual learning platform. The WIL program was launched in association with BML Munjal University with an aim to build the leadership pipeline of women executives in the organization. This 9-months long program has been specially designed for women in mid and junior level of management so that they can realize their leadership potential and make significant contributions to themselves and the organization.

Through these initiatives, Company has been putting efforts in making Hero MotoCorp a global employer of choice.

1. Total number of employees: 8793
2. Total number of employees on temporary/ contractual/casual basis: 22646
3. Number of permanent women employees:402
4. Number of permanent employees with disabilities: 57

5. Number of employees (permanent/temporary/ contractual/ casual basis) with disabilities: 66
6. Employee association recognised by management: Hero MotoCorp Workers Union, Gurgaon Plant; and Hero MotoCorp Workers Union, Dharuhera Plant.
7. Percentage of permanent employees who are members of this recognised employee association? 100% (confirmed workmen)
8. Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No.	Category	No. of complaints filed during the financial year	No. of Complaints pending as on end of the financial year
1.	Child labour/forced labour/ involuntary labour	Nil	Nil
2.	Sexual Harassment*	2	0
3.	Discriminatory employment	Nil	Nil

\*During the year under review, 2 complaints were received and one complaint was pending from the previous year. All complaints have been disposed-off and no complaint is pending as on March 31, 2021.

9. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?
  - (a) Permanent Employees (All plants & CIT) : 49.0%
  - (b) Permanent Women Employees : 83.6%
  - (c) Casual/Temporary/Contractual Employees : 100.0% (All plants & CIT)
  - (d) Employees with Disabilities : 97.6%

in the vicinity of its plants. Additionally, there is a mechanism to continuously engage with all our stakeholders (internal and external). This helps us in identifying their needs and priorities and allows us to serve these needs accordingly. We are committed towards proactively engaging with all our employees, communities, business associates and customers who may be disadvantaged, vulnerable or marginalized and take various initiatives, like carrying out CSR activities for them.

**3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalised stakeholders?**

**Differently abled employees:** Hero MotoCorp is an equal opportunity employer and provide equal opportunities to differently-abled, marginalized and people from economically weaker backgrounds. All employees have equal opportunity on career growth, coaching and mentoring. Key highlights of initiatives taken for this section are as under:

- a) Skill training and placement for specially abled girls.
- b) Aids and surgery support to specially abled people.
- c) Organizing of camps for health and other recreational activities.

**Women:** During the year, the Company enhanced its efforts on overall development of women with focus on education. Key highlights of the drive are given below:

- a) Organising literary classes as well as skill development programmes.
- b) Imparting of science education and training.
- c) Career counselling sessions for rural girls.
- d) Organisation of camps for health and other recreational activities.

**Rural Community:** These are covered under Principle 8

**Principle 4**  
Stakeholder Engagement

**1. Has the company mapped its internal and external stakeholders? Yes/No**

Yes, the Company has mapped and identified its internal and external stakeholders, including disadvantaged, vulnerable and marginalized stakeholders. We recognize employees, customers, shareholders, NGOs and communities, dealers, suppliers, investors, media, government, regulators, peers and industry ecosystem as our key stakeholders.

**2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalised stakeholders?**

The disadvantaged and vulnerable stakeholders include differently-abled employees, women and rural communities

**Principle 5**  
Human Rights

**1. Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?**

As a socially responsible organization, the Company is committed to protect and safeguard human rights. The Company has put in place a Code of Conduct and expect its stakeholders to adhere and uphold the standards contained therein. Whistle Blower Policy of the Company is applicable to not just the Company, but it also extends to all our direct and indirect subsidiaries, and all their employees and directors whether working in India or not. The Policy also extends to our consultants, vendors, suppliers, dealers, customers and contractors working for and/or on behalf of any of the group

entities. This policy provides a platform to these stakeholders for reporting suspected unethical behaviour, malpractices, wrongful conduct, fraud, violation of the Company's Policies including Code of Conduct, violation of law or questionable Accounting or Auditing matters by any employee/ director in the Company, leak of any unpublished price sensitive information (UPSI) or any suspected leak of UPSI, unethical behavior, malpractices, fraud or violation of the Company's policies without fear of reprisal and help in eliminating any kind of wrongful conduct in the system.

**2. How many stakeholder complaints have been received in the past financial year and what % was satisfactorily resolved by the management?**

During FY 2020-21, 48 complaints were received through various reporting channels. 30 of these have been investigated and acted upon, 4 cases were reviewed and handed over to HR for closure, 6 cases were reviewed and handed over to Sales and After Sales for closure and remaining 8 cases are currently under investigation. 4 pending cases from 2019-20 were also investigated and concluded.

**Principle**

**6**

Restoration of Environment

**1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers/ Contractors/ NGOs/ others.**

Value chain partners including the suppliers, dealer, contractors and other business partners are key stakeholders in our business cycle. We have sustainable procurement guidelines in place. Our sustainability policy clearly mentions to integrate sustainability considerations in all our business decisions throughout the lifecycle of our products, services, business travel and logistics including our value chain.

<https://www.heromotocorp.com/en-in/about-us/key-policies.html>

**2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? If yes, please give hyperlink for webpage etc.**

Yes, HMCL has developed strategies and initiative for addressing the global environment issues like climate change and global warming. The environment Policy of HMCL clearly indicates its commitment for Protection of environment through prevention of pollution and reducing environmental risk, climate change mitigation and adaptation, protection of biodiversity and ecosystems.

Further, HMCL has also spelled out its ambitious targets around Carbon neutrality by 2030 for its operations, 500% water positive and to be waste neutral by 2025. Company is also working around specific climate risk framework like TCFD which shall be firmed up in couple of years.

Further Description on Climate Change Mitigation Strategy is available in our Sustainability Report FY 2020.

[https://www.heromotocorp.com/en-in/uploads/sustainability\\_report/SR-2020.pdf](https://www.heromotocorp.com/en-in/uploads/sustainability_report/SR-2020.pdf)

**3. Does the company identify and assess potential environmental risks? Y/N**

Yes, the Company has a periodic systematic mechanism for environmental impact assessment through its Aspect/ Impact assessment (AIA) activity and Hazard Identification and Risk Assessment (HIRA) technique as a part of Environmental Management System Certifications of ISO – 14001. Company has upgraded the Environmental management system of all its plants to the latest version of ISO 14001: 2015. All plants are also certified for Occupational Health and Safety Management system certification of ISO 45001. New elements of the environmental aspects like life cycle perspective and risk based issues have been addressed in the updated system.

**4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?**

Currently, the Company has not registered on any Clean Development Mechanism (CDM) project, however, HMCL is aggressively working of Non fossil based energy initiatives and also participating in Carbon disclosure project (CDP).

**5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

Energy conservation initiative, energy efficient technologies have been on the top focus in HMCL's operations. HMCL believes actions around energy bring direct benefit to bottom-line and to the climate. Some of key energy initiative undertaken during the year are as under:

- a. Dharuhera Plant has implemented several energy conservation projects like compressor efficiency improvement i.e. (KWh/CFM) resulting in saving of 2500 units per day, many other initiatives for reducing energy loss, power saving circuits, occupancy sensor, energy efficient lighting etc. resulting in an overall saving of 10000 units per day.
- b. Gurgaon plant implemented a unique real time system for controlling and monitoring comfort cooling load resulting in saving of 4500 units per day. Other initiatives include ETP pump optimizations which included savings of 79000 units per year.
- c. Haridwar plant achieved energy efficient by adopting process estimation and energy efficient equipment resulting in annual saving of 9 lacs units.
- d. CIT adopted loss elimination techniques and technology improvement in the centralized air handling systems,

adiabatic pad installation and other R&D equipment resulting in an annual saving of 1.5 lacs unit.

- e. Neemrana Plants having undertaken process optimization and improvements in compressed generation, VFD optimization and management resulting in an annual saving of 2930 units per day.
- f. Halol Plant has implemented project on improvement in comfort cooling system, Hot Water generator operation optimization and compressed air system resulting in savings of 4600KWh/day.
- g. Newly commissioned plant at Chittoor has implemented a unique smart utilities cockpit concept for real-time monitoring and control of all utilities.

Non-Fossil Based Power – Solar footprint at HMCL has increased to 10.2MW with the potential generation of 12 million units annually.

**6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Yes.

**7. Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

Nil.

**Principle**

**7**

Policy Advocacy

**1. Is your company a member of any trade and chamber or association? If Yes, name only those major ones that your business deals with.**

As one of the biggest automotive manufacturers in India, Hero MotoCorp has a constant dialogue with the national and international bodies to provide industry with specialized information and knowledge. The major associations we engage with are the Confederation of Indian Industry (CII), Gurgaon Chamber of Commerce & Industries and Society of Indian Automobile Manufacturers (SIAM). Hero MotoCorp has a constant dialogue with the relevant bodies to provide specialized information supporting in shaping policies.

**2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

Hero MotoCorp engages with CII in one of its flagship initiatives – GreenCo Rating System which focuses on Sustainable practices benefiting the society at large. Hero

MotoCorp supports CII in extending this initiative in creating a Green Community wherein different OEMs and supply chain partners evaluate themselves on Green practices and get benefitted by strengthening/adopting the green philosophy.

Hero MotoCorp also engages with SIAM on various platforms – product safety, emissions rules for BS regulations, CMVR related protocols on vehicle emissions, Recycling and Battery management. One such current engagement is on the End of Life Vehicle strategy where in HMCL is providing the necessary inputs for shaping the policy framework on vehicle scrapping and recycling mechanisms. This is a part of responsible and sustainable business practice at HMCL.

**Principle**

**8**

Inclusive Growth

**1. Does the company have specified programmes/ initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.**

Yes, the Company has a Corporate Social Responsibility (CSR) Policy which derives its core values and covers all aspects as per requirements of the Companies Act, 2013 (Act), Rules prescribed thereunder and Schedule VII of the Act. All the flagship CSR programmes and activities have been conceptualized in pursuit of the CSR Policy. The CSR Committee comprising the Board members along with the top management and leadership and also the stakeholders ensure that the outcomes of all the programmes meet the CSR Policy guidelines and are in sync with the international best practices. The larger objective of the CSR programmes is to protect and conserve the environment and bring about positive socio-economic change in the society.

The Company undertakes purposeful activities with the goal to maintain and improve the state of environmental resources affected by human activities. The environment management aims towards ensuring that the ecosystem services in areas where we operate are protected and maintained for equitable use by future generations. The Details with respect to CSR projects or programs undertaken by the Company during the last financial year can be viewed from the Annual Report on CSR.

As per of CSR initiative, Company distributed 23 lakh meals, 34000+ ration kits, 37201 litres of sanitizers, 44 lakh face masks and 44000+ PPE kits to the government hospitals, police departments and other agencies to fight Covid-19. Company has also handed over 60 unique First Responder Vehicles (FRVs) to the government authorities, to be used as an ambulance.

**2. Are the programmes/projects undertaken through in house team/own foundation/external NGO/ government structures/any other organisation?**

The programmes are undertaken either directly or through specialized agencies/NGOs and government departments.

### 3. Have you done any impact assessment of your initiative?

Company regularly monitors the CSR initiatives to understand the impact of the same. As required as per law, the impact assessment of eligible CSR projects of 2020-21 will be undertaken in the coming financial year.

### 4. What is your company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?

The programmes are undertaken either directly or through specialized agencies/NGOs and government departments. During the year, Company spent ₹99.73 crore on CSR projects.

Some of the community adopted projects are as under:

#### Environment:

- a) All trees planted for community are mainly nurtured by the community members.
- b) LED lights are made, maintained and repaired by the community youth, which also has created a source of additional income for some.
- c) Solar streetlights, water ponds, check dams, community halls and all such elements are under ownership of their respective panchayats.

#### Education:

- a) The ownership of school infrastructure including the digital/IT equipment lies with the school principal and teachers who also involve students in maintaining them for their longevity.
- b) Local trainers and teachers are preferred for skill institutes and remedial classes to keep community involved and engaged.

#### Healthcare:

The community is involved in essential decision making with regard visit days and common locations for healthcare vans and also ensures that they continue to operate seamlessly.

### 5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Yes, communities around Company's areas of operation are the first stakeholders of its social initiatives. Company consistently engage with the community with its collaborative and participatory approach in order to ensure that it adopts and takes ownership of the projects as that is the best way to ensure long-term sustenance of projects. While conceptualizing a project, the team ensures that project is viable enough to be adopted and sustained by communities beyond the initial support by the Company. Relevant stakeholders including gram sarpanch, ex panchayat members, opinion makers, school principal, teachers and others become an essential part of the project team and help in execution and monitoring.

## Principle

9

### Customer Value

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

As on 31st March 2021, 2.2% of the total customer complaints received during the financial year were pending.

#### 2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information)

Yes, the details on information label are as per the requirements of the Legal Metrology Act, 2009 and Rules made thereunder. The Company voluntarily and actively informs all its dealers about any changes in product packaging through notices and circulars. It has also been running educative campaigns informing customers to operate vehicles in a more fuel efficient manner and to read the operating manual and the road safety leaflet. The leaflet enumerates good to emulate riding practices, fuel saving tips etc. in a reader - friendly and easy to understand manner. The spare parts come with a customer toll free number, address and email ID, where consumers can reach our executives with feedback, grievances and even queries regarding the products. Besides, consumers can also log on to the website of the Company and give their feedback or register complaints. In order to check the genuineness of spare parts, a Unique Part Identity (UPI) number is printed on the Maximum Retail Price (MRP) label of the spare part. The Company also runs campaigns informing customers about the same.

#### 3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.

No case has been filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertisement and/or anti-competitive behaviour during the last five years and pending as on the end of the financial year.

#### 4. Did your company carry out any consumer survey/consumer satisfaction trends?

Yes, as part of our stakeholder engagement strategy, the Company undertake studies to measure customer satisfaction with sales process, service process and for the new products launched last year through a third party research agency and benchmark vis-a-vis competition. In addition, brand track study continues on a continuous basis to gauge health of the product brands as well as corporate brand with respect to competition. Acceptor rejecter studies are carried out on a need basis to complement the above studies.

## Annexure - XI

# Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo

### Conservation of Energy

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

Approx. annual savings on vehicles produced in FY 2020-21: ₹ 2.6 crore

Energy conservation initiatives, energy efficient technologies have been on the top focus in HMCL's operations. HMCL believes actions around energy bring direct benefit to bottom-line and to the climate. Some of key energy initiatives undertaken during the year are as under:

1. Dharuhera Plant has implemented several energy conservation projects like compressor efficiency improvement i.e (KWh/CFM) resulting in saving of 2500 units per day, many other initiatives for reducing energy loss, power saving circuits, occupancy sensor, energy efficient lighting etc. resulting in an overall saving of 10000 units per day.
2. Gurgaon plant implemented a unique real time system for controlling and monitoring comfort cooling load resulting in saving of 4500 units per day. Other initiatives include ETP pump optimizations which included savings of 79000 units per year.
3. Haridwar plant achieved energy efficiency by adopting process optimisation and energy efficient equipment's resulting in annual saving of 9 lakh units.
4. CIT adopted loss elimination techniques and technology improvement in the centralized air handling systems, adiabatic pad installation and other R&D equipment resulting in an annual saving of 1.5 lakh unit.
5. Neemrana Plants have undertaken process optimization and improvements in compressed generation, VFD optimization and management resulting in an annual saving of 2930 units per day.
6. Halol Plant has implemented project on improvement in comfort cooling system, Hot Water generator operation optimization and compressed air system resulting in savings of 4600KWh/day.
7. New commissioned plant at Chittoor has implemented a unique smart utilities cockpit concept for real-time monitoring and control of all utilities.
8. Non-Fossil Based Power – Solar footprint at HMCL has increased to 10.2MW with the potential generation of 12 million units annually.

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

1. Solar Photovoltaic Power Plants (10.2MW across HMCL Manufacturing Plants – Local & Global)
2. Solar Thermal in Cooking Applications
3. Biogas Plant for treating organic food waste
4. Heat Pipe Heat Exchangers
5. Natural wind ventilators

#### (iii) Capital Investment on energy conservation equipments:

- Approx. capital investments on energy conservation equipment in FY 2020 - 21: ₹ 11 crore

### Technology Absorption

#### (i) Efforts made towards technology absorption

- **102 patents filed** in 2020-21 towards development of new technologies by R&D engineers at CIT Jaipur.
- **Grant of Patents to Hero MotoCorp Ltd**
  - **Side stand switch technology** - This invention ensures safety of rider of two-wheeled vehicle by alerting the rider through alarm if the side stand is in 'ON' condition, thereby rendering the vehicle inoperative in side stand 'ON' condition. This uses in-house developed magnetic field technology for the switch operation.
  - **Indigenized Fuel filler cap** - An improved Fuel cap which arrests the fuel vapour to leak into the environment from the fuel tank. This is achieved by simple but effective design modification in the fuel cap, thereby meeting evaporative emission norms and eliminating unburnt fuel leakage into environment through evaporation.

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

- Product Development** - In-house design and development of
- In-house development of **the new Xtreme 200S BS VI**. Implementation of Twin LED headlamp and LED tail light, Bluetooth connectivity, turn-by-turn navigation,

Auto-Sail technology, anti-slip seats and a full Digital LCD cluster with gear indicator, trip meter and service reminder. The Xtreme 200S comes with a 7-step adjustable mono shock suspension that offers superior ride handling, 276 mm Front Disc with single channel ABS and 220 mm Rear Disc for added safety.

- In-house development of new special edition **Glamour motorcycle – the Glamour Blaze**. It is powered by 125cc BS-VI engine with XSens Programmed Fuel Injection. Featuring Hero's revolutionary i3S (idle start-stop system), together with Auto Sail Technology. Adding to the functionality and riding comfort, it offers a USB charger on the handle and comes with the side-stand indicator. The front 240mm disk brakes and ground clearance of 180mm provide confident reliability and all-day riding comfort with real road presence.
- Designed and developed completely at the in-house at the Company's R&D hub - Center of Innovation and Technology (CIT), **Xtreme 160R** sets the bar for sportiness and real-world performance. It comes with a 160cc air-cooled BS-VI Compliant engine that is powered by the XSens technology and advanced Programmed-Fuel-Injection. The motorcycle has been designed to have one of the best power-to-weight ratios in its class.
- Development of **six celebration edition models** - Splendor+, Xtreme 160R, Passion Pro and Glamour and two scooters - Destini 125 & Maestro Edge 110 on the occasion of significant milestone of 100 Million (10 Crore) units in cumulative production.
- **First Responder Vehicles (FRVs)** development. These special and versatile vehicles will help to reach out to patients in rural and remote areas and transfer them easily to closest hospitals. First Responder has been custom-built as an upgrade on Hero MotoCorp's powerful Xtreme 200R motorcycles.
- Implementation of **i3S (Idle Start Stop System) across all scooter models**. This patented feature helps reduce vehicular emissions during idling by automatically switching off the engine when halted at a signal or in a traffic jam and then automatically starting the engine by pressing the left brake lever. This reduces environmental impact by lowering the carbon footprint as well as improving the overall fuel efficiency.

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

- (a) Details of Technology Imported  
Programmed FI technology
- (b) Year of Import  
Completed before March 2020

(c) Whether the technology been fully absorbed

Yes

(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof

N.A.

**(iv) The expenditure incurred on Research and Development**

Particulars	For the year ended	
	31 March 2021	31 March 2020
Capital	144.21	234.18
Recurring	395.81	477.58
Total R&D expenditure as a percentage of total revenue (as per Statement of Profit & Loss)	1.72%	2.40%

**Foreign Exchange Earnings and Outgo**

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

- Export performance for FY 2020-21: The Company achieved 1,91,609 units in exports for FY 2020-21, a growth of 7.5% over FY 2019-20 despite economic regression in operating countries with the changed scenarios brought by COVID-19
- Capacities: Bangladesh – 1,50,000 / annum  
Colombia – 80,000 / annum

**Key initiatives in FY 2020-21**

**1. South Asia:**

- The Company entered the premium flagship segment of 160cc in Q4 and has gained 10% of the Market Share in the category in the first quarter of launch.
- We saw an import ban in Sri Lanka for two wheelers, hence there were no exports to Sri Lanka in FY 21.
- Nepal market grew on account of strong festive sales and impact of new launches and on ground activation to support the new portfolio. The Company launched 6 refreshes/new products along with focus on retail financing and festivals to gain Market share from 13% to 19%.

**2. Africa:**

- The Company exhibited a dispatch growth of 142% over FY 21 on account of new markets and products which helped shaping Africa strategy.

- Aggressive efforts in Uganda and Kenya with the new distributors have helped in gaining the market share in both the markets and a strong momentum for next FY.
- Tie-up with financiers have helped increasing reach in the markets
- The Company launched a revamped product portfolio for Nigeria by dispatching Hunter series in March 2021 which will be launched in June 2021.

### 3. Middle East:

- Highest ever dispatch in Turkey with a retail growth of 96% in FY 21
- GCC demonstrated a strong growth of 226%

### 4. Latin America:

- The Company was able to grow by 56% in Latin America on account of successful Premium strategy with a revamped premium portfolio which included the launch of X Pulse last year and continued with Hunk 190R, Hunk 160R this year.
- The Company was able to increase market shares in important markets of Colombia and Peru.
- The Company appointed a distributor in Mexico and first set of dispatches started in the month of March.
- The Company has appointed new distributors in Honduras, Nicaragua, and Argentina.

5. The Company continued its brand association with Atletico De Madrid for Latin American markets and Yerry Mina for Colombian market.

### 6. Major campaigns of products, services and corporate:

- Impactful communication for premium category – X Pulse and Hunk/Thriller 160R
- Digital campaigns on DIY service, stay at home, etc for lockdown engagement

- Increased focus on digital campaigns with innovative ways to track traffic to showrooms executed in Bangladesh and Central America.
- 360 degree campaign on Eid in Bangladesh (both Ramzaan and Qurbaani Eid).
- Campaigns on product refresh for Splendor Plus, Glamour Techno, Ignitor Techno, Pleasure Plus Platinum, Destini, Super Splendor, Hunk 190R.
- Renewed campaign for Africa for Hunter series.

### Key initiatives of FY 2021-22 will include:

- Big push across key markets of Nigeria, Kenya, and Uganda in Africa with a revamped product line up, network expansion and sales promotions activities.
- Scale up market share in Colombia, Guatemala, and Peru through network expansion, investments in brand building, and product refreshes.
- Scale up retail finance in key markets.
- Brand investments in important markets.
- Launch of Hunter in Nigeria and start of Mexico operations.

### The Foreign Exchange earned in terms of actual inflows during the year and the foreign exchange outgo during the year in terms of actual outflows.

Foreign exchange earnings during FY 2020-21 were ₹ 866.87 crore, as compared to ₹ 761.77 crore in the previous financial year.

On account of Royalty, Technical Guidance Fee, travel and other accounts and advertisement and publicity, the foreign exchange outgo during the FY 2020-21 was ₹ 239.30 crore, as compared to ₹ 233.32 crore in previous FY.

Outgo for Import of components, spare parts, raw materials and capital goods during the FY 2020-21 was ₹ 683.27 crore, as compared to ₹ 1,001.45 crore in the previous financial year.

# Independent Auditors' Report

To the Members of  
Hero MotoCorp Limited

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the standalone financial statements of Hero MotoCorp Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2021, and the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (together referred to as "standalone financial statement").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and of its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### S. No. The key audit matter

##### 1. Government Grants

(Refer note 3.5 and 4 (f) to the standalone financial statements)

The Company obtains various grants from Government authorities in connection with manufacturing and sales of two wheelers. There are certain specific conditions and approval requirement attached to the grants.

Management evaluates, at the end of each reporting period, whether the Company has complied with the relevant conditions attached to each grant and whether there is a reasonable assurance that the grants will be received, in order to determine the timing and amounts of grants to be recognized in the financial statements.

We identified the recognition of government grants as a key audit matter because of the significance of the amount of grants and due to significant management judgement involved in assessing whether the conditions attached to grants have been met and whether there is reasonable assurance that grants will be received.

#### How the matter was addressed in our audit

In view of the significance of the matter, we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:

- assessed the appropriateness of the accounting policy for government grants as per the relevant accounting standard;
- evaluated the design and implementation of the Company's key internal financial controls over recognition of government grants and tested the operating effectiveness of such controls on selected transactions;
- inspected, on a sample basis, documents relating to the grants given by the various government authorities and identifying the specific conditions and approval requirements attached to the respective grants;
- evaluated the basis of management's judgement regarding fulfilment of conditions attached to the grants and reasonable assurance that grants will be received. This included examining, on a sample basis, the terms of the underlying documentation, correspondence with the government authorities and whether corresponding sales were made in respect of such grants;
- assessed the adequacy and appropriateness of the disclosures made in accordance with the relevant accounting standard.

## Information Other than the Standalone Financial Statements and Auditors' Report Thereon

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

## Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

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

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

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

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

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2.(A) As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is

disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

- f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its standalone financial statements - Refer Note 34 to the standalone financial statements;
  - ii. According to the information and explanations given to us, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and
  - iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration No.: 101248W/W-100022

**Manish Gupta**

Partner

Place: New Delhi

Date: 06 May 2021

Membership No.: 095037

UDIN : 21095037AAAABJ2949

## Annexure A referred to in the Independent Auditors' Report

to the Members of Hero MotoCorp Limited on the standalone financial statements for the year ended 31 March 2021

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all the items are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. In accordance with this programme, certain fixed assets were physically verified during the year. According to the information and explanations given to us, no material discrepancies were noticed on physical verification of such fixed assets.
- (c) According to the information and explanations given to us, the records examined by us and based on the examination of the registered sale deed and transfer deed provided to us, we report that, the title deeds of immovable properties of land and buildings which are freehold included under the head "Property, plant and equipment", are held in the name of the Company as at the balance sheet date except for two title deeds for buildings having gross block of Rs. 37.88 crores and net block of Rs. 37.70 crores which are yet to be registered in the name of the Company.
- (ii) Inventories, except for goods-in-transit and stocks lying with third parties have been physically verified by the management during the year at reasonable intervals. In our opinion, the frequency of such verification is reasonable and adequate in relation to the size of the Company and the nature of its business. For stocks lying with third parties at the year-end, written confirmations have been obtained. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii) of the Order is not applicable to the Company.
- (iv) According to the information and explanations given to us, the Company has not given any loans, or provided any guarantee or security as specified under section 185 and 186 of the Companies Act, 2013. Moreover, in respect of the investments made by the Company, requirements of section 186 of the Companies Act, 2013 have been complied with.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 in respect of certain products manufactured by the Company. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government of India under sub-section (1) of Section 148 of the Act and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees state insurance, goods and service tax, income-tax, duty of customs, cess and any other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of duty of excise, sales tax, service tax and value added taxes.

According to the information and explanation given to us, there are no undisputed amounts payable in respect of provident fund, employees state insurance, goods and service tax, income-tax, duty of customs, cess and any other material statutory dues that were in arrear as on 31 March 2021 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues in respect of income-tax, sales-tax, goods and service tax, value added tax, service tax, duty of customs and duty of excise which have not been deposited with the appropriate authorities on account of any dispute as at 31 March 2021, other than those mentioned as follows:

Name of Statute	Nature of Dues	Amount* (Rs. in crores)	Amount paid (Rs. in crores)	Period to which the Amount Relates	Forum where Dispute is Pending
Central Excise Law	Excise Duty	59.28	1.64	Financial year ("FY") 2004-05 to FY 2017-18	CESTAT (The Customs Excise and Service Tax Appellate Tribunal)
Central Excise Law	Excise Duty	3.30	0.02	FY 2014-15 to FY 2015- 16, FY 2017-18	Commissioner Appeal
Central Goods and Services Tax Act, 2017	Goods and Services Tax (GST)	0.09	0.01	FY 2017-18	GST Appellate Tribunal
Finance Act, 1994	Service Tax	233.11	24.99	FY 2004-05 to FY 2011- 12	CESTAT
Finance Act, 1994	Service Tax	0.89	0.45	FY 2004-05 to FY 2005- 06	Supreme Court
Income-tax Act, 1961	Income-tax	283.99 **	-	FY 2014-15	Income Tax Appellate Tribunal (ITAT)
Income-tax Act, 1961	Income-tax	2,336.71*	350.51	FY 2010-11	Commissioner of Income Tax (Appeals)

\*Amount as per demand orders including interest and penalty wherever indicated in the order.

\*\*Subsequent to the year end, the Company has received favourable order from Income Tax Appellate Tribunal. Further, no appeal has been made by the department against this order till the reporting date.

#Stay has been granted by assessing officer for balance demand pertaining to FY 2010-11 till the disposal of first appeal.

The following matters have been decided in favour of the Company but the department has preferred appeals at higher levels

Name of Statute	Nature of Dues	Amount* (Rs. in crores)	Amount paid as per stay order/ mandatory deposit	Financial year to which the Amount Relates	Forum where Dispute is Pending
Central Excise Law	Excise Duty	85.66	-	FY 2009-10 to FY 2010- 11, FY 2013-14	CESTAT
Central Excise Law	Excise Duty	8.78	-	FY 2002-03 to FY 2008- 09	Supreme Court
Income-tax Act, 1961	Income-tax	4.10	-	2005-06	Supreme Court
		7,367.64	-	1995-96, 1996-97, 1997-98, 1998-99, 2000-01, 2002-03, 2003-04 2006-07, 2009-10, 2010-11, 2011-12 2012-13.	High Court
		365.01	-	2004-05***, 2007-08 and 2013-14	Income Tax Appellate Tribunal

\* Amount as per demand orders including interest and penalty wherever indicated in the order.

\*\*\* Subsequent to the year end, the Company has received favourable order from Income Tax Appellate Tribunal. Further, no appeal has been made by the department against this order till the reporting date.

- (viii) According to the information and explanation given to us, the Company has not taken any loans or borrowings from banks, financial institutions and government and there were no debentures issued during the year or outstanding as at 31 March 2021. Accordingly, paragraph 3 (viii) of the Order is not applicable to the Company.
- (ix) According to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and on the basis of examination of the records of the Company, the transactions with related parties are in compliance with

Section 177 and 188 of the Companies Act, 2013, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

- (xiv) According to information and explanations given to us and on the basis of examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to information and explanations given to us and on the basis of examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-1A of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) of the Order is not applicable to the Company.

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration No.: 101248W/W-100022

**Manish Gupta**

Partner

Place: New Delhi

Date: 06 May 2021

Membership No.: 095037

UDIN : 21095037AAAABJ2949

# Annexure B to the Independent Auditors' report

on the standalone financial statements of Hero MotoCorp Limited for the year ended 31 March 2021.

## Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

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

### Opinion

We have audited the internal financial controls with reference to the standalone financial statements of Hero MotoCorp Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to the standalone financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to the standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

### Management's and Board of Directors' Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to the standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to the standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the standalone financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

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

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

### Meaning of Internal Financial controls with Reference to the Standalone Financial Statements

A company's internal financial controls with reference to the standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to the standalone financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable

assurance that transactions are recorded as necessary to permit preparation of the standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

### **Inherent Limitations of Internal Financial controls with Reference to the standalone Financial Statements**

Because of the inherent limitations of internal financial controls with reference to the standalone financial statements, including the possibility of collusion or improper management override

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

For **BSR & Co. LLP**  
Chartered Accountants  
ICAI Firm registration No.: 101248W/W-100022

**Manish Gupta**  
*Partner*  
Place: New Delhi  
Date: 06 May 2021  
Membership No.: 095037  
UDIN : 21095037AAAABJ2949

# Standalone Balance Sheet

As at March 31, 2021

(Amount in crores of INR)

Particulars	Note	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	5	5,293.40	5,562.42
(b) Capital work-in-progress	6	177.86	160.25
(c) Right of use of assets	7A	404.75	414.57
(d) Other intangible assets	7	290.26	140.09
(e) Intangible assets under development	8	258.73	181.02
(f) Financial assets			
(i) Investments	9	4,308.18	3,528.17
(ii) Loans	10	52.23	67.27
(g) Income tax assets (net)	12	368.19	310.13
(h) Other non-current assets	13	54.66	96.85
<b>Total Non - Current Assets</b>		<b>11,208.26</b>	<b>10,460.77</b>
<b>Current assets</b>			
(a) Inventories	14	1,469.55	1,091.97
(b) Financial assets			
(i) Investments	9	6,191.49	4,694.48
(ii) Trade receivables	15	2,426.76	1,603.14
(iii) Cash and cash equivalents	16	169.22	147.91
(iv) Bank balances other than (iii) above	17	87.93	93.95
(v) Loans	10	36.94	22.36
(vi) Others	11	357.53	354.61
(c) Other current assets	13	213.37	280.14
<b>Total Current Assets</b>		<b>10,952.79</b>	<b>8,288.56</b>
<b>Total Assets</b>		<b>22,161.05</b>	<b>18,749.33</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share capital	18	39.96	39.95
(b) Other equity	19	15,158.47	14,096.45
<b>Total Equity</b>		<b>15,198.43</b>	<b>14,136.40</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Lease liability	7A	129.81	121.67
(ii) Other financial liabilities		146.04	-
(b) Provisions	20	172.46	122.37
(c) Deferred tax liabilities (net)	21	404.09	392.83
<b>Total Non - Current Liabilities</b>		<b>852.40</b>	<b>636.87</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Lease liability	7A	19.70	28.29
(ii) Trade payables	22		
Total outstanding dues of micro and small enterprises		15.71	8.33
Total outstanding dues of creditors other than micro and small enterprises		5,188.90	3,022.18
(iii) Other financial liabilities	23	159.53	252.44
(b) Other current liabilities	24	566.01	518.26
(c) Provisions	20	160.37	146.56
<b>Total Current Liabilities</b>		<b>6,110.22</b>	<b>3,976.06</b>
<b>Total Equity and Liabilities</b>		<b>22,161.05</b>	<b>18,749.33</b>
The notes referred to above form an integral part of the standalone financial statements	1-46		

As per our report of even date attached  
 For **B S R & Co. LLP**  
 Chartered Accountants  
 ICAI Firm's registration number: 101248W/W-100022

For and on behalf of the Board of Directors of  
**Hero MotoCorp Limited**

**Pawan Munjal**  
 Chairman, Managing Director & CEO  
 DIN-00004223

**M. Damodaran**  
 Chairman Audit Committee  
 DIN-02106990

**Manish Gupta**  
 Partner  
 Membership No: 095037  
 UDIN: 21095037AAAABJ2949

**Niranjan Kumar Gupta**  
 Chief Financial Officer

**Pradeep Dinodia**  
 Non-Executive Director  
 DIN-00027995

**Neerja Sharma**  
 Company Secretary

Place : New Delhi  
 Date : May 06, 2021

Place : New Delhi  
 Date : May 06, 2021

# Standalone Statement of Profit and Loss

For the year ended March 31, 2021

(Amount in crores of INR)

Particulars	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Income</b>			
Revenue from operations	25	30,800.62	28,836.09
Other income	26	579.85	778.34
<b>Total Income</b>		<b>31,380.47</b>	<b>29,614.43</b>
<b>Expenses</b>			
Cost of raw materials consumed	27	21,875.33	19,867.19
Purchase of stock in trade		30.46	-
Change in inventories of finished goods, stock-in-trade and work-in-progress	28	(143.46)	(169.78)
Employee benefit expenses	29	1,898.72	1,841.70
Finance costs	30	21.84	22.02
Depreciation and amortisation expense	5, 7 and 7A	676.87	817.96
Other expenses	31	3,120.33	3,339.02
<b>Total expenses</b>		<b>27,480.09</b>	<b>25,718.11</b>
<b>Profit before exceptional item and tax</b>		<b>3,900.38</b>	<b>3,896.32</b>
Exception item-NCCD income	44	-	737.48
Exception item-VRS expenses	46	-	(60.11)
<b>Profit before tax</b>		<b>3,900.38</b>	<b>4,573.69</b>
<b>Tax expense</b>	32		
Current tax		924.92	1,084.11
Deferred tax charge/(credit)		11.26	(143.68)
<b>Total tax expense</b>		<b>936.18</b>	<b>940.43</b>
<b>Net Profit after tax</b>		<b>2,964.20</b>	<b>3,633.26</b>
<b>Other comprehensive income/ (expense)</b>			
Items that will not be reclassified subsequently to profit or loss:-			
Re-measurement losses on defined benefit plans		(28.14)	(42.47)
Income tax effect		7.08	10.69
<b>Net other comprehensive income not to be reclassified to profit or loss</b>		<b>(21.06)</b>	<b>(31.78)</b>
<b>Total Comprehensive income for the year, net of income tax</b>		<b>2,943.14</b>	<b>3,601.48</b>
Earnings per share (Nominal value of Rs. 2 each) in Rs.	33		
(a) Basic		148.39	181.91
(b) Diluted		148.37	181.91
The notes referred to above form an integral part of the standalone financial statements	1-46		

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm's registration number: 101248W/W-100022

For and on behalf of the Board of Directors of

**Hero MotoCorp Limited****Pawan Munjal**Chairman, Managing Director & CEO  
DIN-00004223**M. Damodaran**Chairman Audit Committee  
DIN-02106990**Manish Gupta**

Partner

Membership No: 095037

UDIN: 21095037AAAABJ2949

**Niranjan Kumar Gupta**

Chief Financial Officer

**Pradeep Dinodia**

Non-Executive Director

DIN-00027995

**Neerja Sharma**

Company Secretary

Place : New Delhi

Date : May 06, 2021

Place : New Delhi

Date : May 06, 2021

# Standalone Statement of Cash Flows

For the year ended March 31, 2021

(Amount in crores of INR)

Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Profit after tax</b>		2,964.20		3,633.26
Adjustments for:				
Add: Depreciation and amortisation	676.87		817.96	
Tax expense	936.18		940.43	
Loss on property, plant and equipment sold/ discarded	4.67		8.66	
Finance cost	21.84		22.02	
Employee Stock Compensation Cost	8.86		10.15	
Loss allowance on trade receivables	45.80		51.22	
		<b>1,694.22</b>		<b>1,850.44</b>
Less: Interest income on financial assets carried at amortised cost	95.10		263.91	
Dividend income	33.72		104.20	
Profit on sale of investments	167.13		135.99	
Gain on investments carried at fair value through profit or loss	283.01		227.57	
Profit on sale of property, plant and equipment	0.89		0.37	
		<b>579.85</b>		<b>732.04</b>
<b>Operating profit before working capital changes</b>		<b>4,078.57</b>		<b>4,751.66</b>
<b>Changes in working capital:</b>				
<b>Adjustment for (increase)/decrease in operating assets:</b>				
Inventories	(377.58)		(19.60)	
Trade receivables	(869.42)		1,167.21	
Loans-Current	(14.58)		2.67	
Loans-Non-Current	15.04		(7.31)	
Other financial assets-current	(2.92)		299.28	
Other current assets	66.77		(44.16)	
Other non-current assets	(3.79)		50.81	
		<b>(1,186.48)</b>		<b>1,448.90</b>
<b>Adjustment for increase/(decrease) in operating liabilities:</b>				
Trade payables	2,174.10		(324.77)	
Other financial liabilities-Current	(1.10)		5.30	
Other current liabilities	47.75		23.08	
Current provisions	13.81		87.53	
Non-current provisions	21.95		(37.30)	
		<b>2,256.51</b>		<b>(246.16)</b>
Cash generated from operations		5,148.60		5,954.40
Less: Direct tax paid (net of refund)		975.90		544.30
<b>Net cash generated from operating activities</b>		<b>4,172.70</b>		<b>5,410.10</b>

# Standalone Statement of Cash Flow

For the year ended March 31, 2021

(Amount in crores of INR)

Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Capital expenditure on property, plant & equipment, capital work-in-progress and intangible assets including capital advances		(514.56)		(1,360.07)
Proceeds from sale of property, plant & equipment		4.50		1.49
Deposits made		(1.77)		(2.15)
Sale of investments		47,930.03		47,214.25
Purchase of investments		(49,374.33)		(48,824.85)
Investment in associates		(368.37)		(248.37)
Investment in subsidiaries		(14.22)		(31.51)
Interest income on financial assets carried at amortised cost		95.10		263.91
Dividend income		33.72		104.20
<b>Net cash (used) in investing activities</b>		<b>(2,209.90)</b>		<b>(2,883.10)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Interest paid		(21.84)		(22.02)
Payment of lease liabilities		(29.67)		(65.41)
Dividends paid		(1,897.81)		(1,937.43)
Tax on dividend		-		(395.03)
Proceeds from issue of equity share capital (including share premium)		7.83		0.12
<b>Net cash (used) in financing activities</b>		<b>(1,941.49)</b>		<b>(2,419.77)</b>
<b>D. INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		<b>21.31</b>		<b>107.23</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>147.91</b>		<b>40.68</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>169.22</b>		<b>147.91</b>
See accompanying notes to the financial statements		1 to 46		

As per our report of even date attached  
For **B S R & Co. LLP**  
Chartered Accountants  
ICAI Firm's registration number: 101248W/W-100022

**Manish Gupta**  
Partner  
Membership No: 095037  
UDIN: 21095037AAAABJ2949

Place : New Delhi  
Date : May 06, 2021

For and on behalf of the Board of Directors of  
**Hero MotoCorp Limited**

**Pawan Munjal**  
Chairman, Managing Director & CEO  
DIN-00004223

**Niranjan Kumar Gupta**  
Chief Financial Officer

**Neerja Sharma**  
Company Secretary

Place : New Delhi  
Date : May 06, 2021

**M. Damodaran**  
Chairman Audit Committee  
DIN-02106990

**Pradeep Dinodia**  
Non-Executive Director  
DIN-00027995

# Standalone Statement of Changes in Equity

For the year ended March 31, 2021

(Amount in crores of INR)

## A. Equity share capital

Particulars	Number of shares	Amount
<b>Balance as at March 31, 2019</b>	19,97,26,884	39.95
Changes in equity share capital during the year		
Issue of equity shares under employee share option plan (# Rs 24,968) (Note 40)	12,484	#
<b>Balance as at March 31, 2020</b>	<b>19,97,39,368</b>	<b>39.95</b>
Changes in equity share capital during the year		
Issue of equity shares under employee share option plan (Rs 81,698) (Note 40)	40,849	0.01
<b>Balance as at March 31, 2021</b>	<b>19,97,80,217</b>	<b>39.96</b>

## B. Other Equity\*

Particulars	Reserves and surplus					Total
	Capital reserve	Securities premium	General reserve	Share options outstanding account	Retained earnings	
<b>Balance as at March 31, 2019</b>	#	13.98	2,645.79	9.59	10,147.81	12,817.17
Profit for the year	-	-	-	-	3,633.26	3,633.26
Other comprehensive income for the year, net of income tax	-	-	-	-	(31.78)	(31.78)
<b>Total Comprehensive Income for the year</b>	-	-	-	-	3,601.48	3,601.48
Charge against share-based payments	-	-	-	10.15	-	10.15
Transferred to share premium on issue of shares	-	4.30	-	(4.30)	-	-
Payment of dividends	-	-	-	-	(1,937.44)	(1,937.44)
Tax on dividend	-	-	-	-	(395.03)	(395.03)
Issue of equity shares under employee share option plan	-	0.12	-	-	-	0.12
<b>Balance as at March 31, 2020</b>	<b>#</b>	<b>18.40</b>	<b>2,645.79</b>	<b>15.44</b>	<b>11,416.82</b>	<b>14,096.45</b>
Profit for the year	-	-	-	-	2,964.20	2,964.20
Other comprehensive income for the year, net of income tax	-	-	-	-	(21.06)	(21.06)
<b>Total Comprehensive Income for the year</b>	-	-	-	-	2,943.14	2,943.14
Charge against share-based payments	-	-	-	8.86	-	8.86
Transferred to share premium on issue of shares	-	5.26	-	(5.26)	-	-
Payment of dividends	-	-	-	-	(1,897.81)	(1,897.81)
Issue of equity shares under employee share option plan	-	7.83	-	-	-	7.83
<b>Balance as at March 31, 2021</b>	<b>#</b>	<b>31.49</b>	<b>2,645.79</b>	<b>19.04</b>	<b>12,462.15</b>	<b>15,158.47</b>

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

\*on shares forfeited (Rs 4,250 in absolute INR) and share premium account on forfeited share reissued (Rs 25,500 in absolute INR)

The notes referred to above form an integral part of the standalone financial statements 1-46

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm's registration number: 101248W/W-100022

For and on behalf of the Board of Directors of

**Hero MotoCorp Limited****Pawan Munjal**

Chairman, Managing Director &amp; CEO

DIN-00004223

**M. Damodaran**

Chairman Audit Committee

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Chief Financial Officer

**Pradeep Dinodia**

Non-Executive Director

DIN-00027995

**Neerja Sharma**

Company Secretary

Place : New Delhi

Date : May 06, 2021

Place : New Delhi

Date : May 06, 2021

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

## 1. General Information

Hero MotoCorp Limited (the Company) is a public company domiciled and incorporated under the provisions of the Companies Act, 1956 on January 19, 1984. The Company's registered office and principal place of business is The Grand Plaza, Plot No. 2, Nelson Mandela Road, Vasant Kunj – Phase II, New Delhi – 110070, India. The shares of the Company are listed on two stock exchanges in India i.e. National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The Company is engaged in the manufacturing and selling of motorised two-wheelers, spare parts and related services. The Company is a leading two wheeler manufacturer and has a dominant presence in domestic market.

The standalone financial statements for the year ended March 31, 2021 were approved by the Board of Directors and authorised for issue on May 06, 2021.

## 2. Basis of preparation and presentation

### 2.1 Statement of Compliance

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

### 2.2 Basis of measurement

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments, net defined benefit asset/liability and liabilities for equity settled share based payment arrangements that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. These standalone financial statements are presented in Indian Rupee (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest crores, up to two decimals unless otherwise stated.

### 2.3 Operating Cycle

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

## 3. Significant Accounting Policies

### 3.1 Revenue Recognition

Revenue is recognised upon transfer of control of promised products or services to customers for an amount that reflects

the consideration which the Company expects to receive in exchange for those products or services. Revenue excludes taxes or duties collected on behalf of the government

- Revenue from sale of goods is recognised when control of goods are transferred to the buyer which is generally on dispatch for domestic sales and on dispatch/ delivery on local port in India for export sales.
- Revenue from providing services is recognized in the accounting period in which services are rendered. Revenue from service is based on number of services provided to the end of reporting period as a proportion of the total number services to be provided.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

A liability is recognised where payments are received from customers before transferring control of the goods being sold or providing services to the customer.

The Company disaggregates revenue from contracts with customers by nature of goods and service.

Dividend income is recorded when the right to receive payment is established. Interest income is recognised using the effective interest method.

Royalty income is recognized on accrual basis in accordance with the substance of their relevant agreements.

### 3.2 Leasing

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### The Company as a lessee

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

At the date of commencement of the lease, the Company recognizes a right-of-use of asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee,

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

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

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

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

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

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

Refer note 7A for other disclosures.

## 3.3 Foreign currencies

In preparing the standalone financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the Statement of profit and loss in the period in which they arise.

## 3.4 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the Statement of profit and loss in the period in which they are incurred.

## 3.5 Government grants

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

Government grants are recognised in the Statement of profit and loss on a systematic basis over the periods in which the Company recognises as expenses the related costs, if any, for which the grants are intended to compensate.

## 3.6 Employee benefits

### Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Payments to defined contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions.

### Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the Statement of profit and loss. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses or curtailments and settlements);
- net interest expense or income; and
- re-measurement

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

The Company presents the first two components of defined benefit costs in the Statement of profit and loss in the line item Employee benefit expense.

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

## Short-term employee benefits

Liabilities recognised in respect of wages and salaries and other short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service and are expensed as the related services are provided.

## Other long-term employee benefits

Liabilities recognised in respect of other long-term employee benefits such as long term service awards and compensated absences are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date based on the actuarial valuation using the projected unit credit method carried out at the year-end. Re measurement gain or losses are recognised in the statement of profit and loss in the period in which they arise.

## 3.7 Share-based payment arrangements

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 40.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the Statement of profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the Share option's outstanding account.

## 3.8 Taxation

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

### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported

in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted by the end of the reporting period.

### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the standalone financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they are related to income taxes levied by the same tax authority.

Current and deferred tax are recognised in the Statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

The Company elected to exercise the option permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Act, 2019. Accordingly, the Company has recognised Provision for Income tax for the year ended March 31, 2021 and March 31, 2020 and re-measured its deferred tax assets /liabilities basis the rate prescribed in the said section.

## 3.9 Property, plant and equipment

Property, plant and equipment (including furniture, fixtures, vehicles, etc.) held for use in the production or supply of goods or services, or for administrative purposes, are stated in the

## Notes forming part of the standalone financial statements

for the year ended March 31, 2021

balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses. Freehold land is not depreciated.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes items directly attributable to the construction or acquisition of the item of property, plant and equipment and capitalised borrowing cost. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate only if it is probable that the future economic benefits associated with the item will flow to the Company and that the cost of the item can be reliably measured. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to statement of profit and loss during the reporting period in which they are incurred.

Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised on the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is charged on a pro-rata basis at the straight line method as per the useful lives prescribed in Schedule II to the Companies Act, 2013, other than moulds and dies which are depreciated over a period of 3-8 years grouped under property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and loss.

### 3.10 Intangible assets

#### Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised on a straight-line basis over their estimated

useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses, if any.

#### Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the Statement of profit and loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in the Statement of profit and loss when the asset is derecognised.

#### Useful lives of intangible assets

Intangible assets such as expenditure on model fee etc. are amortised on a straight line method over a period of 5 years

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

and computer software are amortised on a straight line method over a period of 6 years.

## 3.11 Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs of disposal and value in use.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

For impairment testing, assets that don't generate independent cash flows are grouped together into cash generating units (CGU's). Each CGU represents the smallest group of assets that generate cash inflows that are largely independent of the cash inflows of other assets or CGU's.

When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of profit and loss. When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of profit and loss.

## 3.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories includes expenditure incurred in

acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. Costs of inventories are determined on a moving weighted average. Finished goods and work-in-progress include appropriate proportion of overheads. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

## 3.13 Provisions

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

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

## Warranties

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency, average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claim will arise- being typically two to five years.

## 3.14 Financial instruments

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

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

## 3.15 Financial assets

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

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

## Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through the Statement of profit and loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI") (except for debt instruments that are designated as at fair value through the Statement of profit and loss on initial recognition):

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

Interest income is recognised in the Statement of profit and loss for FVTOCI debt instruments.

All other financial assets are subsequently measured at fair value.

## Effective interest method

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

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

## Financial assets at fair value through the Statement of profit and loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition

to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in the Statement of profit and loss. The net gain or loss recognised in the Statement of profit and loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

## Investments in subsidiaries and associates

Investment in subsidiaries and associates are carried at cost in the standalone financial statements.

## Impairment of financial assets

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

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights.

## Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on net basis or to realise the assets and settle the liabilities simultaneously.

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

## Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

end of each reporting period. The resulting gain or loss is recognised in the Statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Statement of profit and loss depends on the nature of the hedging relationship and the nature of the hedged item.

## 3.16 Financial liabilities and equity instruments

### Classification as debt or equity

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

## 3.18 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

## 3.19 Earnings per share

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year/period.

### Financial liabilities

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

Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

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

## 3.20 Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the standalone financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

### Derecognition of financial liabilities

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

## 3.21 Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

## 3.17 Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts, option contracts, etc.

## 4. Critical accounting judgements and key sources of estimation uncertainty

Foreign currency derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the

In the application of the Company accounting policies, which are described in note 3, the management of the Company are

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the standalone financial statements:-

## (a) Recoverability of intangible asset

Capitalisation of cost in intangible assets under development is based on management's judgement that technological and economic feasibility is confirmed and asset under development will generate economic benefits in future. Based on evaluations carried out, the Company's management has determined that there are no factors which indicates that these assets have suffered any impairment loss.

## (b) Defined benefit plans

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

## (c) Provision and contingent liability

On an ongoing basis, Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in standalone financial statements. Contingent loss that are considered possible are not provided for but disclosed as Contingent liabilities in the standalone financial statements. Contingencies the likelihood of which is remote are not disclosed in the standalone financial statements. Contingent gain are not recognized until the contingency has been resolved and amounts are received or receivable.

## (d) Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date. As at March 31, 2021 management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.

## (e) Impairment of investment in equity instruments of subsidiary and associate companies

During the year, the Company assessed the investment in equity instrument of subsidiary and associate companies carried at cost for impairment testing. Some of these companies are start-ups or are at early stage of their operations and are expected to generate positive cash flows in the future years. Detailed analysis has been carried out on the future projections and the Company is confident that the investments do not require any impairment.

## (f) Government grant

During the year, management has assessed the conditions attached to grants which have been met and has assessed whether the grants will be received or not. Basis assessment, the Company has recognised the government grants in the Statement of profit and loss.

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 5. Property, plant and equipment

Particulars	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Data Processing equipment	Total
<b>Cost</b>								
<b>At April 1, 2019</b>	86.30	2,263.46	5,131.66	45.20	52.36	65.73	209.07	7,853.78
Additions	78.42	544.76	1,051.11	8.34	11.32	12.46	26.93	1,733.34
Disposals	-	0.09	74.91	0.87	6.65	1.94	4.62	89.08
<b>At March 31, 2020</b>	<b>164.72</b>	<b>2,808.13</b>	<b>6,107.86</b>	<b>52.67</b>	<b>57.03</b>	<b>76.25</b>	<b>231.38</b>	<b>9,498.04</b>
Additions	-	58.19	239.82	2.30	6.16	8.76	20.65	335.88
Disposals	-	0.13	80.26	1.16	9.53	0.29	6.02	97.39
<b>At March 31, 2021</b>	<b>164.72</b>	<b>2,866.19</b>	<b>6,267.42</b>	<b>53.81</b>	<b>53.66</b>	<b>84.72</b>	<b>246.01</b>	<b>9,736.53</b>
<b>Accumulated depreciation</b>								
<b>At April 1, 2019</b>	-	368.40	2,785.97	21.01	19.56	37.07	144.24	3,376.25
Depreciation expense	-	68.17	510.00	3.78	23.41	9.04	24.27	638.67
Adjustments	-	0.09	67.89	0.76	4.42	1.84	4.30	79.30
<b>At March 31, 2020</b>	<b>-</b>	<b>436.48</b>	<b>3,228.08</b>	<b>24.03</b>	<b>38.55</b>	<b>44.27</b>	<b>164.21</b>	<b>3,935.62</b>
Depreciation expense	-	87.62	464.18	4.47	4.42	12.01	23.92	596.62
Adjustments	-	0.05	74.47	0.77	7.85	0.26	5.71	89.11
<b>At March 31, 2021</b>	<b>-</b>	<b>524.05</b>	<b>3,617.79</b>	<b>27.73</b>	<b>35.12</b>	<b>56.02</b>	<b>182.42</b>	<b>4,443.13</b>
<b>Net block</b>								
<b>At March 31, 2020</b>	<b>164.72</b>	<b>2,371.65</b>	<b>2,879.78</b>	<b>28.64</b>	<b>18.48</b>	<b>31.98</b>	<b>67.17</b>	<b>5,562.42</b>
<b>At March 31, 2021</b>	<b>164.72</b>	<b>2,342.14</b>	<b>2,649.63</b>	<b>26.08</b>	<b>18.54</b>	<b>28.70</b>	<b>63.59</b>	<b>5,293.40</b>

**Note:-** The title deeds of immovable properties are held in the name of the Company as at the balance sheet date except for two title deeds for buildings having gross block of Rs. 37.88 crores and net block of Rs. 37.70 crores which are yet to be registered in the name of the Company.

## 6. Capital work-in-progress

Particulars	As at March 31, 2021	As at March 31, 2020
Capital work-in-progress	177.86	160.25
<b>Total</b>	<b>177.86</b>	<b>160.25</b>

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 7. Other intangible assets

Particulars	Model fee/brand license/Product designs and development	Computer softwares	Technical know-how/export licenses	Total
<b>Cost</b>				
At April 1, 2019	741.73	137.05	2,895.67	3,774.45
Additions	108.03	21.04	-	129.07
<b>At March 31, 2020</b>	<b>849.76</b>	<b>158.09</b>	<b>2,895.67</b>	<b>3,903.52</b>
Additions	163.07	28.31	-	191.38
<b>At March 31, 2021</b>	<b>1,012.83</b>	<b>186.40</b>	<b>2,895.67</b>	<b>4,094.90</b>
<b>Accumulated amortisation</b>				
At April 1, 2019	642.70	95.03	2,895.67	3,633.40
Amortisation expense	115.25	14.78	-	130.03
<b>At March 31, 2020</b>	<b>757.95</b>	<b>109.81</b>	<b>2,895.67</b>	<b>3,763.43</b>
Amortisation expense	25.09	16.12	-	41.21
<b>At March 31, 2021</b>	<b>783.04</b>	<b>125.93</b>	<b>2,895.67</b>	<b>3,804.64</b>
<b>Net block</b>				
At March 31, 2020	91.81	48.28	-	140.09
At March 31, 2021	229.79	60.47	-	290.26

## 7A. Right of use of assets

Particulars	Leasehold land right	Right of Use of assets	Total
<b>Cost</b>			
At April 1, 2019	248.46	172.29	420.75
Additions	28.79	14.29	43.08
<b>At March 31, 2020</b>	<b>277.25</b>	<b>186.58</b>	<b>463.83</b>
Additions	-	29.22	29.22
<b>At March 31, 2021</b>	<b>277.25</b>	<b>215.80</b>	<b>493.05</b>
<b>Accumulated amortisation</b>			
Amortisation expense during the year	3.44	45.82	49.26
<b>At March 31, 2020</b>	<b>3.44</b>	<b>45.82</b>	<b>49.26</b>
Amortisation expense during the year	3.17	35.87	39.04
<b>At March 31, 2021</b>	<b>6.61</b>	<b>81.69</b>	<b>88.30</b>
<b>Net block</b>			
At March 31, 2020	273.81	140.76	414.57
At March 31, 2021	270.64	134.11	404.75

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 7A. Right of use of assets (Contd..)

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

Particulars	As at March 31, 2021	As at March 31, 2020
Current lease liabilities	19.70	28.29
Non-current lease liabilities	129.81	121.67
<b>Total</b>	<b>149.51</b>	<b>149.96</b>

The following is the movement in lease liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Opening Balance	149.96	172.29
Additions	29.22	43.08
Payment of lease liabilities and finance cost accrued during the year	(29.67)	(65.41)
<b>Total</b>	<b>149.51</b>	<b>149.96</b>

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	As at March 31, 2021	As at March 31, 2020
Less than one year	29.48	39.22
One to five years	104.41	89.33
More than five years	80.18	97.60
<b>Total</b>	<b>214.07</b>	<b>226.15</b>

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expenses recorded for short-term leases is Rs.32.89 crores during year ended March 31, 2021 (Previous year Rs. 23.30 crores).

## 8. Intangible assets under development

Particulars	As at March 31, 2021	As at March 31, 2020
Intangible assets under development	258.73	181.02
<b>Total</b>	<b>258.73</b>	<b>181.02</b>

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 9 Investments

Particulars	Units As at March 31, 2021	Units As at March 31, 2020	As at March 31, 2021		As at March 31, 2020	
			Current	Non Current	Current	Non Current
<b>Category-wise investments</b>						
Investment in equity instruments			-	1,859.22	-	1,648.71
Investment in preference shares			-	504.38	-	330.38
Investment in debentures / bonds			54.55	610.49	134.56	205.72
Investment in mutual funds			6,136.94	1,334.09	4,559.92	1,343.36
			<b>6,191.49</b>	<b>4,308.18</b>	<b>4,694.48</b>	<b>3,528.17</b>
<b>Investment in equity instruments carried at cost</b>						
<b>Unquoted Investments</b>						
<b>Investment in subsidiaries</b>						
Hero Tech Centre Germany GMBH (Face Value of EUR 1 each)	25,25,000	25,25,000	-	19.57	-	19.57
HMCL Netherlands B.V (Face Value of USD 1 each)	4,52,05,685	4,32,43,527	-	296.19	-	281.97
HMCL Americas INC (Face Value of USD 1,000 each)	3,500	3,500	-	22.22	-	22.22
HMC MM Auto Limited (Face Value of Rs. 10 each)	4,79,99,993	4,79,99,993	-	48.00	-	48.00
			-	<b>385.98</b>	-	<b>371.76</b>
<b>Investment in Associates</b>						
<b>Ather Energy Private Limited</b>						
Equity shares Face Value of Rs. 1 each	100	100	-	0.20	-	0.20
Preference shares of Face Value of Rs 10 each (Compulsorily convertible in equity instruments)	1,28,533	1,28,533	-	330.38	-	330.38
Preference shares Series C 1 of Face Value of Rs 10 each (Convertible into equity instruments)	20,688	-	-	84.00	-	-
Preference shares Series D of Face Value of Rs 10 each (Convertible into equity instruments)	30,475	-	-	90.00	-	-
<b>Hero FinCorp Limited</b>						
Equity shares of Face Value of Rs. 10 each, fully paid up	5,24,31,893	4,70,32,574	-	1,469.03	-	1,026.29
Equity shares of Face Value of Rs. 10 each, partly paid up	-	53,99,319	-	-	-	248.37
			-	<b>1,973.61</b>	-	<b>1,605.24</b>

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 9 Investments (Contd..)

Particulars	Units As at March 31, 2021	Units As at March 31, 2020	As at March 31, 2021		As at March 31, 2020	
			Current	Non Current	Current	Non Current
<b>Quoted Investments</b>						
<b>Investments carried at fair value through profit or loss (FVTPL)</b>						
<b>Investment in equity instruments of Other Entities</b>						
Bombay Stock Exchange Limited						
Face Value of Rs. 2 each	70,200	70,200	-	4.01	-	2.09
			-	4.01	-	2.09
<b>Investment in equity instruments</b>			-	2,363.60	-	1,979.09
<b>Investment in debentures</b>						
<b>Quoted Investments</b>						
<b>Investments carried at amortised cost</b>						
<b>Face Value of Rs. 1000 each</b>						
7.34% HUDCO	2,50,000	2,50,000	-	25.22	-	25.23
-Maturity- 16.02.2023						
7.18% IRFC -Maturity-19.02.2023	2,50,000	2,50,000	-	25.83	-	25.83
8.18% NHPC Tax Free Bonds- Maturity-02.11.2023	1,61,050	1,61,050	-	17.42	-	17.43
8.51% HUDCO Tax Free Bonds- Maturity-13.01.2024	2,50,000	2,50,000	-	25.45	-	25.46
8.18% PFC Tax Free Bonds- Maturity- 16.11.2023	3,23,890	3,23,890	-	33.38	-	33.38
9.10% Shriram Transport Finance Company Limited TR-I SR -III 9.1 NCD-Maturity-12 July 21	2,50,000	2,50,000	25.77	-	-	25.77
<b>Face Value of Rs. 5,00,000 each</b>						
10.70% Tata Motors Finance Limited-Maturity-28.04.2020	-	138	-	-	7.59	-
10.70% Tata Motors Finance Limited-Maturity-10.04.2020	-	400	-	-	22.08	-
<b>Face Value of Rs. 10,00,000 each</b>						
8.1082% HDB Financial Servies- Maturity-04.06.21	250	250	28.78	-	-	26.63
SBI Series II 8.50 BD Perpetual- Maturity-22.11.24	250	250	-	25.92	-	25.99
Bank of Baroda Series XV 8.15 BD Perpetual - Maturity - 13.01.2026	250	-	-	25.56	-	-
SBI Series II 7.73 BD Perpetual- Maturity- 24.11.2025	250	-	-	26.12	-	-

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 9 Investments (Contd..)

Particulars	Units As at March 31, 2021	Units As at March 31, 2020	As at March 31, 2021		As at March 31, 2020	
			Current	Non Current	Current	Non Current
LIC Housing Finance Ltd. 386 7.99 NCD- Maturity- 12.07.2029	500	-	-	54.88	-	-
Housing Development Finance Corporation Ltd. Series Y-005 6.83 NCD- Maturity- 08.01.2031	500	-	-	49.13	-	-
Food Corporation of India Series IX 6.65 LOA- Maturity- 23.10.2030	500	-	-	49.55	-	-
REC Limited Series 189 7.92 BD- Maturity- 31.03.2030	350	-	-	36.27	-	-
REC Limited Series 198B 7.79 BD- Maturity- 21.05.2030	150	-	-	16.49	-	-
National Bank of Agriculture and Rural Development Series PMAY G PDI 6.39 LOA- Maturity- 19.11.2030	250	-	-	24.53	-	-
National Bank for Agriculture and Rural Development Series PMAY G PD2 6.42 LOA- Maturity- 25.11.2030	200	-	-	19.65	-	-
Shriram Transport Finance company Limited Series PPMLY 02 BR BCD- Maturity- 27.04.2023	250	-	-	25.19	-	-
Housing Development Finance Corporation Limited Series X-006 7.25 NCD- Maturity- 17.06.2030	500	-	-	52.88	-	-
National Highways Authority of India Series VIII 7.54 BD- Maturity- 27.01.2030	500	-	-	51.93	-	-
Muthoot Fincorp Limited Series VIII BR NCD- Maturity- 22-03-2023	250	-	-	25.09	-	-
<b>Zero Coupon Bonds</b>						
Rural Electrification Corporation Ltd NCD @Rs. 13,578 maturity Rs. 30,000 per bond- Maturity-15.12.2020	-	37,000	-	-	104.89	-
			<b>54.55</b>	<b>610.49</b>	<b>134.56</b>	<b>205.72</b>
<b>Investment in debentures / bonds</b>			<b>54.55</b>	<b>610.49</b>	<b>134.56</b>	<b>205.72</b>
<b>Investment in mutual funds</b>						
<b>{include funds which are listed but not quoted}</b>						
<b>Unquoted Investments</b>						
<b>Investments carried at fair value through profit or loss (FVTPL)</b>						
<b>Debt fund</b>						

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 9 Investments (Contd..)

Particulars	Units As at March 31, 2021	Units As at March 31, 2020	As at March 31, 2021		As at March 31, 2020	
			Current	Non Current	Current	Non Current
<b>Units of the face value of Rs. 10 each</b>						
<b>ICICI Prudential Mutual Fund</b>						
FMP -Series 82-1199 Days Plan L Direct Plan Cumulative	7,00,00,000	7,00,00,000	88.48	-	-	83.17
FMP -Series 82-1135 Days Plan U Direct Plan Cumulative	5,00,00,000	5,00,00,000	62.67	-	-	58.93
FMP Series 83-1105 Days Plan F Direct Plan Cumulative	5,00,00,000	5,00,00,000	62.94	-	-	59.12
Blended Plan B- Direct Plan-Growth Option (Merged with Banking and PSU Debt Fund Direct Plan Growth)	3,25,95,446	3,25,95,446	83.50	-	77.07	-
Banking and PSU Debt Fund-Direct Plan-Growth	-	2,16,59,649	-	-	51.21	-
Short Term Fund-Direct Plan-Growth Option	4,50,67,080	7,76,51,149	219.11	-	344.51	-
Corporate Bond Fund -Direct Plan -Growth	6,12,71,259	2,38,24,272	144.03	-	51.25	-
Credit Risk Fund -Direct Plan -Growth	1,99,05,885	-	50.32	-	-	-
<b>Aditya Birla Sunlife Mutual Fund</b>						
Fixed Term Plan-Series PB (1190 days)-Direct Growth	9,00,00,000	9,00,00,000	113.64	-	-	106.95
Fixed Term Plan-Series PZ (1120 days)-Direct Growth	3,50,00,000	3,50,00,000	43.65	-	-	41.13
Fixed Term Plan-Series QB (1113 days)-Direct Growth	5,00,00,000	5,00,00,000	62.89	-	-	59.21
Fixed Term Plan-Series RC (1295 days)-Direct Growth	5,00,00,000	5,00,00,000	-	62.81	-	58.32
Corporate Bond Fund -Growth-Direct Plan	-	65,02,619	-	-	51.30	-
Short Term Fund -Growth-Direct Plan	1,96,85,918	-	75.70	-	-	-
<b>Nippon India Mutual Fund (Formerly Reliance Mutual Fund)</b>						
Fixed Horizon Fund -XXXVII-Series 10-Direct Growth Plan	2,50,00,000	2,50,00,000	31.69	-	-	29.18
Fixed Horizon Fund -XXXVII-Series 12-Direct Growth Plan	4,00,00,000	4,00,00,000	50.54	-	-	47.34
Short-term - Direct Growth Plan Growth Option	3,63,47,075	-	156.48	-	-	-

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 9 Investments (Contd..)

Particulars	Units As at March 31, 2021	Units As at March 31, 2020	As at March 31, 2021		As at March 31, 2020	
			Current	Non Current	Current	Non Current
<b>Invesco Mutual Fund (Formerly Religare Invesco Mutual Fund)</b>						
FMP-Sr.29-Plan B (1150 Days)- Direct Growth	-	60,00,000	-	-	7.45	-
FMP-Sr.33-Plan D (1273 Days)- Direct Sub Plan Growth	2,00,00,000	2,00,00,000	-	24.99	-	22.91
<b>SBI Mutual Fund</b>						
Corporate Bond Fund- Direct Plan- Growth	-	6,81,97,318	-	-	76.97	-
Savings Fund - Direct-Growth	4,38,98,670	-	150.12	-	-	-
<b>IDFC Mutual Fund</b>						
Fixed Term Plan Series 140 Direct Plan -Growth (1145 Days)	5,00,00,000	5,00,00,000	62.92	-	-	59.10
Fixed Term Plan Series 144 Direct Plan -Growth (1141Days)	5,00,00,000	5,00,00,000	62.64	-	-	58.77
Banking & PSU Debt Fund -Direct Plan- Growth	2,86,29,997	7,21,44,804	55.94	-	129.60	-
Credit Risk Fund- Direct Plan- Growth	4,04,48,820	4,04,48,820	54.84	-	51.49	-
<b>Kotak Mutual Fund</b>						
FMP Series 219 Direct-Growth	7,50,00,000	7,50,00,000	94.30	-	-	88.84
FMP Series 221 Direct-Growth	4,80,00,000	4,80,00,000	59.96	-	-	56.53
FMP Series 228 Direct-Growth	5,00,00,000	5,00,00,000	63.28	-	-	59.33
Credit Risk Fund -Direct Plan- Growth	1,08,39,356	2,16,78,713	27.28	-	50.86	-
<b>HDFC Mutual Fund</b>						
FMP 1143 D March 2018(1) -Direct-Growth-Series-39	7,50,00,000	7,50,00,000	94.21	-	-	88.58
FMP 1147 D March 2018(1) -Direct-Growth-Series-39	5,00,00,000	5,00,00,000	62.67	-	-	58.89
Low Duration Fund- Direct Plan- Growth Option	5,56,66,963	1,17,13,250	264.84	-	51.78	-
Banking & PSU Debt Fund -Direct Growth Option	2,91,39,567	7,63,91,860	53.18	-	128.53	-
Short Term Debt Fund -Direct Plan- Growth Option	-	4,49,31,502	-	-	102.84	-
Credit Risk Debt Fund -Direct -Growth	3,87,76,839	1,47,51,525	74.35	-	25.73	-
<b>Axis Mutal Fund</b>						
Short Term - Direct Plan - Growth	4,08,42,187	-	103.75	-	-	-

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 9 Investments (Contd..)

Particulars	Units As at March 31, 2021	Units As at March 31, 2020	As at March 31, 2021		As at March 31, 2020	
			Current	Non Current	Current	Non Current
<b>Units of the face value of Rs. 100 each</b>						
<b>ICICI Prudential Mutual Fund</b>						
Savings Fund-Direct Plan-Growth Option	76,47,092	74,29,165	320.94	-	290.01	-
<b>Aditya Birla Sunlife Mutual Fund</b>						
Savings Fund-Growth-Direct Plan	-	26,54,976	-	-	106.42	-
Low Duration Fund -Growth-Direct Plan	43,63,469	56,45,928	240.89	-	289.96	-
Banking & PSU - Debt fund - Direct Plan - Growth	17,30,722	-	50.14	-	-	-
Money Manager Fund-Growth-Direct Plan	41,01,753	-	117.79	-	-	-
<b>DSP Mutual Fund</b>						
Low Duration Fund- Direct Plan-growth	1,03,95,299	5,19,76,493	16.45	-	77.47	-
<b>Units of the face value of Rs. 1000 each</b>						
<b>Nippon India Mutual Fund (Formerly Reliance Mutual Fund)</b>						
Low Duration Fund- Direct Growth Plan Growth Option	5,16,415	-	155.97	-	-	-
Money Market Fund Direct Plan Growth	4,65,847	-	150.04	-	-	-
<b>Invesco Mutual Fund (Formerly Religare Invesco Mutual Fund)</b>						
Short Term Fund-Direct Plan Growth	6,26,087	6,26,087	189.58	-	175.94	-
Ultra Short Term Fund- Direct Plan Growth (Formerly Medium Term Bond Fund-Direct Plan Growth)	8,15,166	10,65,859	181.16	-	225.22	-
Treasury Advantage Fund-Direct Plan Growth	-	1,80,694	-	-	51.72	-
Corporate Bond Fund - Direct Plan Growth	5,02,311	-	131.35	-	-	-
<b>Kotak Mutual Fund</b>						
Corporate Bond Fund Direct Growth	1,48,253	1,85,317	44.25	-	51.15	-
Low Duration Fund Direct Growth	9,47,500	-	262.80	-	-	-
Money Market Fund-Direct Plan-Growth	6,27,223	-	218.51	-	-	-

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 9 Investments (Contd..)

Particulars	Units As at March 31, 2021	Units As at March 31, 2020	As at March 31, 2021		As at March 31, 2020	
			Current	Non Current	Current	Non Current
<b>PGIM India Mutual Fund (Formerly DHFL Pramerica Mutual Fund)</b>						
Fixed Duration Fund -Series AE- Direct Plan-Growth	-	62,500	-	-	7.79	-
Fixed Duration Fund -Series AG- Direct Plan-Growth	-	1,00,000	-	-	12.40	-
<b>Axis Mutal Fund</b>						
Banking & PSU Debt Fund- Direct Growth	4,49,207	7,98,515	94.23	-	154.99	-
<b>HDFC Mutual Fund</b>						
Money Market Fund Direct Plan Growth	7,79,189	-	348.60	-	-	-
<b>UTI Mutual Fund</b>						
Money Market Fund Direct Plan Growth	11,12,782	-	266.53	-	-	-
<b>Edelweiss Mutual Fund</b>						
Edelweiss Mutual Bharat Bond ETF	30,00,000	30,00,000	-	335.08	-	307.06
Edelweiss Mutual Bharat Bond ETF	88,96,795	-	-	911.21	-	-
<b>Equity fund</b>						
<b>Units of the face value of Rs. 10 each</b>						
<b>Nippon India Mutual Fund (Formerly Reliance Mutual Fund)</b>						
Arbitrage Fund - Direct Growth Plan Growth Option	12,15,55,798	24,29,83,312	265.32	-	508.57	-
<b>IDFC Mutual Fund</b>						
Arbitrage Fund -Growth-(Direct Plan)	-	5,32,40,261	-	-	136.99	-
<b>Aditya Birla Sunlife Mutual Fund</b>						
Arbitrage Fund -Growth -Direct Plan (Formerly known as Aditya Birla Sun Life Enhanced Arbitrage Fund )	4,60,73,214	7,46,30,850	100.35	-	156.18	-
<b>Edelweiss Mutual Fund</b>						
Arbitrage Fund -Direct Plan Growth	12,76,06,360	-	200.95	-	-	-
<b>Kotak Mutual Fund</b>						
Equity Arbitrage Fund- Direct Plan- Growth	6,63,73,737	-	200.99	-	-	-
<b>HDFC Mutual Fund</b>						
Arbitrage Fund- Direct Plan-Growth	3,25,20,325	-	50.18	-	-	-

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 9 Investments (Contd..)

Particulars	Units As at March 31, 2021	Units As at March 31, 2020	As at March 31, 2021		As at March 31, 2020	
			Current	Non Current	Current	Non Current
<b>Liquid fund</b>						
<b>Units of the face value of Rs. 100 each</b>						
<b>ICICI Prudential Mutual Fund</b>						
Liquid Direct plan-Growth	-	57,69,464	-	-	169.49	-
<b>Aditya Birla Sunlife Mutual Fund</b>						
Liquid Fund- Growth- Direct Plan (Formerly Cash Plus-Growth-Direct Plan)	-	78,89,513	-	-	252.12	-
<b>Units of the face value of Rs. 1000 each</b>						
<b>Nippon India Mutual Fund (Formerly Reliance Mutual Fund)</b>						
Liquidity Fund- Direct Growth Plan Growth Option	-	8,07,476	-	-	391.68	-
<b>HDFC Mutual Fund</b>						
Liquid Fund Direct Plan Growth	-	7,71,080	-	-	301.23	-
<b>Investment in mutual funds</b>			<b>6,136.94</b>	<b>1,334.09</b>	<b>4,559.92</b>	<b>1,343.36</b>
<b>Total Investments</b>			<b>6,191.49</b>	<b>4,308.18</b>	<b>4,694.48</b>	<b>3,528.17</b>

Particulars	As at March 31, 2021		As at March 31, 2020	
	Current	Non Current	Current	Non Current
Aggregate book value of quoted investments	54.55	614.50	134.56	207.81
Aggregate market value of quoted investments	55.59	614.74	135.71	214.87
Aggregate carrying value of unquoted investments	6,136.94	3,693.68	4,559.92	3,320.36
Aggregate amount of impairment in value of investments	-	-	-	-

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 9 Investments (Contd..)

### Category-wise investment as per Ind AS 109 classification

Particulars	As at March 31, 2021		As at March 31, 2020	
	Current	Non Current	Current	Non Current
<b>Financial assets carried at fair value through profit or loss (FVTPL)</b>				
<b>Unquoted</b>				
Investment in Mutual Funds	6,136.94	1,334.09	4,559.92	1,343.36
<b>Quoted</b>				
Investment in equity instruments	-	4.01	-	2.09
<b>Financial assets carried at amortised cost</b>				
<b>Quoted</b>				
Investment in debentures / bonds	54.55	610.49	134.56	205.72
	<b>6,191.49</b>	<b>1,948.59</b>	<b>4,694.48</b>	<b>1,551.17</b>

Note: The above does not include investments in subsidiaries and associates amounting to Rs 2,359.59 crores (as at March 31, 2021) and Rs 1,977.00 crores (as at March 31, 2020) carried at cost.

Information about the Company's exposure to credit and market risks, and fair value measurement, is included in Note 41.

## 10. Loans

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non - current</b>		
<b>Unsecured, considered good</b>		
Loans to employees	16.73	22.15
Security deposits	35.50	45.12
<b>Total</b>	<b>52.23</b>	<b>67.27</b>
<b>Current</b>		
<b>Unsecured, considered good</b>		
Loans to employees	22.95	20.67
Security deposits	13.99	1.69
<b>Total</b>	<b>36.94</b>	<b>22.36</b>

Note :- These financial assets are carried at amortised cost unless otherwise stated.

Note :- The Company's exposure to credit and currency risks, and impairment allowances related to Loans (Financial assets) is disclosed in Note 41

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 11. Other financial assets

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Current</b>		
<b>Unsecured, considered good</b>		
Interest accrued on deposits	3.90	0.23
Accrual of incentive from State Government	344.45	331.89
Other recoverables	9.18	22.49
<b>Total</b>	<b>357.53</b>	<b>354.61</b>

Note :- These financial assets are carried at amortised cost unless otherwise stated.

Note :- The Company's exposure to credit and currency risks, and impairment allowances related to Other financial assets is disclosed in Note 41

## 12. Income tax assets (net)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Tax assets</b>		
Advance income tax	1,286.03	1,383.55
Less : Provision for taxation	917.84	1,073.42
<b>Total</b>	<b>368.19</b>	<b>310.13</b>

## 13. Other assets

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non-current</b>		
<b>Unsecured, considered good</b>		
Capital advances	27.33	73.31
Prepaid expenses	6.18	5.05
<b>Balance with government authorities</b>		
- Excise duty and others	12.17	8.18
- VAT/ sales tax	8.98	10.31
<b>Total</b>	<b>54.66</b>	<b>96.85</b>
<b>Current</b>		
<b>Unsecured, considered good</b>		
Prepaid expenses	46.76	65.01
Advance to suppliers	100.01	78.31
Other advances	0.02	5.55
<b>Balance with Government authorities</b>		

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 13. Other assets (Contd..)

Particulars	As at March 31, 2021	As at March 31, 2020
- VAT/ sales tax / Employee state insurance	21.12	66.36
- Goods and service tax (GST)	28.12	43.70
- Export incentive receivable	17.34	21.21
<b>Total</b>	<b>213.37</b>	<b>280.14</b>

## 14. Inventories

(lower of cost and net realisable value)

Particulars	As at March 31, 2021	As at March 31, 2020
Raw materials and components	740.20	567.65
Goods in transit of raw materials and components	108.00	48.82
Work in progress (Two wheelers)	46.90	50.13
Finished goods		
Two wheelers	370.35	263.33
Spare parts	54.36	38.50
Stock in trade	23.82	-
Stores and spares	98.88	97.98
Loose tools	27.04	25.56
<b>Total</b>	<b>1,469.55</b>	<b>1,091.97</b>

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

## 15. Trade receivables

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Current</b>		
Trade Receivables considered good (Secured) **	54.81	52.02
Trade Receivables considered good (Unsecured) **	2,371.95	1,551.12
Trade Receivables considered doubtful	117.05	71.25
	<b>2,543.81</b>	<b>1,674.39</b>
Less: Loss allowance	117.05	71.25
<b>Total</b>	<b>2,426.76</b>	<b>1,603.14</b>

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

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

The carrying amount of trade receivables approximates their fair value. The Company's exposure to credit and currency risks, and impairment allowances related to trade receivables is disclosed in Note 41

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 15. Trade receivables (Contd..)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Age of receivables</b>		
Within the credit period	1,375.52	623.81
upto six months past due	1,100.81	968.72
More than six months but less than one year	9.97	25.81
More than one year	57.51	56.05
	<b>2,543.81</b>	<b>1,674.39</b>

## 16. Cash and cash equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	0.01	0.03
<b>Balances with banks</b>		
In current accounts	167.83	146.58
In deposit accounts	1.38	1.30
<b>Cash and cash equivalents</b>	<b>169.22</b>	<b>147.91</b>

## 17. Bank balances other than cash and cash equivalents above

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Balances with banks</b>		
In dividend current accounts (earmarked accounts)	49.09	56.88
In deposit accounts*	38.84	37.07
<b>Total</b>	<b>87.93</b>	<b>93.95</b>

\* The Company had placed fixed deposits aggregating Rs 25.00 crores with Dena Bank on February 18, 2014. Subsequent thereto, it was brought to the notice of the Company that money had been fraudulently withdrawn by pledging fictitious copies of such fixed deposit receipts with concerned bank by some individuals. The Company has filed a recovery suit which is pending in the honorable Delhi High Court against the bank. In the interim, the Bank has renewed the deposits (along with interest earned thereon).

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 18. (a) Equity Share capital

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Authorised</b>		
250,000,000 (as at March 31, 2020 - 250,000,000) Equity shares of Rs. 2 each	50.00	50.00
<b>Total</b>	<b>50.00</b>	<b>50.00</b>
<b>Issued, subscribed and fully paid up</b>		
199,780,217 (as at March 31, 2020: 199,739,368) Equity shares of Rs. 2 each	39.96	39.95
<b>Total</b>	<b>39.96</b>	<b>39.95</b>

The Company has only one class of equity shares having a par value of Rs. 2 per share. Each holder of equity shares is entitled to one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to their shareholding.

### (i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

Particulars	As at March 31, 2021		As at March 31, 2020	
	Nos.	Rs. in crores	Nos.	Rs. in crores
Opening Balance	19,97,39,368	39.95	19,97,26,884	39.95
Issued during the year Current year Rs. 81,698* (# previous year Rs. 24,968*)- Employee Stock Option Plan (refer note 40)	40,849	0.01	12,484	#
<b>Closing Balance</b>	<b>19,97,80,217</b>	<b>39.96</b>	<b>19,97,39,368</b>	<b>39.95</b>

\* in absolute INR

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	Nos.	% holding in the class	Nos.	% holding in the class
Ms. Renu Munjal *	93,09,019	4.66%	93,09,019	4.66%
Mr. Suman Munjal *	93,09,019	4.66%	93,09,019	4.66%
Mr. Pawan Munjal *	93,09,020	4.66%	93,09,020	4.66%
M/S Bahadur Chand Investments (P) Ltd	4,00,33,238	20.04%	3,99,43,238	20.00%
Life Insurance Corporation of India	1,48,16,832	7.42%	1,10,57,976	5.54%

\* Hold shares on behalf of Brijmohan Lall Om Prakash (partnership firm)

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 18. (a) Equity Share capital (Contd..)

On March 30, 2020 and March 31, 2020, the promoters of the Company had acquired certain shares of the Company. However, same was not reflecting in the relevant account of promoters as on March 31, 2020 and therefore not included in the shareholding pattern mentioned above as at March 31, 2020. Details of shares acquired are as follows:

- Bahadur Chand Investments Private Limited, had purchased 90,000 equity shares (0.04%) on March 30 and 31, 2020 increasing its total shareholding to 4,00,33,238 shares (20.04%)
- Pawan Munjal Family Trust, had purchased 1,58,000 equity shares (0.08%) on March 31, 2020
- RK Munjal & Sons Trust, had purchased 8,000 equity shares (0.0%) on March 31, 2020
- Mr. Suman Kant Munjal, Promoter, had purchased 20,000 equity shares (0.01%) on March 31, 2020 thereby increasing his shareholding to 91,250 shares (0.05%)

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

Particulars	Share Options Outstanding (In Nos.)		Expiry Date
	As at March 31, 2021	As at March 31, 2020	
ESOP 2014	-	864	October 21, 2021
ESOP 2016	11,349	20,916	August 21, 2023
RSU 2016	-	-	August 21, 2023
ESOP 2017	14,910	21,826	October 31, 2024
RSU 2017	2,128	2,128	October 31, 2024
ESOP 2018	82,406	1,08,030	March 25, 2026
RSU 2018	3,906	5,580	January 31, 2026
ESOP 2019	64,480	93,425	October 22, 2026
RSU 2019	3,647	5,210	October 22, 2026
ESOP 2020	94,000	-	October 27, 2027
RSU 2020	1,560	-	October 27, 2027

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

## b) Preference share capital

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Authorised Preference share capital</b>		
4,00,000 (as at March 31, 2020 - 4,00,000) Cumulative convertible preference shares of Rs. 100 each	4.00	4.00
4,00,000 (as at March 31, 2020 - 4,00,000) Cumulative redeemable preference shares of Rs. 100 each	4.00	4.00
<b>Total</b>	<b>8.00</b>	<b>8.00</b>

Note:- The Company has not issued preference share capital.

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 19. Other equity

Particulars	As at March 31, 2021	As at March 31, 2020
Capital reserves	#	#
Securities premium	31.49	18.40
General reserve	2,645.79	2,645.79
Share options outstanding account	19.04	15.44
Retained earnings	12,462.15	11,416.82
<b>Total</b>	<b>15,158.47</b>	<b>14,096.45</b>

### Nature and Description

- (i) **Capital reserves:-** The company had transferred forfeited share application money to Capital reserve in accordance with the provision of the Companies Act, 1956. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.
- (ii) **Securities premium:-** Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.
- (iii) **General reserve:-** General Reserves are free reserves of the company which are kept aside out of company's profits to meet the future requirements as and when they arise. The Company had transferred a portion of the profit after tax (PAT) to general reserve pursuant to the earlier provisions of Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.
- (iv) **Share options outstanding account:-** Stock option outstanding account is used to record the impact of employee stock option scheme. Refer note 40 for further detail of this plan.
- (v) **Retained earnings:-** Retained earnings are the accumulated profits earned by the Company till date, less transfer to general reserves, dividend (including dividend distribution tax) and other distributions made to the shareholders.

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>A. Capital Reserves</b>		
On shares forfeited (#Rs. 4,250 in absolute INR)	#	#
Securities premium account on forfeited shares reissued(##Rs. 25,500 in absolute INR)	##	##
<b>B. Securities premium</b>		
Opening balance	18.40	13.98
Add : Premium on equity shares issued @	13.09	4.42
<b>Closing balance</b>	<b>31.49</b>	<b>18.40</b>

@ Addition in securities premium represents premium on equity shares under various schemes amounting to Rs. 7.83 crores (Previous year Rs.0.12 crores) and Rs. 5.26 crores (Previous year Rs.4.30 crores) transferred from share option outstanding account on 40,849 equity shares (Previous year 12,484 equity shares) issued and allotted during the year under ESOP scheme. Also refer Note 40.

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 19. Other equity (Contd..)

### Nature and Description (Contd..)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>C. General Reserve</b>		
General reserve at the beginning and end of the year	2,645.79	2,645.79
<b>D. Share options outstanding account *</b>		
Opening balance	15.44	9.59
Add: Net charge during the year	8.86	10.15
Less: Transferred to securities premium on issue of shares	(5.26)	(4.30)
<b>Closing balance</b>	<b>19.04</b>	<b>15.44</b>

\* Also refer note 40

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>E. Retained earnings</b>		
Opening balance	11,416.82	10,147.81
Add: Profit for the year	2,964.20	3,633.26
Other Comprehensive income arising from remeasurement of defined benefit obligation net of income tax	(21.06)	(31.78)
<b>Less: Appropriations</b>		
Final dividend	499.35	639.13
Interim dividend	1,398.46	1,298.31
Corporate dividend tax	-	395.03
<b>Total appropriations</b>	<b>1,897.81</b>	<b>2,332.47</b>
<b>Balance at the end of the year</b>	<b>12,462.15</b>	<b>11,416.82</b>

In respect of the year ended March 31, 2021, the directors propose that a dividend of Rs. 25 per share (March 31, 2020 : Rs. 25 per share) and special dividend of Rs. 10 per share (March 31, 2020 : Nil) be paid on fully paid equity shares. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as liability in these financial statements. The proposed equity dividend is payable to all holders of fully paid equity shares. The total estimated equity dividend to be paid is Rs. 699.23 crores (March 31, 2020 : Rs.499.35 crores) (including corporate dividend tax thereon of Rs Nil (March 31, 2020 : Rs. Nil)

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 20.Provisions

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non-current</b>		
Employee benefits (Refer note (i) below)		
Compensated absences	26.04	20.80
Other employee benefits	8.80	8.61
<b>Sub-total (A)</b>	<b>34.84</b>	<b>29.41</b>
Warranties (Refer note (ii) below)	137.62	92.96
<b>Sub-total (B)</b>	<b>137.62</b>	<b>92.96</b>
<b>Total (A+B)</b>	<b>172.46</b>	<b>122.37</b>
<b>Current</b>		
Employee benefits (Refer note (i) below)		
Compensated absences	6.09	5.03
Other employee benefits	0.62	85.14
<b>Sub-total (A)</b>	<b>6.71</b>	<b>90.17</b>
Warranties (Refer note (ii) below)	153.66	56.39
<b>Sub-total (B)</b>	<b>153.66</b>	<b>56.39</b>
<b>Total (A+B)</b>	<b>160.37</b>	<b>146.56</b>

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

(ii) Movement in warranties provisions

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening balance	149.35	143.83
Additions during the year	222.22	137.67
Amount utilised during the year	(75.60)	(126.24)
Unwinding of discount and effect of changes in the discount rate	(4.69)	(5.91)
<b>Closing balance</b>	<b>291.28</b>	<b>149.35</b>

The provision for warranty claims represents the present value as best estimate of the future economic benefits that will be required under the Company's obligations for warranties. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality

As at March 31, 2021, this particular provision had a carrying amount of Rs. 291.28 crores (March 31, 2020: Rs. 149.35 crores). In case the warranty claim costs differ by 10% from management's estimates, the warranty provisions would be an estimated Rs 29.13 crores higher or lower (March 31, 2020 Rs. 14.94 Crores higher or lower).

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

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

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Deferred tax liabilities</b>		
Property, plant and equipments and intangible assets	422.22	411.57
Financial assets carried at fair value through profit or loss	99.33	73.98
Others	2.91	8.58
<b>Sub-total (A)</b>	<b>524.46</b>	<b>494.13</b>
<b>Less: Deferred tax assets</b>		
Deferred revenue	67.46	60.14
Accrued expenses deductible on payment	39.96	26.74
VRS expenses u/s 35DDA	9.08	12.10
Right of use of assets and lease liabilities	3.87	2.32
<b>Sub-total (B)</b>	<b>120.37</b>	<b>101.30</b>
<b>Total (A-B)</b>	<b>404.09</b>	<b>392.83</b>

### Movement of Deferred tax (assets)/ liabilities

Particulars	Opening Balance	For the Year ended March 31, 2021		Closing Balance
		Recognised in profit and Loss	Recognised in Other comprehensive income	
<b>Deferred tax liabilities</b>				
Property, plant and equipments and intangible assets	411.57	10.65	-	422.22
Financial assets carried at fair value through profit or loss	73.98	25.35	-	99.33
Others	8.58	(5.67)	-	2.91
	<b>494.13</b>	<b>30.33</b>	<b>-</b>	<b>524.46</b>
<b>Less: Deferred tax assets</b>				
Accrued expenses deductible on payment	26.74	13.22	-	39.96
Deferred revenue	60.14	7.32	-	67.46
VRS expenses u/s 35DDA	12.10	(3.02)	-	9.08
Right of use of assets and lease liabilities	2.32	1.55	-	3.87
Others	(0.00)	-	-	(0.00)
	<b>101.30</b>	<b>19.07</b>	<b>-</b>	<b>120.37</b>
<b>Deferred tax liabilities (net)</b>	<b>392.83</b>	<b>11.26</b>	<b>-</b>	<b>404.09</b>

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

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

### Movement of Deferred tax (assets)/ liabilities (Contd..)

Particulars	Opening Balance	For the Year ended March 31, 2020		Closing Balance
		Recognised in profit and Loss	Recognised in Other comprehensive income	
<b>Deferred tax liabilities</b>				
Property, plant and equipments and intangible assets	558.94	(147.37)	-	411.57
Financial assets carried at fair value through profit or loss	29.80	44.18	-	73.98
Others	12.38	(3.80)	-	8.58
	<b>601.12</b>	<b>(106.99)</b>	<b>-</b>	<b>494.13</b>
<b>Less: Deferred tax assets</b>				
Accrued expenses deductible on payment	9.35	17.39	-	26.74
Deferred revenue	43.22	16.92	-	60.14
VRS expenses u/s 35DDA	-	12.10	-	12.10
Right of use of assets and lease liabilities	-	2.32	-	2.32
Others	12.04	(12.04)	-	-
	<b>64.61</b>	<b>36.69</b>	<b>-</b>	<b>101.30</b>
<b>Deferred tax liabilities (net)</b>	<b>536.51</b>	<b>(143.68)</b>	<b>-</b>	<b>392.83</b>

## 22. Trade payables

Particulars	As at March 31, 2021	As at March 31, 2020
Total outstanding dues of micro and small enterprises	15.71	8.33
Total outstanding dues of creditors other than micro and small enterprises ###	5,188.90	3,022.18
<b>Total</b>	<b>5,204.61</b>	<b>3,030.51</b>

### Include payables to related parties (refer note 36)

The Company's exposure to currency and liquidity risk related to the above financial liabilities is disclosed in Note 4.1.

Disclosure in respect of the amounts payable to Micro and Small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 has been made in the financial statements based on information received and available with the Company.

Particulars	March 31, 2021	March 31, 2020
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting period;	15.71	8.33
The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	-	-
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	-	-

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 22. Trade payables (Contd..)

Particulars	March 31, 2021	March 31, 2020
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
The amount of interest accrued for unpaid principal at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	-	-

## 23. Other financial liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Current</b>		
Capital creditors	46.52	130.52
Security deposits dealers and others	63.91	65.03
Unclaimed dividend *	49.10	56.89
<b>Total</b>	<b>159.53</b>	<b>252.44</b>

\* Does not include any amounts outstanding as at March 31, 2021 which are required to be credited to Investor Education and Protection Fund.

The Company's exposure to currency and liquidity risk related to the above financial liabilities is disclosed in Note 4.1.

## 24. Other liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Current</b>		
Statutory remittances (contributions to provident fund and employee state insurance, withholding taxes, GST etc.)	231.86	159.51
Advance from customers	62.13	114.17
Deferred revenue	268.03	238.94
Others	3.99	5.64
<b>Total</b>	<b>566.01</b>	<b>518.26</b>

### Contract balances

Contract liability is comprised of consideration received from customers against which services are yet to be provided reported as advance from customers disclosed as under:

Particulars	March 31, 2021	March 31, 2020
Advance from customers	62.13	114.17
Deferred revenue	268.03	238.94

Revenue recognised from amount included in contract liabilities (advance from customers and deferred revenue) at the beginning of the year amounts to Rs. 114.17 crores and Rs. 213.20 respectively (previous year Rs. 43.53 crores and Rs. 227.34 crores respectively).

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 25. Revenue From Operations

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>(a) Sale of products</b>		
Two wheelers (58.00 lakh units (previous year 63.98 lakh units))	26,683.82	24,917.15
Spare parts	3,177.70	2,895.89
	<b>29,861.52</b>	<b>27,813.04</b>
<b>(b) Income from services</b>		
Dealers support services	42.30	44.43
Goodlife program for customers	37.37	40.64
Services - others	362.34	510.32
	<b>442.01</b>	<b>595.39</b>
<b>(c) Other operating revenue</b>		
Duty drawback and other incentives	22.72	30.86
Incentive from State Government	427.46	345.46
Miscellaneous income	46.91	51.34
	<b>497.09</b>	<b>427.66</b>
<b>Total</b>	<b>30,800.62</b>	<b>28,836.09</b>

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Reconciliation of Revenue from sale of products with the contracted price</b>		
Contracted Price	30,337.42	28,459.00
Less: Trade discounts, volume rebates, etc	(475.90)	(645.96)
Sale of products	29,861.52	27,813.04

## 26. Other Income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>(a) Interest income on financial assets carried at amortised cost</b>		
Tax free bonds, debentures and other instruments classified as debt	26.57	24.88
Deposit with bank and others	68.53	239.03
<b>(b) Dividend income</b>		
Dividend income from investments carried at fair value through profit or loss	0.12	47.73
Dividend income from investments carried at cost	33.60	56.47
<b>(c) Profit on sale of investments</b>	167.13	135.99
<b>(d) Gain on investments carried at fair value through profit or loss</b>	283.01	227.57

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 26. Other Income (Contd..)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>(e) Other non-operating income</b>		
Exchange fluctuation	-	46.30
Profit on sale of property, plant and equipments	0.89	0.37
<b>Total</b>	<b>579.85</b>	<b>778.34</b>

## 27. Cost of materials consumed

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Raw materials and components consumed:</b>		
Opening stock	616.47	766.69
Add: Purchase of raw materials and components	22,149.99	19,760.49
	<b>22,766.46</b>	<b>20,527.18</b>
Less: closing stock	848.20	616.47
	<b>21,918.26</b>	<b>19,910.71</b>
Less: Cash discount	42.93	43.52
Consumption of raw materials and components	21,875.33	19,867.19
<b>Net consumption</b>	<b>21,875.33</b>	<b>19,867.19</b>

## 28. Changes in inventory of finished goods, stock-in-trade and work-in-progress

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>(a) Opening stock</b>		
Two wheelers	263.33	113.21
Spare parts	38.50	37.60
Work in progress	50.13	31.37
	<b>351.96</b>	182.18
<b>(b) Closing stock</b>		
Two wheelers	370.35	263.33
Stock in trade	23.82	-
Spare parts	54.35	38.50
Work in progress	46.90	50.13
	<b>495.42</b>	<b>351.96</b>
<b>Net (increase)</b>	<b>(143.46)</b>	<b>(169.78)</b>

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 29. Employee benefit expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries and wages	1,676.40	1,619.42
Contribution to provident and other funds	112.53	111.70
Employee stock compensation cost (refer note no 40)	8.86	10.15
Staff welfare expense	100.93	100.43
<b>Total</b>	<b>1,898.72</b>	<b>1,841.70</b>

### Employee Benefit Plans

The details of various employee benefits provided to employees are as under:

#### A. Defined benefit, Contribution and other plans

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
a) Employer's contribution to provident fund and labour welfare fund	69.89	67.71
b) Employer's contribution to superannuation fund	17.32	17.23
c) Employer's contribution to gratuity fund *	21.65	23.21
d) Employer's contribution to employee state insurance	3.67	3.55
	<b>112.53</b>	<b>111.70</b>

\* In addition to this contribution made amounting to Rs. 28.14 crores (previous year : Rs.42.47 crores ) is recognised in other comprehensive income.

#### B. Defined benefit plans:

In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity, as defined benefit plan. The gratuity plan provides for a lump sum payment to the employees at the time of separation from the service on completion of vested year of employment i.e. five years. The liability of gratuity plan is provided based on actuarial valuation as at the end of each financial year based on which the Company contributes the ascertained liability to Life Insurance Corporation of India by whom the plan assets are maintained.

These plans typically expose the Company to actuarial risks such as: investment risk, inherent interest rate risk, longevity risk and salary risk

Particulars	
Investment Risk	The present value of the defined benefit plan liability (denominated in Indian Rupee) is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. Currently for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.
Interest Rate Risk	The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase
Longevity Risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary Risk	Higher than expected increases in salary will increase the defined benefit obligation

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 29. Employee benefit expenses (Contd..)

The present value of the defined benefit obligation, and the related current service cost, were measured using the projected unit credit method.

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

Particulars	Gratuity	
	As at March 31, 2021	As at March 31, 2020
<b>Principal assumptions:</b>		
Discount rate	6.70%	6.60%
Future salary increase	6.50% p.a.	6.50% p.a.
Retirement age	58 years	58 years
Withdrawal rate	Upto 30 years:3% from 31 to 44 years:2% After 44 years: 1%	Upto 30 years:3% from 31 to 44 years:2% After 44 years: 1%
In service mortality	Indian Assured Lives Mortality (2006-08) Ult.	Indian Assured Lives Mortality (2006-08) Ult.

**Amounts recognized in statement of profit and loss in respect of this defined benefit plan are as follows :-**

Particulars	Gratuity	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Service cost:		
Current service cost	21.13	23.21
Net Interest expense/(income)	0.52	-
<b>Components of defined benefit costs recognized in profit or loss</b>	<b>21.65</b>	<b>23.21</b>
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)	3.25	(0.74)
Actuarial (gains)/ losses arising from changes in financial assumptions	(2.70)	41.56
Actuarial (gains)/ losses arising from experience adjustments	27.59	1.65
<b>Components of defined benefit costs recognized in other comprehensive income</b>	<b>28.14</b>	<b>42.47</b>
<b>Total</b>	<b>49.79</b>	<b>65.68</b>

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 29. Employee benefit expenses (Contd..)

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows :

Particulars	Gratuity	
	As at March 31, 2021	As at March 31, 2020
Present Value of funded defined benefit obligation	356.80	318.03
Fair value of plan assets	356.80	252.35
<b>Net liability arising from defined benefit obligation</b>	<b>-</b>	<b>65.68</b>

Net liability disclosed as follows (under Provisions - Note -20) :

Particulars	Gratuity			
	As at March 31, 2021		As at March 31, 2020	
	Current	Non current	Current	Non current
Other employee benefits	-	-	65.68	-

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

Particulars	Gratuity	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening defined obligation	318.03	265.59
Current service cost	21.13	23.21
Interest cost	20.10	18.69
Remeasurement (gains)/losses:		
Actuarial (gains)/ losses arising from changes in financial assumptions	(2.70)	41.56
Actuarial (gains)/ losses arising from experience adjustments	27.59	1.65
Benefits paid	(27.35)	(32.67)
<b>Closing defined benefit obligation</b>	<b>356.80</b>	<b>318.03</b>

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

Particulars	Gratuity	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening fair value of plan assets	252.35	265.59
Interest income	19.58	18.69
Remeasurement gain/(loss):		
Return on plan assets (excluding amounts included in net interest expense)	(3.25)	0.74
Contribution	115.47	-

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 29. Employee benefit expenses (Contd..)

### Movements in the fair value of the plan assets are as follows (Contd..)

Particulars	Gratuity	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Benefit paid	(27.35)	(32.67)
<b>Closing fair value of plan assets</b>	<b>356.80</b>	<b>252.35</b>

The Company makes annual contribution to Life Insurance Corporation (LIC). As LIC does not disclose the composition of its portfolio investments, break-down of plan investments by investment type is not available to disclose.

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the year, while holding all other assumptions constant.

- If the discount rate is 50 basis points higher (lower), the defined benefit obligation would decrease by Rs.13.03 crores (increase by Rs. 13.95 crores) ( as at March 31, 2020: Decrease by Rs 11.92 crores (increase by Rs. 12.81 crores) ).
- If the expected salary growth increases (decreases) by 0.5%, the defined benefit obligation would increase by Rs. 13.92 crores (decrease by Rs. 13.11 crores) ( as at March 31, 2020: increase by Rs. 12.76 crores (decrease by Rs.11.99 crores)).

Sensitivities due to change in mortality rate and change in withdrawal rate are not material and hence impact of such change is not calculated.

### Sensitivity Analysis

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of reporting year, which is same as that applied in calculating the defined benefit obligation liability recognized in the balance sheet.

### Asset-Liability Matching Study

The Company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long term investments that are in line with the obligations under the employee benefit plans. Within the framework, the Company's ALM objective is to match assets to the obligations by investing in securities with maturities that match the payments as they fall due.

### Maturity profile of defined benefit obligation

Particulars	As at March 31, 2021	As at March 31, 2020
Average duration of the defined benefit obligation (in years)	9.0 years	8.5 years

The Company expects to make a contribution of Rs. 22.67 crores (as at March 31, 2020 Rs 65.68 crores) to the defined benefit plans during the next financial year.

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 29. Employee benefit expenses (Contd..)

### Defined benefit liability and employer contribution

The Expected maturity analysis of undiscounted defined benefit liability is as follows:

Particulars	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
<b>As at March 31, 2021</b>	<b>56.36</b>	<b>23.63</b>	<b>94.08</b>	<b>166.15</b>	<b>340.22</b>
As at March 31, 2020	49.36	21.08	80.37	30.00	180.81

## 30. Finance costs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest expenses at amortised cost		
- On dealers security deposits	2.50	2.47
- On others	1.49	0.10
- Unwinding of discount on provisions and lease liability	17.85	19.45
<b>Total</b>	<b>21.84</b>	<b>22.02</b>

## 31. Other Expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Stores and tools consumed	81.47	91.22
Packing, forwarding, freight etc.	955.31	947.52
Power and fuel	112.91	132.22
Rent (Refer note 7A)	32.89	23.30
Repairs and maintenance		
- Buildings	17.99	26.50
- Plant and machinery	105.97	103.44
- Others	9.30	9.79
Insurance charges	68.11	52.53
Rates and taxes	16.11	10.29
Advertisement and publicity	593.32	719.77
Donations	0.09	0.05
Expenditure on corporate social responsibility (Refer note 42)	68.35	130.61
Payment to auditors	1.69	1.80
Exchange fluctuation	8.34	-

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 31. Other Expenses (Contd..)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Loss on sale of property, plant and equipments	4.67	8.66
Loss allowance on trade receivables	45.80	51.22
Miscellaneous expenses	998.01	1,030.10
<b>Total</b>	<b>3,120.33</b>	<b>3,339.02</b>

### Payment to auditors

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
a) As Statutory Audit		
- Audit fee	0.82	0.82
- Limited Review of unaudited financial results	0.60	0.60
- Other certifications	0.08	0.11
b) Tax audit fees	0.08	0.08
c) Out of pocket expenses	0.11	0.19
	<b>1.69</b>	<b>1.80</b>

## 32. Income tax expense

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Current Tax</b>		
In respect of the current year	924.92	1,084.11
<b>Deferred Tax</b>		
In respect of the current year	11.26	(143.68)
<b>Total income tax expense recognised in the statement of profit and loss</b>	<b>936.18</b>	<b>940.43</b>

### (b) Income tax on other comprehensive income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Arising on income and expenses recognised in other comprehensive income:</b>		
Remeasurement of Defined Benefit Obligations	(7.08)	(10.69)
<b>Total income tax expenses recognised in other comprehensive income</b>	<b>(7.08)</b>	<b>(10.69)</b>

## Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

### 32. Income tax expense

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Profit before tax</b>	3,900.38	4,573.69
Income tax expense calculated at 25.168% (2019-20: 25.168%)	981.65	1,151.11
Impact of change in tax rates (from 34.944% in 2018-19 to 25.168% in 2019-20)	-	(127.40)
Additional deduction on employment generation u/s 80JJAA	-	(0.85)
Effect of income taxed on lower rate	(35.94)	(70.26)
Others	(9.53)	(12.17)
<b>Income tax expense recognised in statement of profit and loss</b>	<b>936.18</b>	<b>940.43</b>

### 33. Earnings per share

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Basic earnings per share (in Rs.)</b>	<b>148.39</b>	181.91
<b>Diluted earnings per share (in Rs.)</b>	<b>148.37</b>	181.91
The earnings and weighted average number of equity shares used in the calculation of basic/diluted earnings per share are as follows:		
Profit for the year as per statement of profit and loss (Rs. in crores)	<b>2,964.20</b>	<b>3,633.26</b>
Opening Balance	<b>19,97,39,368</b>	<b>19,97,26,884</b>
Effect of share options exercised	16,417	4,909
Weighted average number of equity shares for the purposes of basic earnings per share (in Nos)	<b>19,97,55,785</b>	<b>19,97,31,793</b>
Effect of share options*	30,379	-
Weighted average number of equity shares for the purposes of diluted earnings per share (in Nos)	<b>19,97,86,164</b>	<b>19,97,31,793</b>

\*anti dilutive in the previous year

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

Particulars	As at March 31, 2021	As at March 31, 2020
<b>a) Contingent liabilities</b>	-	-

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

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

There are certain matters which are subject to legal proceedings in the ordinary course of business. The legal proceeding when ultimately concluded will not, in the opinion of management, have a material effect on the result of operations or the financial position of the Company.

Additionally, the Company is involved in other disputes, lawsuits, claims, governmental and/ or regulatory inspections, inquiries, investigations and proceedings, including commercial matters that arise from time to time in the ordinary course of business. The Company believes that none of these matters, either individually or in aggregate, are expected to have any material adverse effect on its financial statements.

Particulars	As at March 31, 2021	As at March 31, 2020
<b>b) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances paid amounting to Rs 27.33 crores (March 31, 2020 Rs. 73.31 crores)	248.55	249.43

35. The Company primarily operates in the automotive segment. The automotive segment includes all activities related to development, design, manufacture, assembly and sale of vehicles, as well as sale of related parts and accessories. The board of directors of the Company, which has been identified as being the chief operating decision maker (CODM), evaluates the Company's performance, allocate resources based on the analysis of the various performance indicator of the Company as a single unit.

Therefore, based on the guiding principles given in Ind AS 108 on 'Operating Segments', the Company's business activity fall within a single operating segment, namely automotive segment. Accordingly, the disclosure requirements of Ind AS 108 are not applicable.

**Entity wide disclosure details as per Ind AS 108 on Operating segments are given below:**

Revenue from Operations from external customers	India	Outside India	Total
2020-21	29,780.15	1,020.47	30,800.62
2019-20	27,971.52	864.57	28,836.09

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

**For the year ended March 31, 2021:**

Particulars	India	Outside India	Total
Sale of products	28,854.86	1,006.66	29,861.52
Income from services	428.20	13.81	442.01
Other operating revenue	497.09	-	497.09
<b>Total</b>	<b>29,780.15</b>	<b>1,020.47</b>	<b>30,800.62</b>

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 35. (Contd..)

For the year ended March 31, 2020 :

Particulars	India	Outside India	Total
Sale of products	26,969.59	843.45	27,813.04
Income from services	574.27	21.12	595.39
Other operating revenue	427.66	-	427.66
<b>Total</b>	<b>27,971.52</b>	<b>864.57</b>	<b>28,836.09</b>

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

## 36. Related party disclosures under Ind AS 24

### A. Parties in respect of which the Company is an associate

Bahadur Chand Investments Private Limited  
Brijmohan Lall Om Prakash (Partnership firm)

### B. Parties over which the Company has control

#### Subsidiaries

HMCL (NA) Inc., USA (ceased to be a subsidiary w.e.f November 05, 2019)  
HMCL Americas Inc. USA  
HMCL Netherlands BV  
HMC MM Auto Limited  
Hero Tech Center Germany GmbH

#### Subsidiaries of HMCL Netherlands BV

- HMCL Colombia SAS
- HMCL Niloy Bangladesh Limited

#### Associate of the Company

Hero FinCorp Limited  
Ather Energy Private Limited

### C. Key management personnel and their relatives

Mr. Pawan Munjal	-	Chairman, Managing Director and Chief Executive Officer
Mr. Suman Kant Munjal	-	Director
Mr. Vikram Sitaram Kasbekar	-	Whole Time Director
Mr. Niranjan Kumar Gupta	-	Chief Financial Officer
Ms. Neerja Sharma	-	Company Secretary

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 36. Related party disclosures under Ind AS 24 (Contd..)

### Non Executive and Independent Directors

Mr. Pradeep Dinodia

Mr. M. Damodaran

Mr. Ravi Nath (ceased w.e.f July 29, 2019)

Dr. Anand C. Burman (ceased w.e.f July 29, 2019)

Ms. Shobana Kamineni (ceased w.e.f March 26, 2020)

Mr. Paul B. Edgerley

Dr. Jagmohan Singh Raju

Ms. Tina Trikha (appointed w.e.f October 23, 2019)

Mr. B.S. Dhanoa (appointed w.e.f. October 1, 2020)

### Enterprises over which key management personnel and their relatives are able to control:

A. G. Industries Private Limited, A. G. Industries (Bawal) Pvt. Limited, Rockman Industries Limited, Cosmic Kitchen Private Limited, Hero Mindmine Institute Private Limited, Hero InvestCorp Private Limited, Hero Solar Energy Private Limited, BML Munjal University, Raman Kant Munjal Foundation, Excellence Enablers Private Limited and Raman Munjal Vidya Mandir

### Transactions with the above related parties:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>a) Parties in respect of which the Company is an associate</b>		
<b>Dividend paid</b>		
Brijmohan Lall Om Prakash (Partnership firm)	265.31	270.89
Hero InvestCorp Private Limited	8.30	8.48
Bahadur Chand Investments Private Limited	380.32	387.45
<b>b) Parties over which the Company has control</b>		
<b>Investment in equity instruments during the year</b>		
<b>Subsidiaries</b>		
HMCL Netherlands BV	14.22	19.51
HMC MM Auto Limited	-	12.00
<b>Repatriation of Investments to India</b>		
HMCL (NA) Inc., USA	-	0.01
<b>Dividend Received</b>		
HMCL Netherlands BV	20.83	36.48
<b>Sales</b>		
HMCL Colombia SAS	180.33	131.20
HMCL Niloy Bangladesh Limited	372.03	424.38
Hero Tech Center Germany GmbH	0.13	-

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 36. Related party disclosures under Ind AS 24 (Contd..)

### Transactions with the above related parties:(Contd..)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Other operating revenues</b>		
HMCL Colombia SAS	3.93	4.16
HMCL Niloy Bangladesh Limited	9.82	17.61
<b>Purchases of goods/services</b>		
HMC MM Auto Limited	451.78	61.47
Hero Tech Center Germany GmbH	78.28	69.32
<b>Purchase of Assets</b>		
HMC MM Auto Limited	4.80	-
<b>Expenses reimbursed</b>		
HMCL Colombia SAS	11.76	13.41
HMCL Niloy Bangladesh Limited	9.52	9.52

### Balance outstanding at the year end

Particulars	As at March 31, 2021	As at March 31, 2020
<b>- Trade Receivable</b>		
HMCL Colombia SAS	85.67	47.61
HMCL Niloy Bangladesh Limited	99.03	79.01
<b>- Trade Payable</b>		
HMC MM Auto Limited	60.25	33.58
Hero Tech Center Germany GmbH	15.70	9.96

### c) Associate of the Company

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Hero FinCorp Limited</b>		
Lease rental expenses	7.83	13.97
Dividend received	12.77	20.00
Dividend paid	0.01	0.01
Investment in equity instruments during the year	194.38	248.37
Miscellaneous expenses	13.23	4.65
Rent received	-	0.06
<b>Ather Energy Private Limited</b>		
Investment in Compulsorily Convertible Preference Shares	174.00	-

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 36. Related party disclosures under Ind AS 24 (Contd..)

### Balance outstanding at the year end

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Payable</b>		
Hero FinCorp Limited	0.04	6.00

### d) Key management personnel and their relative.

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Managerial Remuneration/Sitting fees</b>		
Mr. Pawan Munjal	86.93	84.59
Mr. Vikram Sitaram Kasbekar	6.54	6.70
Mr. Suman Kant Munjal	0.23	0.18
Mr. Niranjana Kumar Gupta	4.97	4.77
Ms. Neerja Sharma	5.31	4.46
<b>Dividend paid</b>	<b>2.93</b>	<b>2.79</b>
<b>Commission/Sitting fees/expenses reimbursement to Non Executive and Independent Directors</b>		
Mr. Pradeep Dinodia	1.09	1.18
Mr. M. Damodaran	1.01	1.04
Dr. Anand C. Burman	-	0.08
Ms. Shobana Kamineni	-	0.35
Mr. Paul B. Edgerley	0.68	0.53
Dr. Jagmohan Singh Raju	0.66	0.60
Mr. B. S. Dhanoa	0.24	-
Ms. Tina Trikha	0.56	0.18

### Balance outstanding at the year end

Particulars	As at March 31, 2021	As at March 31, 2020
- Payables (including commission)	41.35	49.98

## Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

### 36.Related party disclosures under Ind AS 24 (Contd..)

Category-wise break up of compensation to key management personnel during the year is as follows:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Managerial remuneration*		
Short-term benefits	98.94	97.84
Post-employment benefits	3.92	2.31
Share-based payments	0.89	0.38

\* Does not include provisions for incremental gratuity and compensated absences liabilities, since the provisions are based on actuarial valuations for the Company as a whole.

#### e) Enterprises over which key management personnel and their relatives are able to exercise control

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Purchase of raw materials and components etc.	2,610.84	2,595.43
Purchase of property, plant and equipments	18.79	34.13
Payment towards services etc.	3.55	4.11
Expenditure towards Corporate Social Responsibility (CSR)	12.10	19.94

#### Balance outstanding as at the year end

Particulars	As at March 31, 2021	As at March 31, 2020
Payables	400.03	173.86
Receivables	0.19	-

Significant related party transactions included in the above are as under :-

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Purchase of raw materials and components etc.</b>		
A. G. Industries Private Limited	788.25	810.40
Rockman Industries Limited	1,669.14	1,615.44
A. G. Industries (Bawal) Pvt Limited	151.10	166.95
<b>Purchase of Assets</b>		
Rockman Industries Limited	11.92	15.72
A.G. Industries Private Limited	6.87	18.40
<b>Payment for services etc.</b>		
BML Munjal University	2.33	2.95
Hero Mindmine Institute Private Limited	-	0.06
Hero Solar Energy Private Limited	0.20	0.44

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 36. Related party disclosures under Ind AS 24 (Contd..)

### e) Enterprises over which key management personnel and their relatives are able to exercise control (Contd..)

Significant related party transactions included in the above are as under :-(Contd..)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
A. G. Industries Private Limited	0.85	0.55
Rockman Industries Limited	-	0.17
Excellence Enablers Private Limited	0.09	-
Raman Munjal Vidya Mandir	0.08	-
<b>CSR</b>		
Raman Kant Munjal Foundation	2.10	4.94
BML Munjal University	10.00	15.00

Significant closing balances of related parties are as under :-

Particulars	As at March 31, 2021	As at March 31, 2020
<b>- Trade Payables</b>		
A. G. Industries Private Limited	56.88	43.64
Rockman Industries Limited	337.83	127.05
A. G. Industries (Bawal) Pvt Limited	5.16	2.88

### D. Terms and Conditions

All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions and within the ordinary course of business. Outstanding balances at the year end are unsecured and settlement occurs in cash.

## 37. Note on COVID 19

The spread of Covid 19 has affected the business operations during the current year. The Company has taken various measures in consonance with Central and State Government advisories to contain the pandemic, which included closing of manufacturing facilities for certain period during the year.

The Company has carried out a comprehensive assessment of possible impact on its business operations, financial assets, contractual obligations and its overall liquidity position, based on the internal and external sources of information and application of reasonable estimates. The Company does not foresee any significant incremental risk to the recoverability of its assets or in meeting its financial obligations over the foreseeable future.

Since the situation is continuously evolving, the impact assessed in future may be different from the estimates made as at the date of approval of these financial statements. Management will continue to monitor any material changes arising due to the impact of this pandemic on financial and operational performance of the Company and take necessary measures to address the situation.

## Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

**38.** Information pursuant to clause 3 (vii) (b) of the Companies (Auditor's Report) Order, 2016 in respect of disputed dues, not deposited as at March 31, 2021, pending with various authorities:

Name of Statute	Nature of Dues	Amount*	Amount paid	Financial year to which the Amount relates	Forum where Dispute is Pending
Central Excise Law	Excise duty	3.30	0.02	2014-15 to 2015-16, 2017-18	Commissioner Appeal
		59.28	1.64	2004-05 to 2017-18	CESTAT (The Customs Excise and Service Tax Appellate Tribunal )
Central Goods and Services Tax Act, 2017	Goods and Services Tax (GST)	0.09	0.01	2017-18	GST Appellate Tribunal
Finance Act, 1994	Service Tax	0.89	0.45	2004-05 to 2005-06	Supreme Court
		233.11	24.99	2004-05 to 2011-12	CESTAT
Income Tax Act, 1961	Income-tax	283.99 **	-	2014-15	Income Tax Appellate Tribunal (ITAT)
		2,336.71*	350.51	2010-11	Commissioner of Income Tax (Appeals)

\* Amount as per demand orders including interest and penalty wherever indicated in the order.

\*\*Subsequent to the year end, the Company has received favourable order from Income Tax Appellate Tribunal. Further, no appeal has been made by the department against this order till the reporting date

#Stay has been granted by assessing officer for balance demand pertaining to FY 2010-11 till the disposal of first appeal

The following matters have been decided in favour of the Company but the department has preferred appeals at higher levels:

Name of Statute	Nature of Dues	Amount*	Amount paid as per stay order/ mandatory deposit	Financial year to which the Amount relates	Forum where Dispute is Pending
Central Excise Law	Excise duty	8.78	-	2002-03 to 2008-09	Supreme Court
		85.66	-	2009-10 to 2010-11, 2013-14	CESTAT
Income Tax Act, 1961	Income-tax	4.10	-	2005-06	Supreme Court
		7,367.64	-	1995-96, 1996-97, 1997-98, 1998-99, 2000-01, 2002-03, 2003-04, 2006-07, 2009-10, 2010-11, 2011-12 and 2012-13.	High Court
		365.01	-	2004-05***, 2007-08 and 2013-14	ITAT

\* Amount as per demand orders including interest and penalty wherever indicated in the order.

\*\*\*Subsequent to the year end, the Company has received favourable order from Income Tax Appellate Tribunal. Further, no appeal has been made by the department against this order till the reporting date

### 39. Research and development expenses

#### Expenses charged to revenue account

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Raw material consumption	12.23	14.86
Consumables	2.48	2.71
Employee benefits	211.93	205.45
Depreciation and amortisation	96.97	181.29
Others*	72.20	73.27
<b>Total</b>	<b>395.81</b>	<b>477.58</b>

\* Includes intangible asset under development amounting to Rs 0.23 crores (previous year Rs. 0.05 crores) expensed off during the year.

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 39. Research and development expenses:- (Contd..)

### Capital Expenditure

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Land	-	28.79
Building	0.06	11.45
Equipments	10.13	53.67
Furniture and fixtures	1.14	2.37
Software	8.66	4.91
Vehicles	2.24	6.13
Data processing equipments	1.52	4.46
Intangible assets	18.52	108.03
	<b>42.27</b>	<b>219.81</b>
Capital work in progress	101.94	14.37
<b>Total</b>	<b>144.21</b>	<b>234.18</b>

## 40. Share-based payments

### Employee Stock Option Plan

The Employee Stock Options Scheme titled "Employee Incentive Scheme 2014 - Options and Restricted Stock Unit" hereafter referred to as "Employee Incentive Scheme 2014" or "the Scheme" was approved by the shareholders of the Company through postal ballot on September 22, 2014. The Scheme covered 49,90,000 options/ restricted units for 49,90,000 equity shares. The Scheme allows the issue of options/restricted stock units (RSU) to employees of the Company which are convertible to one equity share of the Company. As per the Scheme, the Nomination and Remuneration Committee grants the options/RSU to the employees deemed eligible. The options and RSU granted vest over a period of 4 and 3 years respectively from the date of the grant in proportions specified in the respective ESOP Plans. Options/RSU may be exercised by the employees after vesting period within 7 years from the date of grant. The fair value as on the date of the grant of the options/RSU, representing Stock compensation charge, is expensed over the vesting period.

### Details of the Stock Option/ RSU issued under the Scheme

Plan	Number of Options/ RSU	Grant date	Expiry date	Exercise Price Rs.	Weighted Average Fair value of the Options at grant date Rs.
ESOP 2014	23,110	22-Oct-14	21-Oct-21	2,159	1,228
ESOP 2016	41,290	22-Aug-16	21-Aug-23	2,469	1,324
RSU 2016	11,194	22-Aug-16	21-Aug-23	2	3,290
ESOP 2017	29,800	31-Oct-17	31-Oct-24	2,818	1,615
RSU 2017	15,769	31-Oct-17	31-Oct-24	2	3,663
ESOP 2018	1,25,000	25-Mar-19	25-Mar-26	2,033	1,138
RSU 2018	17,760	31-Jan-19	31-Jan-26	2	2,672
ESOP 2019	98,750	22-Oct-19	22-Oct-26	1,745	1,067
RSU 2019	5,210	22-Oct-19	22-Oct-26	2	2,308
ESOP 2020	1,01,375	27-Oct-20	27-Oct-27	2,085	1,200
RSU 2020	1,560	27-Oct-20	27-Oct-27	2	2,686

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 40. Share-based payments (Contd..)

### Fair value of share options/ RSU granted during the year

The fair value of options/RSU granted is estimated using the Black Scholes Option Pricing Model after applying the key assumption which are tabulated below. The expected volatility has been calculated using the daily stock returns on NSE, based on expected life options/RSU of each vest. The expected life of share option is based on historical data and current expectation and not necessarily indicative of exercise pattern that may occur.

### Inputs in to the pricing model

Particulars	Option Plan			
	ESOP 2020	RSU 2020	ESOP 2019	RSU 2019
Weighted Average Fair value of option/RSU	1,200	2,686	1,067	2,308
Weighted Average share price	3,210	3,210	2,637	2,637
Exercise price	2,085	2	1,745	2
Expected average volatility	26.42%	26.61%	22.54%	22.49%
Option life	7 Years	7 Years	7 Years	7 Years
Dividend yield	3.91%	3.91%	2.92%	2.92%
Average risk-free interest rate	5.88%	5.88%	6.57%	6.57%

### Movements in share options during the year

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
	Number of options	Weighted average exercise price Rs.	Number of options	Weighted average exercise price Rs.
Outstanding at the beginning of the year	2,45,061	2,031	1,82,216	2,218
Granted during the year	1,01,375	2,085	98,750	1,745
Forfeited during the year	41,679	2,026	35,371	2,195
Exercised during the year	37,612	2,085	534	2,159
Outstanding at the end of year	2,67,145	2,044	2,45,061	2,031
Exercisable at the end of year	50,538	2,267	41,944	2,304

### Movements in RSU during the year

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
	Number of RSU	Weighted average exercise price Rs.	Number of RSU	Weighted average exercise price Rs.
Outstanding at the beginning of the year	12,918	2.00	31,838	2.00
Granted during the year	1,560	2.00	5,210	2.00
Forfeited during the year	-	-	12,180	2.00
Exercised during the year	3,237	2.00	11,950	2.00
Outstanding at the end of year	11,241	2.00	12,918	2.00
Exercisable at the end of year	3,802	2.00	1,674	2.00

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 40. Share-based payments (Contd.)

### Share options exercised during the year

Options/ RSU Plans	For the year ended March 31, 2021		For the year ended March 31, 2020	
	No. of options exercised	Weighted average exercise price Rs.	No. of options exercised	Weighted average exercise price Rs.
ESOP 2014	864	3,224	534	2,355
ESOP 2016	7,941	3,101	-	-
RSU 2016	-	-	4,047	2,675
ESOP 2017	2,628	3,164	-	-
RSU 2017	-	-	7,903	2,612
ESOP 2018	13,344	3,014	-	-
RSU 2018	1,674	2,361	-	-
ESOP 2019	12,835	3,202	-	-
RSU 2019	1,563	3,238	-	-

### Share options/RSU outstanding at end of the year

Options/ RSU Plans	Options outstanding as at March 31, 2021	Options outstanding as at March 31, 2020	Remaining contractual life (in Years) as on March 31, 2021	Remaining contractual life (in Years) as on March 31, 2020	Exercise Price Rs.
ESOP 2014	-	864	0.56	1.56	2,159
ESOP 2016	11,349	20,916	2.39	3.39	2,469
RSU 2016	-	-	2.39	3.39	2
ESOP 2017	14,910	21,826	3.59	4.59	2,818
RSU 2017	2,128	2,128	3.59	4.59	2
ESOP 2018	82,406	1,08,030	4.98	5.98	2,033
RSU 2018	3,906	5,580	4.84	5.84	2
ESOP 2019	64,480	93,425	5.56	6.56	1,745
RSU 2019	3,647	5,210	5.56	6.56	2
ESOP 2020	94,000	-	6.58	-	2,085
RSU 2020	1,560	-	6.58	-	2
	<b>2,78,386</b>	<b>2,57,979</b>			

During the year ended March 31, 2021, the Company recorded an employee stock compensation expense of Rs. 8.86 crores (previous year Rs. 10.15 crores) in the Statement of Profit and Loss and the balance in share options outstanding account as at March 31, 2021 is Rs. 19.04 crores (previous year Rs 15.44 crores)

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 41. Financial instruments

### 41.1 Capital Management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through efficient allocation of capital towards expansion of business, optimisation of working capital requirements and deployment of surplus funds into various investment options. The Company does not have debts and meets its capital requirement through equity and internal accruals.

The Company is not subject to any externally imposed capital requirements

The management of the Company reviews the capital structure of the Company on regular basis. As part of this review, the Board considers the cost of capital and the risks associated with the movement in the working capital.

The following table summarizes the capital of the Company:

Particulars	As at March 31, 2021	As at March 31, 2020
Share capital	39.96	39.95
Equity reserves	15,158.47	14,096.45
<b>Total Equity</b>	<b>15,198.43</b>	<b>14,136.40</b>

### Categories of financial instruments

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Financial assets</b>		
<b>Financial assets at fair value through profit or loss</b>		
<b>Non-current</b>		
Investments	1,338.10	1,345.45
<b>Current</b>		
Investments	6,136.94	4,559.92
<b>Financial assets at amortised cost</b>		
<b>Non-current</b>		
Investments	610.49	205.72
Loans	52.23	67.27
<b>Current</b>		
Investments	54.55	134.56
Trade receivables	2,426.76	1,603.14
Cash and bank balances	257.15	241.86
Loans	36.94	22.36
Others	357.53	354.61
<b>Total</b>	<b>11,270.69</b>	<b>8,534.89</b>

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 41. Financial instruments (Contd..)

### 41.1 Capital Management (Contd..)

#### Categories of financial instruments (Contd..)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Financial liabilities at amortised cost</b>		
<b>Non-Current</b>		
Lease Liability	129.81	121.67
Other financial liabilities	146.04	-
<b>Current</b>		
Lease Liability	19.70	28.29
Trade payables	5,204.61	3,030.51
Other financial liabilities	159.53	252.44
<b>Total</b>	<b>5,659.69</b>	<b>3,432.91</b>

### 41.2 Fair value measurements

The Company uses the following hierarchy for determining and/or disclosing the fair value of financial instruments by valuation techniques:

The following is the basis of categorising the financial instruments measured at fair value into Level 1 to Level 3:

Level 1: This level includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: This level includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: This level includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data

#### Fair value of the Company's financial assets that are measured at fair value on a recurring basis:

There are certain Company's financial assets which are measured at fair value at the end of each reporting period. Following table gives information about how the fair values of these financial assets are determined:

Particulars	Fair value as at March 31, 2021		
	Level 1	Level 2	Level 3
<b>Financial assets at fair value through profit or loss</b>			
<b>Non-current</b>			
Investments in mutual funds	-	1,334.09	-
Investments in equity instruments	4.01	-	-
<b>Current</b>			
Investments in mutual funds	5,120.10	1,016.84	-

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 41. Financial instruments (Contd..)

### 41.2 Fair value measurements (Contd..)

#### Fair value of the Company's financial assets that are measured at fair value on a recurring basis: (Contd..)

Particulars	For the year ended March 31, 2020		
	Level 1	Level 2	Level 3
<b>Financial assets at fair value through profit or loss</b>			
<b>Non-current</b>			
Investments in mutual funds	-	1,343.36	-
Investments in equity instruments	2.09	-	-
<b>Current</b>			
Investments in mutual funds	4,532.28	27.64	-

Fair value of the Company's financial assets that are not measured at fair value (but fair value disclosures are required)

Except as detailed out in the following table, the management considers that the carrying amounts of financial assets and financial liabilities recognised in the financial instruments approximate their fair values:

Particulars	March 31, 2021		March 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets at amortised cost</b>				
<b>Non-current</b>				
Investments in bonds	610.49	610.73	205.72	212.78
<b>Current</b>				
Investments in bonds	54.55	55.59	134.56	135.71

Particulars	Fair value hierarchy	
	March 31, 2021 Level 2	March 31, 2020 Level 2
<b>Financial assets at amortised cost</b>		
<b>Non-current</b>		
Investments in bonds	610.73	212.78
<b>Current</b>		
Investments in bonds	55.59	135.71

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 41. Financial instruments (Contd..)

### 41.2 Fair value measurements (Contd..)

The fair value of the financial assets and financial liabilities are included at the amount that would be received to sell an asset and paid to transfer a liability in an orderly transaction between the market participants. The following methods and assumptions were used to estimate the fair values:

- Investments traded in active markets are determined by reference to quotes from the financial institutions: Net asset value (NAV) for investments in mutual funds declared by mutual fund house, quoted price of equity shares in the stock exchange etc.
- The fair value of bonds is based on quoted prices and market observable inputs.
- Trade receivables, cash and cash equivalents, other bank balances, loans, other current financial assets, trade payables, current lease liabilities and other current financial liabilities: Fair value approximate their carrying amounts largely due to short-term maturities of these instruments.
- The Company's non current lease liabilities and non current financial assets are measured at amortised cost, which approximates the fair value as on the reporting date.
- Management uses its best judgment in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Company could have realized or paid in sale transactions as of respective dates. As such, the fair value of the financial instruments subsequent to the respective reporting dates may be different from the amounts reported at each year end.
- There are no transfers between Level 1, Level 2 and Level 3 during the year ended March 31, 2021 and March 31, 2020

### Financial risk management objectives and Policies

#### 41.3 Financial risk management objectives

The Company's Corporate Treasury function monitors and manages the financial risks relating to the operations of the Company. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company seeks to minimise the effects of these risks by using derivative financial instruments, diversification of investments, credit limit to exposures, etc., to hedge risk exposures. The use of financial instruments is governed by the Company's policies on foreign exchange risk and the investment. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

#### Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates risk/ liquidity which impact returns on investments. The Company enters into derivative financial instruments to manage its exposure to foreign currency risk including export receivables and import payables. Future specific market movements cannot be normally predicted with reasonable accuracy.

#### Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

## 41. Financial instruments (Contd..)

### 41.3 Financial risk management objectives (Contd..)

#### Foreign currency risk management (Contd..)

(Amount in crores)

Foreign currency exposure as at March 31, 2021	USD	EURO	JPY	SGD
Trade Receivable	3.10	-	-	-
Trade Payables	1.46	0.02	1.57	0.01
Capital Creditors	0.00	0.23	-	-
Forward cover-Bought	1.20	-	-	-

(Amount in crores)

Foreign currency exposure as at March 31, 2020	USD	EURO	JPY	SGD
Trade Receivable	1.61	-	-	-
Trade Payables	0.79	0.13	0.00	0.01
Capital Creditors	0.18	0.04	26.72	-
Forward cover-Bought	1.01	-	-	-

#### Foreign currency sensitivity

The following table details the Company's sensitivity to a 5% increase and decrease in the INR against the relevant foreign currencies. (+)(-)5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the INR strengthens (+)(-)5% against the relevant currency. For a 5% weakening of the Rs. against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be positive or negative.

(Amount in crores of INR)

Particulars	2020-21		2019-20	
	5% increase	5% decrease	5% increase	5% decrease
<b>Receivable- USD</b>	<b>11.31</b>	<b>(11.31)</b>	<b>6.07</b>	<b>(6.07)</b>
<b>Trade Payable</b>				
USD	(5.33)	5.33	(2.97)	2.97
JPY	(0.06)	0.06	(0.00)	0.00
EUR	(0.10)	0.10	(0.53)	0.53
SGD	(0.01)	0.01	(0.01)	0.01
<b>Capital Creditors</b>				
USD	(0.01)	0.01	(0.67)	0.67
JPY	-	-	(0.94)	0.94
EUR	(1.04)	1.04	(0.15)	0.15
Forward cover-Sold	-	-	-	-
Forward cover-Bought	4.38	(4.38)	3.80	(3.80)

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 41. Financial instruments (Contd..)

### 41.3 Financial risk management objectives (Contd..)

#### Foreign currency sensitivity (Contd..)

Particulars	2020-21		2019-20	
	5% increase	5% decrease	5% increase	5% decrease
Impact on profit or loss as at the end of the reporting period	9.14	(9.14)	4.60	(4.60)
Impact on total equity as at the end of the reporting period	6.84	(6.84)	3.44	(3.44)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year/ in future years.

#### Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company's exposure and wherever appropriate, the credit ratings of its counterparties are continuously monitored and spread amongst various counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management of the Company.

Financial instruments that are subject to concentrations of credit risk, principally consist of balance with banks, investments in debt instruments/ bonds, mutual funds, trade receivables, loans and advances and derivative financial instruments. None of the financial instruments of the Company result in material concentrations of credit risks.

The Company write off the receivables in case of certainty of irrecoverability.

Balances with banks were not past due or impaired as at the year end. In other financial assets that are not past dues and not impaired, there were no indication of default in repayment as at the year end.

The age analysis of trade receivables as of the balance sheet date have been considered from the due date and disclosed in the note no. 15 above.

The Company has used a practical expedient and analysed the recoverable amount of receivables on an individual basis by computing the expected loss allowance for financial assets based on historical credit loss experience and adjustments for forward looking information.

#### Movement in the expected credit loss allowance of financial assets

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Balance at beginning of the year	71.25	20.28
Add: Provided during the year	58.45	51.22
Less: Reversals of provision	12.26	0.25
Less: Amounts written back	0.39	-
<b>Balance at the end of the year</b>	<b>117.05</b>	<b>71.25</b>

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 41. Financial instruments (Contd..)

### 41.3 Financial risk management objectives (Contd..)

#### Other price risks including interest rate risk

The Company has deployed its surplus funds into various financial instruments including units of mutual funds, bonds/ debentures, etc. The Company is exposed to NAV (net asset value) price risks arising from investments in these funds. The value of these investments is impacted by movements in interest rates, liquidity and credit quality of underlying securities.

#### NAV price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to NAV price risks at the end of the reporting period. If NAV prices had been 1% higher/lower:

- profit for the year ended March 31, 2021 would increase/decrease by Rs. 74.71 Crores (for the year ended March 31, 2020 Rs 59.03 crores).

#### Interest rate risk

The Company has lease liabilities which have been accounted with incremental borrowing rate and are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

#### Liquidity risk

Liquidity risk represents the inability of the Company to meet its financial obligations within stipulated time. To mitigate this risk, the Company maintains sufficient liquidity by way of readily convertible instruments and working capital limits from banks.

#### Maturity profile of financial liabilities

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date on undiscounted basis.

Particulars	As at March 31, 2021			
	Less than 1 year	1 year to 5 year	More than 5 year	Total
(i) Trade payables	5,204.61	-	-	5,204.61
(ii) Other financial liabilities	159.53	80.37	87.67	327.57
(iii) Lease liabilities	29.48	104.41	80.18	214.07

Particulars	As at March 31, 2020			
	Less than 1 year	1 year to 5 year	More than 5 year	Total
(i) Trade payables	3,030.51	-	-	3,030.51
(ii) Other financial liabilities	252.44	-	-	252.44
(iii) Lease liabilities	39.22	89.33	97.61	226.16

The surplus funds with the Company and operational cash flows will be sufficient to dispose the financial liabilities within the maturity period.

# Notes forming part of the standalone financial statements

for the year ended March 31, 2021

(Amount in crores of INR)

## 42 Expenditure on Corporate Social Responsibility (CSR)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Gross amount required to be spent by the company during the year	97.06	96.55
(b) Amount approved by the Board to be spent during the year	97.06	96.55
(c) Amount spent during the year on:		
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	68.35	130.61
(d) Amount carried forward from previous year for setting off in the current year	31.38	-
(e) Excess amount spend during the year carried forward to subsequent year	-	31.38

For Related party transactions (Refer Note-36)

(f) The company has spent excess amount and details of the same are as follows:-

Financial Year	Opening Balance	Amount required to be spent during the year	Amount spent during the year	Balance not carried forward to next year	Balance carried forward to next year
2019-20	-	96.55	130.61	2.68	31.38*
2020-21*	31.38	97.06	68.35	2.67	-

\* The Company had contributed Rs. 31.38 Crores in previous year towards PM Cares fund which was carried forward for set-off in the current financial year, based on communication released by Ministry of Corporate affairs.

- 43** The Company's borrowing facilities, comprising fund based and non-fund based limits from various bankers, are secured by way of hypothecation of inventories, receivables, movable assets and other current assets.
- 44** The Company had deposited and created provision for "National Calamity Contingent Duty" ('NCCD') including applicable cess in its Haridwar plant during prior years, while contesting the same on the ground that NCCD is in nature of excise duty and should be covered by Area based exemption. Pursuant to favourable order from Hon'ble Supreme Court, the provision has been reversed as exceptional item during the previous year ended March 31, 2020.
- 45** The disclosures regarding details of specified bank notes held and transacted during November 8, 2016 to December 30, 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended March 31, 2021.
- 46** During the previous ended March 31, 2020, the Company had introduced a voluntary retirement scheme (VRS) and the Company had considered an expense of Rs. 60.11 crores for employees who have accepted to be part of VRS as exceptional item in the standalone financial statements.

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm's registration number: 101248W/W-100022

For and on behalf of the Board of Directors of

**Hero MotoCorp Limited****Pawan Munjal**

Chairman, Managing Director &amp; CEO

DIN-00004223

**M. Damodaran**

Chairman Audit Committee

DIN-02106990

**Manish Gupta**

Partner

Membership No: 095037

UDIN: 21095037AAAABJ2949

**Niranjan Kumar Gupta**

Chief Financial Officer

**Pradeep Dinodia**

Non-Executive Director

DIN-00027995

**Neerja Sharma**

Company Secretary

Place : New Delhi

Date : May 06, 2021

Place : New Delhi

Date : May 06, 2021

# Independent Auditors' Report

To the Members of  
Hero MotoCorp Limited

## Report on the Audit of Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of Hero MotoCorp Limited (hereinafter referred to as the 'Holding Company' or the 'Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") and its associates, which comprise the consolidated balance sheet as at 31 March 2021, and the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries and associates as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at 31 March 2021, of its consolidated profit and other comprehensive

income, consolidated changes in equity and consolidated cash flows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its associates in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

S. No.	The key audit matter	How the matter was addressed in our audit
1.	<p><b>Government Grants</b></p> <p>(Refer note 3.5 and 4(f) to the consolidated financial statements)</p> <p>The Company obtains various grants from Government authorities in connection with manufacturing and sales of two wheelers. There are certain specific conditions and approval requirement attached to the grants.</p> <p>Management evaluates, at the end of each reporting period, whether the Company has complied with the relevant conditions attached to each grant and whether there is a reasonable assurance that the grants will be received, in order to determine the timing and amounts of grants to be recognized in the financial statements.</p> <p>We identified the recognition of government grants as a key audit matter because of the significance of the amount of grants and due to significant management judgement involved in assessing whether the conditions attached to grants have been met and whether there is reasonable assurance that grants will be received.</p>	<p>In view of the significance of the matter, we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>▪ assessed the appropriateness of the accounting policy for government grants as per the relevant accounting standard;</li> <li>▪ evaluated the design and implementation of the Company's key internal financial controls over recognition of government grants and tested the operating effectiveness of such controls on selected transactions;</li> <li>▪ inspected, on a sample basis, documents relating to the grants given by the various government authorities and identifying the specific conditions and approval requirements attached to the respective grants;</li> <li>▪ evaluated the basis of management's judgement regarding fulfilment of conditions attached to the grants and reasonable assurance that grants will be received. This included examining, on a sample basis, the terms of the underlying documentation, correspondence with the government authorities and whether corresponding sales were made in respect of such grant;</li> <li>▪ assessed the adequacy and appropriateness of the disclosures made in accordance with the relevant accounting standard.</li> </ul>

## Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company's annual report, but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/ audit report of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group and its associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of each company to continue as a going concern, disclosing,

as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates is responsible for overseeing the financial reporting process of each company.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

to the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and its associates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

## Other Matters

- (a) We did not audit the financial statements / financial information of five subsidiaries, whose financial statements/ financial information reflect total assets (before consolidation adjustments) of Rs. 1,270.68 crores as at 31 March 2021, total revenues (before consolidation adjustments) of Rs. 835.90 crores and total net profit after tax (before consolidation adjustments) of Rs. 59.15 crores and net cash outflows (before consolidation adjustments) amounting to Rs. 32.12 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (and other comprehensive income) (before consolidation adjustments) of Rs. 69.12 crores for the year ended 31 March 2021, in respect of one associate, whose financial statements/ financial information have not been audited by us. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associate is based solely on the audit reports of the other auditors.

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

## Report on Other Legal and Regulatory Requirements

- A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries and associates as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company and associate companies incorporated in India, none of the directors of the Group companies and its associate companies incorporated in India is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and associate companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries and associates, as noted in the 'Other Matters' paragraph:
- i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2021 on the consolidated financial position of the Group and its associates. Refer Note 36 to the consolidated financial statements.
- ii. According to the information and explanation given to us, the Group and its associates did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2021.
- iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies and associate companies incorporated in India during the year ended 31 March 2021.
- iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2021.
- C. With respect to the matter to be included in the Auditor's report under section 197(16):
- In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such associate company incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company and its subsidiary company to its directors is in accordance with the provisions of Section 197 of the Act except as mentioned in note 48 of consolidated financial statements, in respect of one associate in which the managerial remuneration paid exceed the prescribed limits under Section 197 read with Schedule V to the Companies Act, 2013. As per the provisions of the Act, the excess remuneration paid is subject to approval of its shareholders which the associate company proposes to obtain in its forthcoming Annual General Meeting. Further, in respect of associate company incorporated in India which was not audited by us, provisions of section 197 read with schedule V to the Act are not applicable since that associate company is not a public company as defined under section 2(71) of the Act. The remuneration paid to any director by the Holding Company and its subsidiary companies is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm registration No.: 101248W/W-100022

**Manish Gupta**

Partner

Place: New Delhi

Date: 06 May 2021

Membership No.: 095037

UDIN : 21095037AAAABK8172

## Annexure A to the Independent Auditors' Report

on the consolidated financial statements of Hero MotoCorp Limited for the period ended 31 March 2021

### Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

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

#### Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2021, we have audited the internal financial controls with reference to the consolidated financial statements of Hero MotoCorp Limited (hereinafter referred to as "the Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary company, and its associate companies, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary company, and its associate companies, have, in all material respects, adequate internal financial controls with reference to the consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to the consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

#### Management's and the Board of Directors' Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to the consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

#### Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to the consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant associate company in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to the consolidated financial statements.

#### Meaning of Internal Financial controls with Reference to the Consolidated Financial Statements

A company's internal financial controls with reference to the consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to the consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions

and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of 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 the consolidated Financial Statements**

Because of the inherent limitations of internal financial controls with reference to the consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to the consolidated financial statements to future periods are subject to the risk that

the internal financial controls with reference to the consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Other Matters**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to the consolidated financial statements insofar as it relates to one associate company, which is a company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India.

For **B S R & Co. LLP**  
Chartered Accountants  
ICAI Firm registration No.: 101248W/W-100022

**Manish Gupta**  
*Partner*

Place: New Delhi  
Date: 06 May 2021

Membership No.: 095037  
UDIN : 21095037AAAABK8172

# Consolidated Balance Sheet

As at March 31, 2021

(Amount in Crores of INR)

Particulars	Note	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	5	5,550.67	5,786.24
(b) Capital work-in-progress	6	236.40	204.64
(c) Right of use of assets	7	511.24	518.79
(d) Other Intangible assets	7A	318.48	167.90
(e) Intangible assets under development	8	258.73	186.69
(f) Equity accounted investments in associates	9A	2,407.69	2,098.34
(g) Financial assets			
(i) Investments	9B	1,948.59	1,551.18
(ii) Loans	10	52.64	67.68
(h) Income tax assets (net)	12	378.49	321.74
(i) Other non-current assets	13	62.68	121.67
<b>Total Non - Current Assets</b>		<b>11,725.61</b>	<b>11,024.87</b>
<b>Current assets</b>			
(a) Inventories	14	1,789.27	1,282.32
(b) Financial assets			
(i) Investments	9B	6,225.34	4,709.12
(ii) Trade receivables	15	2,274.68	1,511.91
(iii) Cash and cash equivalents	16	274.62	305.31
(iv) Bank balances other than (iii) above	17	121.62	130.10
(v) Loans	10	39.77	23.75
(vi) Others	11	365.73	364.05
(c) Other current assets	13	279.45	322.64
<b>Total Current Assets</b>		<b>11,370.48</b>	<b>8,649.20</b>
<b>Total Assets</b>		<b>23,096.09</b>	<b>19,674.07</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	18	39.96	39.95
(b) Other equity	19	15,376.46	14,366.33
<b>Total Equity attributable to owners of the Company</b>		<b>15,416.42</b>	<b>14,406.28</b>
Non-controlling interests	20	143.19	140.60
<b>Total Equity</b>		<b>15,559.61</b>	<b>14,546.88</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	21	45.18	44.02
(ii) Lease liabilities	7A	212.42	207.62
(iii) Other financial liabilities		146.04	-
(b) Provisions	22	175.57	123.90
(c) Deferred tax liabilities (net)	23	452.74	472.58
<b>Total Non - Current Liabilities</b>		<b>1,031.95</b>	<b>848.12</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	21	285.16	165.88
(ii) Lease liabilities	7A	29.57	33.46
(iii) Trade payables	24		
Total outstanding dues of micro and small enterprises		16.68	8.60
Total outstanding dues of creditors other than micro and small enterprises		5,247.50	3,119.02
(iv) Other Financial liabilities	25	179.21	260.96
(b) Other current liabilities	26	570.59	531.46
(c) Provisions	22	175.82	159.69
<b>Total Current Liabilities</b>		<b>6,504.53</b>	<b>4,279.07</b>
<b>Total Equity and Liabilities</b>		<b>23,096.09</b>	<b>19,674.07</b>
The notes referred to above form an integral part of the consolidated financial statements	1-48		

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm's registration number: 101248W/W-100022

For and on behalf of the Board of Directors of  
**Hero MotoCorp Limited**

**Pawan Munjal**  
Chairman, Managing Director & CEO  
DIN-00004223

**Niranjan Kumar Gupta**  
Chief Financial Officer

**M. Damodaran**  
Chairman Audit Committee  
DIN-02106990

**Pradeep Dinodia**  
Non-Executive Director  
DIN-00027995

**Neerja Sharma**  
Company Secretary

**Manish Gupta**  
Partner  
Membership No: 095037  
UDIN : 21095037AAAAABK8172

Place : New Delhi  
Date : May 06, 2021

Place : New Delhi  
Date : May 06, 2021

# Consolidated Statement of Profit and Loss

For the year ended March 31, 2021

(Amount in Crores of INR)

Particulars	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Income</b>			
Revenue from operations	27	30,959.19	29,255.32
Other income	28	557.90	730.56
<b>Total Income</b>		<b>31,517.09</b>	<b>29,985.88</b>
<b>Expenses</b>			
Cost of materials consumed	29	21,968.04	20,004.29
Purchase of stock in trade		31.14	-
Change in inventories of finished goods, stock-in-trade and work-in-progress	30	(255.57)	(173.34)
Excise duty on sale of goods		-	1.35
Employee benefit expenses	31	1,951.02	1,889.32
Finance costs	32	46.41	46.64
Depreciation and amortisation expenses	5, 7 and 7A	715.12	845.76
Other expenses	33	3,165.05	3,472.78
<b>Total expenses</b>		<b>27,621.21</b>	<b>26,086.80</b>
<b>Profit before share of profit/ (loss) of associates, exceptional items and tax</b>		<b>3,895.88</b>	<b>3,899.08</b>
<b>Profit/(loss) from associates</b>			
Share in profit/(loss) of associates, net of tax		(46.56)	34.63
		<b>(46.56)</b>	<b>34.63</b>
<b>Profit before tax and exceptional items</b>		<b>3,849.32</b>	<b>3,933.71</b>
Exception item-NCCD income	45	-	737.48
Exception item-VRS expenses	47	-	(60.11)
<b>Profit before tax</b>		<b>3,849.32</b>	<b>4,611.08</b>
<b>Tax expense</b>			
Current tax	34	931.38	1,096.79
Deferred tax		(18.11)	(145.12)
<b>Total tax expense</b>		<b>913.27</b>	<b>951.67</b>
<b>Net profit after taxes and share of profit/(loss) of associates</b>		<b>2,936.05</b>	<b>3,659.41</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit or loss:-</b>			
Re-measurement gains/(losses) on defined benefit plans		(28.16)	(42.59)
Income tax effect		7.08	10.68
Share of Other comprehensive income of associate, to the extent not to be reclassified to profit or loss		0.27	(0.55)
		<b>(20.81)</b>	<b>(32.46)</b>
<b>Items that will be reclassified to profit or loss:-</b>			
Exchange differences in translating the financial statements of foreign operations		(6.79)	19.01
Income tax effect		1.73	(4.84)
		<b>(5.06)</b>	<b>14.17</b>
<b>Total other comprehensive income, net of tax</b>		<b>(25.87)</b>	<b>(18.29)</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>2,910.18</b>	<b>3,641.12</b>
<b>Net Profit/(loss) for the year attributable to:</b>			
- Owners of the Company		2,917.75	3,638.11
- Non-controlling interests		18.30	21.30
		<b>2,936.05</b>	<b>3,659.41</b>
<b>Other Comprehensive income for the year attributable to:</b>			
- Owners of the Company		(24.01)	(23.61)
- Non-controlling interests		(1.86)	5.32
		<b>(25.87)</b>	<b>(18.29)</b>
<b>Total Comprehensive income for the year attributable to:</b>			
- Owners of the Company		2,893.74	3,614.50
- Non-controlling interests		16.44	26.62
		<b>2,910.18</b>	<b>3,641.12</b>
<b>Earnings per share (Nominal Value of Rs. 2 each) in Rs.</b>			
(a) Basic	35	146.07	182.15
(b) Diluted		146.04	182.15
The notes referred to above form an integral part of the consolidated financial statements	1-48		

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm's registration number: 101248W/W-100022

For and on behalf of the Board of Directors of  
**Hero MotoCorp Limited**

**Pawan Munjal**  
Chairman, Managing Director & CEO  
DIN-00004223

**M. Damodaran**  
Chairman Audit Committee  
DIN-02106990

**Manish Gupta**  
Partner  
Membership No: 095037  
UDIN : 21095037AAAABK8172  
Place : New Delhi  
Date : May 06, 2021

**Niranjan Kumar Gupta**  
Chief Financial Officer  
Place : New Delhi  
Date : May 06, 2021

**Pradeep Dinodia**  
Non-Executive Director  
DIN-00027995

**Neerja Sharma**  
Company Secretary

# Consolidated Statement of Cash Flows

For the year ended March 31, 2021

(Amount in Crores of INR)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit after tax and share in profit/(loss) of associates	2,936.05	3,659.41
Adjustments for:		
Add: Depreciation and amortisation expense	715.12	845.76
Tax expense	913.27	951.67
Loss on property, plant and equipments sold/ discarded	4.67	8.66
Finance cost	46.41	46.64
Employee Stock Compensation Cost	8.86	10.15
Loss allowance on trade receivables	46.90	53.04
	1,735.23	1,915.92
Less: Interest income on financial assets carried at amortised cost	100.42	277.77
Dividend income	1.39	48.27
Profit on sale of investments	169.07	136.07
Gain on investments carried at fair value through profit or loss	285.77	221.78
Share of profit/(loss) in associates	(46.56)	34.63
Profit on sale of property, plant and equipments	0.89	0.37
Net Foreign currency translation	6.79	(19.01)
	517.77	699.88
<b>Operating profit before working capital changes</b>	<b>4,153.51</b>	<b>4,875.45</b>
<b>Changes in working capital:</b>		
<b>Adjustment for (increase)/decrease in operating assets:</b>		
Inventories	(506.95)	(32.79)
Trade receivables	(809.67)	1,180.16
Loans-Current	(16.02)	1.33
Loans-Non-Current	15.04	(7.56)
Other financial assets	1.60	290.71
Other current assets	43.19	(64.36)
Other non-current assets	(3.57)	42.84
	(1,276.38)	1,410.33
<b>Adjustment for increase/(decrease) in operating liabilities:</b>		
Trade payables	2,136.56	(310.63)
Other financial liabilities-Current	(1.23)	5.32
Other current liabilities	39.13	30.64
Current provisions	(12.03)	56.84
Non-current provisions	51.67	2.96
	2,214.10	(214.87)
Cash generated from operating activities	5,091.23	6,070.91
Less: Direct taxes paid (net of refund)	980.78	552.78
<b>Net cash generated from operating activities</b>	<b>4,110.45</b>	<b>5,518.13</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure on property, plant and equipment, capital work-in-progress and intangible assets including capital advances	(581.02)	(1,274.50)
Proceeds from sale of property, plant and equipment	7.18	(13.30)
Deposits (made)/withdrawn	0.69	(4.48)
Sale of investments	47,929.45	47,232.41
Purchase of investments	(49,388.54)	(49,353.10)
Dividend income received from associates	12.76	19.99

# Consolidated Statement of Cash Flow

For the year ended March 31, 2021

(Amount in Crores of INR)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Investment in associates	(368.37)	248.37
Interest income on financial assets carried at amortised cost	97.14	277.20
Dividend income	1.39	48.27
<b>Net cash (used) in investing activities</b>	<b>(2,289.32)</b>	<b>(2,819.14)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(46.19)	(46.67)
Payment of lease liabilities	(29.17)	(114.95)
Dividend paid	(1,918.30)	(1,957.04)
Tax on dividend	(2.50)	(401.40)
Additions to minority interest	6.65	17.47
Proceeds from issue of equity share capital	7.83	0.12
(Repayment)/proceeds of non current borrowings	1.16	(80.82)
(Repayment)/proceeds of current borrowings	128.70	(18.51)
<b>Net cash (used) in financing activities</b>	<b>(1,851.82)</b>	<b>(2,601.80)</b>
<b>D. INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(30.69)</b>	<b>97.19</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>305.31</b>	<b>208.12</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>274.62</b>	<b>305.31</b>

Movement of Borrowings	Non-current Borrowings	Current Borrowings (including current maturities)	Interest expense on financial liabilities	Total
<b>As at March 31, 2020</b>	<b>44.02</b>	<b>168.15</b>	<b>0.17</b>	<b>212.34</b>
Cash Flows	1.16	128.70	(46.19)	83.67
<b>Non Cash:</b>				
Interest expenses	-	-	46.41	46.41
<b>As at March 31, 2021</b>	<b>45.18</b>	<b>296.85</b>	<b>0.39</b>	<b>342.42</b>

## Notes:

- The consolidated statement of cash flow has been prepared in accordance with 'Indirect method' as set out in Ind AS - 7 'Statement of Cash Flows'.
- Refer note 33 for the disclosure related to corporate social responsibility expense.

The notes referred to above form an integral part of the consolidated financial statement 1-48

As per our report of even date attached

For **B S R & Co. LLP**  
Chartered Accountants

ICAI Firm's registration number: 101248W/W-100022

For and on behalf of the Board of Directors of  
**Hero MotoCorp Limited**

**Pawan Munjal**  
Chairman, Managing Director & CEO  
DIN-00004223

**M. Damodaran**  
Chairman Audit Committee  
DIN-02106990

**Manish Gupta**  
Partner  
Membership No: 095037  
UDIN : 21095037AAAABK8172

**Niranjan Kumar Gupta**  
Chief Financial Officer

**Pradeep Dinodia**  
Non-Executive Director  
DIN-00027995

**Neerja Sharma**  
Company Secretary

Place : New Delhi  
Date : May 06, 2021

Place : New Delhi  
Date : May 06, 2021

# Consolidated Statement of Changes in Equity

For the year ended March 31, 2021

(Amount in Crores of INR)

## A. Equity share capital

Particulars	Number of shares	Amount
<b>Balance as at March 31, 2019</b>	19,97,26,884	39.95
Changes in equity share capital during the year		
Issue of equity shares under employee share option plan (# in absolute INR 24,968) (Note 41)	12,484	#
<b>Balance as at March 31, 2020</b>	<b>19,97,39,368</b>	<b>39.95</b>
Changes in equity share capital during the year		
Issue of equity shares under employee share option plan (in absolute INR 81,698) (Note 41)	40,849	0.01
<b>Balance as at March 31, 2021</b>	<b>19,97,80,217</b>	<b>39.96</b>

## B. Other Equity\*

Particulars	Reserves and surplus					Exchange differences in translating the financial statements of foreign operations	Total attributable to the owners of Company	Attributable to non controlling interest	Total
	Capital reserve	Securities premium	General reserve	Share options outstanding account	Retained earnings				
<b>Balance as at March 31, 2019</b>	#	13.98	2,676.34	9.59	10,385.31	(4.76)	13,080.46	116.11	13,196.57
Profit for the year	-	-	-	-	3,638.11	-	3,638.11	21.30	3,659.41
Addition during the year	-	-	-	-	-	-	-	17.47	17.47
Other comprehensive income for the year, net of income tax	-	-	-	-	(32.46)	8.85	(23.61)	5.32	(18.29)
<b>Total Comprehensive Income for the year</b>	-	-	-	-	<b>3,605.65</b>	<b>8.85</b>	<b>3,614.50</b>	<b>44.09</b>	<b>3,658.59</b>
<b>Transaction with owners, recorded directly in equity</b>									
Charge against share-based payments	-	-	-	10.15	-	-	10.15	-	10.15
Transferred to securities premium on issue of shares	-	4.30	-	(4.30)	-	-	-	-	-
Payment of dividends	-	-	-	-	(1,937.44)	-	(1,937.44)	(19.60)	(1,957.04)
Tax on dividend	-	-	-	-	(401.46)	-	(401.46)	-	(401.46)
Issue of equity shares under employee share option plan	-	0.12	-	-	-	-	0.12	-	0.12
<b>Balance as at March 31, 2020</b>	#	<b>18.40</b>	<b>2,676.34</b>	<b>15.44</b>	<b>11,652.06</b>	<b>4.09</b>	<b>14,366.33</b>	<b>140.60</b>	<b>14,506.93</b>
Profit for the year	-	-	-	-	2,917.75	-	2,917.75	18.30	2,936.05
Addition during the year	-	-	-	-	-	-	-	6.65	6.65
Other comprehensive income for the year, net of income tax	-	-	-	-	(20.81)	(3.20)	(24.01)	(1.86)	(25.87)
<b>Total Comprehensive Income for the year</b>	-	-	-	-	<b>2,896.94</b>	<b>(3.20)</b>	<b>2,893.74</b>	<b>23.09</b>	<b>2,916.83</b>

# Consolidated Statement of Changes in Equity

For the year ended March 31, 2021

(Amount in Crores of INR)

Particulars	Reserves and surplus					Exchange differences in translating the financial statements of foreign operations	Total attributable to the owners of Company	Attributable to non controlling interest	Total
	Capital reserve	Securities premium	General reserve	Share options outstanding account	Retained earnings				
<b>Transaction with owners, recorded directly in equity</b>									
Charge against share-based payments	-	-	-	8.86	-	-	8.86	-	8.86
Transferred to securities premium on issue of shares	-	5.26	-	(5.26)	-	-	-	-	-
Payment of dividends	-	-	-	-	(1,897.81)	-	(1,897.81)	(20.50)	(1,918.31)
Tax on dividend	-	-	-	-	(2.49)	-	(2.49)	-	(2.49)
Issue of equity shares under employee share option plan	-	7.83	-	-	-	-	7.83	-	7.83
<b>Balance as at March 31, 2021</b>	<b>#</b>	<b>31.49</b>	<b>2,676.34</b>	<b>19.04</b>	<b>12,648.70</b>	<b>0.89</b>	<b>15,376.46</b>	<b>143.19</b>	<b>15,519.65</b>

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

# on shares forfeited (in absolute INR 4,250) and share premium account on forfeited share reissued (in absolute INR 25,500)

The notes referred to above form an integral part of the consolidated financial statements 1-48.

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm's registration number: 101248W/W-100022

For and on behalf of the Board of Directors of

**Hero MotoCorp Limited****Pawan Munjal**Chairman, Managing Director & CEO  
DIN-00004223**M. Damodaran**Chairman Audit Committee  
DIN-02106990**Manish Gupta**

Partner

Membership No: 095037

UDIN : 21095037AAAABK8172

**Niranjan Kumar Gupta**

Chief Financial Officer

**Pradeep Dinodia**Non-Executive Director  
DIN-00027995**Neerja Sharma**

Company Secretary

Place : New Delhi

Date : May 06, 2021

Place : New Delhi

Date : May 06, 2021

# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

## 1. General Information

Hero MotoCorp Limited (the "Company" or the "Holding Company"), its subsidiaries (collectively called as "Group") and its associates are engaged in the manufacturing and selling of motorised two-wheelers, spare parts and related services along with providing non-banking financial services. The Company is a public company domiciled and incorporated in India under the provisions of the Companies Act, 1956 on January 19, 1984. The Company's registered office and principal place of business is The Grand Plaza, Plot No. 2, Nelson Mandela Road, Vasant Kunj – Phase II, New Delhi – 110070, India. The shares of the Company are listed on two stock exchanges in India i.e. National Stock Exchange (NSE) and Bombay Stock Exchange (BSE).

The financial statements for the year ended March 31, 2021 were approved by the Board of Directors and authorised for issue on May 06, 2021.

## 2. Basis of preparation and presentation

### 2.1 Statement of Compliance

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

### 2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments, net defined benefit asset/ liability and liabilities for equity settled share based payment arrangement that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

These financial statements are presented in Indian Rupee (INR), which is also the Holding Company's functional currency. All amounts have been rounded-off to the nearest crores, upto two decimals unless otherwise stated.

### 2.3 Operating Cycle

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

### 2.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

### Non controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

## Loss of control

When the group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the

control is lost. Any resulting gain or loss is recognised in the statement of profit or loss.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Following subsidiary companies have been considered in the preparation of the consolidated financial statements:

Name of entity	Relationship	Country of Incorporation and principal place of business	Ownership held by	% of Holding and voting power either directly or indirectly through subsidiary as at	
				March 31, 2021	March 31, 2020
HMCL Americas Inc.	Subsidiary	United States of America	Company	100%	100%
HMC MM Auto Limited	Subsidiary	India	Company	60%	60%
HMCL Netherlands B.V.	Subsidiary	Netherlands	Company	100%	100%
HMCL Colombia SAS	Subsidiary	Colombia	HMCL Netherlands BV	68%	68%
HMCL Niloy Bangladesh Limited	Subsidiary	Bangladesh	HMCL Netherlands BV	55%	55%
Hero TechCenter Germany GmbH	Subsidiary	Germany	Company	100%	100%

During the previous year ended March 31, 2020, HMCL (N.A) Inc. ceased to be a subsidiary of the Company w.e.f. November 06, 2019 pursuant to its dissolution vide order dated December 03, 2019 of the State of Delaware.

## 2.5 Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105. Under the equity method, an investment in an associate is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Distributions received from an associate reduce the carrying amount of the investment. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the

Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised directly in equity as capital reserve in the period in which the investment is acquired.

After application of the equity method of accounting, the Group determines whether there is any objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment in an associate and that event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. If there exists such an objective evidence of impairment, then it is necessary to recognise impairment loss with respect to the Group's investment in an associate.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with Ind AS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with Ind AS 36 to the extent that the recoverable amount of the investment subsequently increases.

# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with Ind AS 109. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate had directly disposed off the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by

that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associates are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Following associate companies have been considered in the preparation of the consolidated financial statements:

Name of entity	Relationship	Country of Incorporation and principal place of business	Ownership held by	% of Holding and voting power either directly or indirectly through subsidiary as at	
				March 31, 2021	March 31, 2020
Hero FinCorp Limited	Associate	India	Company	41.19%	41.19%
Ather Energy Private Limited	Associate	India	Company	38.08%	35.10%

## 3. Significant Accounting Policies

### 3.1 Revenue Recognition

Revenue is recognised upon transfer of control of promised products or services to customers for an amount that reflects the consideration which the Company expects to receive in exchange for those products or services. Revenue excludes taxes or duties collected on behalf of the government.

- Revenue from sale of goods is recognised when control of goods are transferred to the buyer which is generally on dispatch for domestic sales and on dispatch/ delivery on local port in India for export sales.
- Revenue from providing services is recognized in the accounting period in which services are rendered. Revenue from service is based on number of services provided to the end of reporting period as a proportion of the total number of services to be provided.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

A liability is recognised where payments are received from customers before transferring control of the goods being sold or providing services to the customer.

The Group and its associates disaggregates revenue from contracts with customers by nature of goods and services.

Dividend income is recorded when the right to receive payment is established. Interest income is recognised using the effective interest method.

### 3.2 Leasing

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### The Group as lessee

The Group's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the

# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

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

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

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

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

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

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

Refer note 7A for other disclosures.

## 3.3 Foreign currencies

In preparing the financial statements of the Group and its associates, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the Statement of profit and loss in the period in which they arise.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Indian Rupees using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to the statement of profit and loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

## 3.4 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

## 3.5 Government grants

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

Government grants are recognised in the statement of profit and loss on a systematic basis over the periods in which the Group recognises as expenses the related costs if any, for which the grants are intended to compensate.

## 3.6 Employee benefits

### Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Payments to defined contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions.

### Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the statement of profit and loss. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses or curtailments and settlements);
- net interest expense or income; and
- re-measurement

The Group presents the first two components of defined benefit costs in the statement of profit and loss in the line item 'Employee benefit expenses'.

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

### Short-term employee benefits

Liabilities recognised in respect of wages and salaries and other short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service and are expensed as the related services are provided.

### Other long-term employee benefits

Liabilities recognised in respect of other long-term employee benefits such as long term service awards and compensated absences are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date based on the actuarial valuation using the projected unit credit method carried out at the year end. Re-measurement gain or losses are recognised in the statement of profit and loss in the period in which they arise.

## 3.7 Share-based payment arrangements

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 4.1.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the statement of profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the Share option's outstanding account.

## 3.8 Taxation

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

### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit and loss because of items of income or expense that are taxable or deductible in

# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted by the end of the reporting period.

## Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill. In case of a history of recent losses, the group recognises a deferred tax assets only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax assets can be realised.

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Current and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in

equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

The Holding Company elected to exercise the option permitted under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Act, 2019. Accordingly, the Holding Company has recognised Provision for Income tax for the year ended March 31, 2021 and March 31, 2020 and re-measured its deferred tax assets /liabilities basis the rate prescribed in the said section.

## 3.9 Property, plant and equipment

Property, plant and equipment (including furniture, fixtures, vehicles, etc.) held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses. Freehold land is not depreciated.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes items directly attributable to the construction or acquisition of the item of property, plant and equipment and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate only if it is probable that the future economic benefits associated with the item will flow to the Company and that the cost of the item can be reliably measured. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to statement of profit and loss during the reporting period in which they are incurred.

Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses.

Depreciation is recognised on the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is charged on a pro-rata basis at the straight line method as per estimated economic useful lives prescribed in

## Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

the Schedule II to the Act other than moulds and dies which are depreciated over a period of 3-8 years grouped under property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of profit and loss.

### 3.10 Intangible assets

#### Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

#### Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition

criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the statement of profit and loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in the statement of profit and loss when the asset is derecognised.

#### Useful lives of intangible assets

Intangible assets, comprising of software, expenditure on model fee, etc. incurred are amortised on a straight line method over a period of its useful life.

### 3.11 Impairment of property, plant and equipment and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs of disposal and value in use.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

For impairment testing, assets that don't generate independent cash flows are grouped together into cash generating units (CGU's). Each CGU represents the smallest group of assets that generate cash inflows that are largely independent of the cash inflows of other assets or CGU's.

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual

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cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit and loss. When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

## 3.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion cost and other costs incurred in bringing them to their present location and condition. Costs of inventories are determined on a moving weighted average. Finished goods and work-in-progress include appropriate proportion of overheads. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

## 3.13 Provisions

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

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

## Warranties

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claim will arise- being typically two to five years.

## 3.14 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

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

## 3.15 Financial assets

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

### Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through the statement of profit and loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI") (except for debt instruments that are designated as at fair value through the statement of profit and loss on initial recognition):

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

# Notes forming part of the Consolidated Financial Statements

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Interest income is recognised in Statement of profit and loss for FVTOCI debt instruments.

All other financial assets are subsequently measured at fair value.

## Effective interest method

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

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

## Financial assets at fair value through the statement of profit and loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Group irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in the statement of profit and loss. The net gain or loss recognised in the statement of profit and loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Group's right to receive the dividends is established, it is probable that the economic benefits associated with

the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

## Impairment of financial assets

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

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights.

## Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on net basis or to realise the assets and settle the liabilities simultaneously.

## Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

## 3.16 Financial liabilities and equity instruments

### Classification as debt or equity

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

### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

### Financial liabilities

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

# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

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

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

## Derecognition of financial liabilities

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

### 3.17 Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, interest rate including foreign exchange forward contracts, option contracts, etc.

Foreign currency derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the statement of profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the statement of profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

### 3.18 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

### 3.19 Earnings per share

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year/period.

Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average

number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

### 3.20 Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

#### 3.21 Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

## 4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company accounting policies, which are described in note 3, the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:-

#### (a) Recoverability of intangible asset

Capitalisation of cost in intangible assets under development is based on management's judgement that technological and economic feasibility is confirmed and asset under development will generate economic benefits in future. Based on evaluations carried out, the Company's management has determined that there are no factors which indicates that these assets have suffered any impairment loss.

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### (b) Defined benefit plans

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

### (c) Provision and contingent liability

On an ongoing basis, Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Contingent loss that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Contingent gain are not recognized until the contingency has been resolved and amounts are received or receivable.

### (d) Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date. As at March 31, 2021 management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.

### (e) Impairment of investment in equity instruments of subsidiary and associate companies

During the year, the Company assessed the investment in equity instrument of subsidiary and associate companies carried at cost for impairment testing. Some of these companies are start-ups or are at early stage of their operations and are expected to generate positive cash flows in the future years. Detailed analysis has been carried out on the future projections and the Company is confident that the investments do not require any impairment.

### (f) Government grant

During the year, management has assessed the conditions attached to grants which have been met and has assessed whether the grants will be received or not. Basis assessment, the Group has recognised the government grants in the Statement of profit and loss.

# Notes forming part of the Consolidated Financial Statements

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(Amount in Crores of INR)

## 5. Property, plant and equipment

Particulars	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Data Processing equipment	Total
<b>Cost</b>								
<b>At April 1, 2019</b>	108.05	2,450.46	5,268.36	48.82	56.80	71.17	212.50	8,216.16
Additions	78.42	544.92	1,076.50	9.41	14.73	13.25	29.22	1,766.45
Disposals	-	0.09	74.91	0.87	6.73	1.94	4.65	89.19
Less : Transition impact of Ind AS 116 (Refer Note 3.2)	-	86.68	36.43	-	0.12	-	-	123.23
Foreign currency translation reserve	-	-	1.41	-	-	-	-	1.41
<b>At March 31, 2020</b>	<b>186.47</b>	<b>2,908.61</b>	<b>6,234.93</b>	<b>57.36</b>	<b>64.68</b>	<b>82.48</b>	<b>237.07</b>	<b>9,771.60</b>
Additions	-	78.77	276.40	2.63	8.31	9.10	22.17	397.38
Disposals	-	0.13	82.13	1.16	10.15	0.30	6.16	100.03
Foreign currency translation reserve	-	-	(1.98)	-	-	-	-	(1.98)
<b>At March 31, 2021</b>	<b>186.47</b>	<b>2,987.25</b>	<b>6,427.22</b>	<b>58.83</b>	<b>62.84</b>	<b>91.28</b>	<b>253.08</b>	<b>10,066.97</b>
<b>Accumulated depreciation</b>								
<b>At April 1, 2019</b>	-	385.31	2,809.32	23.17	21.09	39.14	145.63	3,423.66
Depreciation expenses	-	70.99	521.16	4.41	24.27	9.82	25.66	656.31
Disposals	-	0.09	67.89	0.76	4.42	1.84	4.34	79.34
Less: Transition impact of Ind AS 116 (Refer Note 3.2)	-	5.66	9.14	-	0.10	-	-	14.90
Foreign currency translation reserve	-	-	(0.37)	-	-	-	-	(0.37)
<b>At March 31, 2020</b>	<b>-</b>	<b>450.55</b>	<b>3,253.08</b>	<b>26.82</b>	<b>40.84</b>	<b>47.12</b>	<b>166.95</b>	<b>3,985.36</b>
Depreciation expenses	-	91.26	480.07	4.95	5.21	12.91	25.88	620.28
Disposals	-	0.05	74.69	0.77	7.72	0.26	5.72	89.21
Foreign currency translation reserve	-	-	(0.13)	-	-	-	-	(0.13)
<b>At March 31, 2021</b>	<b>-</b>	<b>541.76</b>	<b>3,658.33</b>	<b>31.00</b>	<b>38.33</b>	<b>59.77</b>	<b>187.11</b>	<b>4,516.30</b>
<b>Net block</b>								
<b>At March 31, 2020</b>	<b>186.47</b>	<b>2,458.06</b>	<b>2,981.85</b>	<b>30.54</b>	<b>23.84</b>	<b>35.36</b>	<b>70.12</b>	<b>5,786.24</b>
<b>At March 31, 2021</b>	<b>186.47</b>	<b>2,445.49</b>	<b>2,768.89</b>	<b>27.83</b>	<b>24.51</b>	<b>31.51</b>	<b>65.97</b>	<b>5,550.67</b>

**Note:-** The title deeds of immovable properties are held in the name of the Group as at the balance sheet date except for two title deeds for buildings having gross block of Rs. 37.88 crores and net block of Rs. 37.70 crores which are yet to be registered in the name of the Group.

## 6. Capital work-in-progress

Particulars	As at March 31, 2021	As at March 31, 2020
Capital work-in-progress	236.40	204.64
	<b>236.40</b>	<b>204.64</b>

## Notes forming part of the Consolidated Financial Statements

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(Amount in Crores of INR)

### 7. Right of use of assets

Particulars	Leasehold land right	Right of Use of assets	Total
<b>Cost</b>			
<b>At April 1, 2019</b>	<b>248.46</b>	<b>290.40</b>	<b>538.86</b>
Additions	28.79	21.50	50.29
Foreign currency translation reserve	-	(18.52)	(18.52)
<b>At March 31, 2020</b>	<b>277.25</b>	<b>293.38</b>	<b>570.63</b>
Additions	-	30.08	30.08
Foreign currency translation reserve	-	8.39	8.39
<b>At March 31, 2021</b>	<b>277.25</b>	<b>331.85</b>	<b>609.10</b>
<b>Accumulated amortisation</b>			
Amortisation expense during the year	3.44	51.16	54.60
Foreign currency translation reserve	-	(2.76)	(2.76)
<b>At March 31, 2020</b>	<b>3.44</b>	<b>48.40</b>	<b>51.84</b>
Amortisation expense during the year	3.17	41.54	44.71
Foreign currency translation reserve	-	1.31	1.31
<b>At March 31, 2021</b>	<b>6.61</b>	<b>91.25</b>	<b>97.86</b>
<b>Net block</b>			
<b>At March 31, 2020</b>	<b>273.81</b>	<b>244.98</b>	<b>518.79</b>
<b>At March 31, 2021</b>	<b>270.64</b>	<b>240.60</b>	<b>511.24</b>

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

Particulars	As at March 31, 2021	As at March 31, 2020
Current lease liabilities	29.57	33.46
Non-current lease liabilities	212.42	207.62
<b>Total</b>	<b>241.99</b>	<b>241.08</b>

The following is the movement in lease liabilities:-

Particulars	Amount
<b>At April 1, 2019</b>	<b>290.40</b>
Additions	50.29
Payment of lease liabilities and finance cost accrued during the period	114.95
Foreign Currency Translation Reserve	15.34
<b>At March 31, 2020</b>	<b>241.08</b>
Additions	30.08
Finance cost accrued during the period	19.68
Payment of lease liabilities during the period	54.91
Foreign Currency Translation Reserve	6.06
<b>At March 31, 2021</b>	<b>241.99</b>

## Notes forming part of the Consolidated Financial Statements

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The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	As at March 31, 2021	As at March 31, 2020
Less than one year	42.89	45.62
One to five years	164.37	156.88
More than five years	133.53	176.13
<b>Total</b>	<b>340.79</b>	<b>378.63</b>

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expenses recorded for short-term leases is Rs. 35.37 crores during year ended March 31, 2021 (previous year- Rs. 25.02 crores).

### 7A Other intangible assets

Particulars	Model fee/brand license/ Product designs and development	Computer Software	Technical know how/Export licenses	Total
<b>Cost</b>				
<b>At April 1, 2019</b>	747.43	143.95	2,912.50	3,803.88
Additions	117.35	25.74	-	143.09
Disposals	-	0.04	-	0.04
Foreign Currency Translation reserve	(0.63)	-	-	(0.63)
<b>At March 31, 2020</b>	<b>864.15</b>	<b>169.73</b>	<b>2,912.50</b>	<b>3,946.38</b>
Additions	169.37	30.97	-	200.34
Add: Adjustments	-	0.72	-	0.72
Foreign Currency Translation reserve	-	0.50	-	0.50
<b>At March 31, 2021</b>	<b>1,033.52</b>	<b>201.92</b>	<b>2,912.50</b>	<b>4,147.94</b>
<b>Accumulated amortisation</b>				
<b>At April 1, 2019</b>	645.98	97.27	2,900.77	3,644.02
Amortisation expenses	116.80	16.35	1.69	134.84
Less: Adjustments	-	0.01	-	0.01
Foreign Currency Translation reserve	(0.39)	-	-	(0.39)
<b>At March 31, 2020</b>	<b>762.39</b>	<b>113.63</b>	<b>2,902.46</b>	<b>3,778.48</b>
Amortisation expenses	29.10	19.35	1.68	50.13
Add: Adjustments	-	0.66	-	0.66
Foreign Currency Translation reserve	-	0.19	-	0.19
<b>At March 31, 2021</b>	<b>791.49</b>	<b>133.83</b>	<b>2,904.14</b>	<b>3,829.46</b>
<b>Net block</b>				
<b>At March 31, 2020</b>	<b>101.76</b>	<b>56.10</b>	<b>10.04</b>	<b>167.90</b>
<b>At March 31, 2021</b>	<b>242.03</b>	<b>68.09</b>	<b>8.36</b>	<b>318.48</b>

### 8. Intangible Assets under Development

Particulars	As at March 31, 2021	As at March 31, 2020
Intangible Assets Under Development	258.73	186.69
<b>Total</b>	<b>258.73</b>	<b>186.69</b>

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(Amount in Crores of INR)

## 9. Investments

Particulars	Units As at March 31, 2021	Units As at March 31, 2020	As at March 31, 2021		As at March 31, 2020	
			Current	Non Current	Current	Non Current
<b>9A Equity accounted investment in Associates</b>						
<b>Investment in equity instruments</b>						
Unquoted Investments						
<b>Investment in Associates (carrying amount determined using equity method of accounting)</b>						
<b>Ather Energy Private Limited</b>						
Equity Shares of Face Value of Rs. 1 each	100	100	-	0.20	-	0.20
Preference shares of face value of Rs 10 each (Compulsorily Convertible into equity instruments)	1,79,696	1,28,533	-	504.38	-	330.38
Add: Group's share of profit/(loss) (including Goodwill on acquisition of interest Rs. 166.53 crores (Previous Year 117.05 Crores))			-	(194.75)	-	(125.63)
<b>Total</b>			-	<b>309.83</b>	-	<b>204.95</b>
<b>Hero FinCorp Limited</b>						
Equity shares of Face Value of Rs. 10 each fully paid up	5,24,31,893	4,70,32,574	-	1,469.04	-	1,026.29
Equity shares of Face Value of Rs. 10 each partly paid up	-	53,99,319	-	-	-	248.37
Add: Group's share of profit (net off dividend received) (including Goodwill on acquisition of interest Rs. 51.64 crores (Previous Year Rs. 51.64 Crores))			-	628.82	-	618.73
<b>Total</b>			-	<b>2,097.86</b>	-	<b>1,893.39</b>
<b>Investment in equity instruments</b>			-	<b>2,407.69</b>	-	<b>2,098.34</b>
<b>9B Investments</b>						
<b>Category-wise investments</b>						
Investment in equity instruments			33.85	4.01	14.64	2.09
Investment in debentures / bonds			54.55	610.49	134.56	205.73
Investment in mutual funds			6,136.94	1,334.09	4,559.92	1,343.36
<b>Total</b>			<b>6,225.34</b>	<b>1,948.59</b>	<b>4,709.12</b>	<b>1,551.18</b>
<b>Investments carried at fair value through profit or loss (FVTPL)</b>						
<b>Quoted investments</b>						
<b>Investment in equity instruments of Other Entities</b>						
Bombay Stock Exchange Limited Face Value of Rs. 2 each	70,200	70,200	-	4.01	-	2.09

# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

## 9. Investments (Contd..)

Particulars	Units As at March 31, 2021	Units As at March 31, 2020	As at March 31, 2021		As at March 31, 2020	
			Current	Non Current	Current	Non Current
<b>Face value of Bangladesh Takas 10 each</b>						
ACI Limited	-	1,150	-	-	0.02	-
Active Fine Chemicals Ltd.	15,00,000	6,50,000	2.00	-	0.71	-
AIBL 1st Islamic Mutual Fund	-	1,30,160	-	-	0.08	-
Al-Arafah Islami Bank Ltd	1,50,000	1,01,440	0.28	-	0.13	-
Aman Feed Ltd.	1,79,189	1,65,000	0.45	-	0.39	-
Apex Footwear Ltd.	3,000	-	0.06	-	-	-
Bangladesh Export Import Company Ltd.	70,000	10,000	0.45	-	0.01	-
Bangladesh general Insurance Company Ltd.	20,000	-	0.06	-	-	-
Bangladesh Submarine Cable Company Ltd.	-	14,000	-	-	0.10	-
Baraka Power Limited	-	1,20,000	-	-	0.21	-
Bashundhara Paper Mills Ltd.	-	5,000	-	-	0.02	-
BBS Cables Limited	45,100	31,000	0.21	-	0.15	-
Berger Paints Bangladesh Ltd.	1,000	-	0.15	-	-	-
Beximo Pharmaceuticals Ltd.	25,000	-	0.40	-	-	-
BRAC Bank Ltd.	-	25,000	-	-	0.07	-
British American Tobacco Bangladesh Company Ltd.	5,000	11,500	0.23	-	0.93	-
BSRM Steels Ltd.	1,30,229	1,10,229	0.48	-	0.33	-
Dhaka Bank Ltd.	29,298	-	0.03	-	-	-
Dhaka Insurance Ltd.	20,000	-	0.07	-	-	-
Dutch-Bangla Bank Ltd.	75,557	80,000	0.37	-	0.42	-
Eastern Bank Ltd.	3,50,000	66,777	1.10	-	0.18	-
Eastland Insurance Company Ltd.	35,000	-	0.08	-	-	-
Evince Textiles Ltd.	52,500	-	0.04	-	-	-
Export Import (Exim) Bank of Bangladesh Ltd.	15,00,000	4,55,000	1.46	-	0.39	-
Genex Infosys Ltd.	-	5,000	-	-	0.02	-
Global Heavy Chemicals Ltd.	28,200	26,000	0.08	-	0.07	-
Grameenphone Ltd.	23,000	24,500	0.65	-	0.52	-
Heidelberg Cement Bangladesh Ltd.	35,500	20,500	0.52	-	0.25	-
IFAD Autos Limited	2,65,000	1,40,000	0.98	-	0.48	-
Jamuna Bank Ltd.	15,99,338	10,70,624	2.57	-	1.62	-
Karnaphuli Insurance Company Ltd.	50,000	-	0.12	-	-	-
Khulna Power Company Ltd.	89,755	50,000	0.35	-	0.20	-
LafargeHolcim Bangladesh Ltd.	-	30,000	-	-	0.10	-
Lankabangla Finance Ltd.	10,000	-	0.02	-	-	-

## Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

### 9. Investments (Contd..)

Particulars	Units As at March 31, 2021	Units As at March 31, 2020	As at March 31, 2021		As at March 31, 2020	
			Current	Non Current	Current	Non Current
Marico Bangladesh Ltd.	1,092	-	0.20	-	-	-
Meghna Petroleum Ltd.	1,000	-	0.01	-	-	-
Mercantile Bank Limited	18,50,000	5,67,500	2.17	-	0.64	-
Mercantile Insurance Company Limited	20,000	-	0.06	-	-	-
MJL Bangladesh Ltd.	5,000	-	0.03	-	-	-
Nahee Aluminium Composite Panel Ltd.	2,47,424	1,77,200	1.01	-	0.74	-
National Credit and Commerce Bank Ltd.	45,00,000	-	5.21	-	-	-
National Tubes Ltd.	1,15,000	2,500	1.02	-	0.02	-
One Bank Limited	11,50,000	22,000	1.02	-	0.02	-
Orion Infusion Ltd.	50,025	-	0.31	-	-	-
Orion Pharma Ltd.	2,40,000	-	0.92	-	-	-
Pacific Denims Ltd.	3,000	15,000	0.00	-	0.01	-
Paramount Textile Ltd.	-	30,000	-	-	0.13	-
Premier Bank Ltd.	8,50,000	-	0.99	-	-	-
Reckitt Benckiser (BD) Ltd.	-	920	-	-	0.26	-
Renata Ltd.	500	-	0.05	-	-	-
Ring Shine Textiles Ltd.	3,82,800	1,00,000	0.21	-	0.06	-
Sandhani Life Insurance Company Ltd.	60,000	-	0.12	-	-	-
Shahjalal Islami Bank Ltd.	1,20,000	55,000	0.23	-	0.10	-
Shasha Denims Limited	3,19,430	1,04,100	0.60	-	0.20	-
Southeast Bank 1st Mutual Fund	-	39,450	-	-	0.03	-
Southeast Bank Limited	2,52,500	1,00,000	0.27	-	0.10	-
Square Pharmaceuticals Ltd.	2,000	78,500	0.03	-	1.20	-
Standard Insurance Ltd.	5,000	-	0.02	-	-	-
Style Craft Limited	500	-	0.01	-	-	-
The City Bank Limited	-	6,01,000	-	-	0.91	-
Titan Gas Transmission & Dist. Company Ltd.	20,000	-	0.05	-	-	-
Unilever Consumer Care Ltd.	100	-	0.02	-	-	-
United Insurance Ltd.	50,000	-	0.17	-	-	-
United Power Generation & Distribution Company Limited	1,47,617	98,175	3.39	-	1.92	-
Uttara Bank Limited	5,00,000	3,50,680	1.05	-	0.82	-
VFS Thread Dyeing Ltd.	4,56,000	-	0.89	-	-	-
Walton Hi-Tech Industries Ltd.	4,000	-	0.41	-	-	-
Western Marine Shipyard Limited	1,66,405	71,000	0.17	-	0.08	-
<b>Investment in equity instruments</b>			<b>33.85</b>	<b>4.01</b>	<b>14.64</b>	<b>2.09</b>

# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

## 9. Investments (Contd..)

Particulars	Units As at March 31, 2021	Units As at March 31, 2020	As at March 31, 2021		As at March 31, 2020	
			Current	Non Current	Current	Non Current
<b>Investment in debentures</b>						
<b>Quoted Investments</b>						
<b>Investments carried at amortised cost</b>						
<b>Face Value of Rs. 1000 each</b>						
7.34% HUDCO -Maturity-16.02.2023	2,50,000	2,50,000	-	25.22	-	25.23
7.18% IRFC -Maturity-19.02.2023	2,50,000	2,50,000	-	25.83	-	25.83
8.18% NHPC Tax Free Bonds- Maturity-02.11.2023	1,61,050	1,61,050	-	17.42	-	17.43
8.51% HUDCO Tax Free Bonds- Maturity-13.01.2024	2,50,000	2,50,000	-	25.45	-	25.46
8.18% PFC Tax Free Bonds- Maturity-16.11.2023	3,23,890	3,23,890	-	33.38	-	33.38
9.10% Shriram Transport Finance Company Limited TR-I SR -III 9.1 NCD-Maturity-12.07.2021	2,50,000	2,50,000	25.77	-	-	25.77
<b>Face Value of Rs. 5,00,000 each</b>						
10.70% Tata Motors Finance Limited-Maturity-28.04.2020	-	138	-	-	7.59	-
10.70% Tata Motors Finance Limited-Maturity-10.04.2020	-	400	-	-	22.08	-
<b>Face Value of Rs. 10,00,000 each</b>						
8.1082% HDB Financial Services Maturity-04.06.2021	250	250	28.78	-	-	26.63
8.50% SBI Series II 8.50 BD Perpetual-Maturity-22.11.2024	250	250	-	25.92	-	26.00
Bank of Baroda Series XV 8.15 BD Perpetual - Maturity - 13.01.2026	250	-	-	25.56	-	-
SBI Series II 7.73 BD Perpetual- Maturity- 24.11.2025	250	-	-	26.12	-	-
LIC Housing Finance Ltd. 386, 7.99 NCD- Maturity- 12.07.2029	500	-	-	54.88	-	-
Housing Development Finance Corporation Ltd. Series Y-005, 6.83 NCD- Maturity- 08.01.2031	500	-	-	49.13	-	-
Food Corporation of India Series IX 6.65 LOA- Maturity- 23.10.2030	500	-	-	49.55	-	-
REC Limited Series 189, 7.92 BD- Maturity- 31.03.2030	350	-	-	36.27	-	-
REC Limited Series 198B, 7.79 BD- Maturity- 21.05.2030	150	-	-	16.49	-	-

# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

## 9. Investments (Contd..)

Particulars	Units As at March 31, 2021	Units As at March 31, 2020	As at March 31, 2021		As at March 31, 2020	
			Current	Non Current	Current	Non Current
National Bank for Agriculture and Rural Development Series PMAY G PDI 6.39 LOA- Maturity- 19.11.2030	250	-	-	24.53	-	-
National Bank for Agriculture and Rural Development Series PMAY G PD2 6.42 LOA- Maturity- 25.11.2030	200	-	-	19.65	-	-
Shriram Transport Finance company Limited Series PPMLY 02 BR BCD- Maturity- 27.04.2023	250	-	-	25.19	-	-
Housing Development Finance Corporation Limited Series X-006 7.25 NCD- Maturity- 17.06.2030	500	-	-	52.88	-	-
National Highways Authority of India Series VIII 7.54 BD- Maturity- 27.01.2030	500	-	-	51.93	-	-
Muthoot Fincorp Limited Series VIII BR NCD- Maturity- 22-03-2023	250	-	-	25.09	-	-
<b>Zero Coupon Bonds</b>						
8.24% Rural Electrification Corporation Ltd NCD @Rs. 13,578 maturity Rs. 30,000 per bond- Maturity-15.12.2020	-	37,000	-	-	104.89	-
<b>Investment in debentures/ bonds</b>			<b>54.55</b>	<b>610.49</b>	<b>134.56</b>	<b>205.73</b>
<b>Investment in mutual funds {include funds which are listed but not quoted}</b>						
<b>Unquoted Investments</b>						
<b>Investments carried at fair value through profit or loss (FVTPL)</b>						
<b>Debt fund</b>						
<b>Units of the face value of Rs. 10 each</b>						
<b>ICICI Prudential Mutual Fund</b>						
FMP -Series 82-1199 Days Plan L Direct Plan Cumulative	7,00,00,000	7,00,00,000	88.48	-	-	83.17
FMP -Series 82-1135 Days Plan U Direct Plan Cumulative	5,00,00,000	5,00,00,000	62.67	-	-	58.93
FMP - Series 83-1105 Days Plan F Direct Plan Cumulative	5,00,00,000	5,00,00,000	62.94	-	-	59.12
Blended Plan B- Direct Plan- Growth Option (Merged with Banking and PSU Debt Fund Direct Plan Growth)	3,25,95,446	3,25,95,446	83.50	-	77.07	-

# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

## 9. Investments (Contd..)

Particulars	Units As at March 31, 2021	Units As at March 31, 2020	As at March 31, 2021		As at March 31, 2020	
			Current	Non Current	Current	Non Current
Banking & PSU - Debt fund- Direct Plan- Growth	-	2,16,59,649	-	-	51.21	-
Short Term Fund-Direct Plan- Growth Option	4,50,67,080	7,76,51,149	219.11	-	344.51	-
Corporate Bond Fund -Direct Plan -Growth	6,12,71,259	2,38,24,272	144.03	-	51.25	-
Credit Risk Fund- Direct Plan Growth	1,99,05,885	-	50.32	-	-	-
<b>Aditya Birla Sunlife Mutual Fund</b>						
Fixed Term Plan-Series PB (1190 days)-Direct Growth	9,00,00,000	9,00,00,000	113.64	-	-	106.95
Fixed Term Plan-Series PZ (1120 days)-Direct Growth	3,50,00,000	3,50,00,000	43.65	-	-	41.13
Fixed Term Plan-Series QB (1113 days)-Direct Growth	5,00,00,000	5,00,00,000	62.89	-	-	59.21
Fixed Term Plan-Series RC (1295 days)-Direct Growth	5,00,00,000	5,00,00,000	-	62.80	-	58.32
Corporate Bond Fund -Growth- Direct Plan	-	65,02,619	-	-	51.30	-
Short Term Fund- Growth Direct Plan	1,96,85,918	-	75.70	-	-	-
<b>Nippon India Mutual Fund (Formerly Reliance Mutual Fund)</b>						
Fixed Horizon Fund -XXXVII-Series 10-Direct Growth Plan	2,50,00,000	2,50,00,000	31.69	-	-	29.18
Fixed Horizon Fund -XXXVII-Series 12-Direct Growth Plan	4,00,00,000	4,00,00,000	50.54	-	-	47.34
Short-term - Direct Growth Plan Growth Option	3,63,47,075	-	156.48	-	-	-
<b>Invesco Mutual Fund (Formerly Religare Invesco Mutual Fund)</b>						
FMP-Sr.29-Plan B (1150 Days)- Direct Growth	-	60,00,000	-	-	7.45	-
FMP-Sr.33-Plan D (1273 Days)- Direct Sub Plan Growth	2,00,00,000	2,00,00,000	-	24.99	-	22.91
<b>SBI Mutual Fund</b>						
SBI Corporate Bond Fund- Direct Plan-Growth	-	6,81,97,318	-	-	76.97	-
Savings Fund- Direct-Growth	4,38,98,670	-	150.12	-	-	-
<b>IDFC Mutual Fund</b>						
Fixed Term Plan Series 140 Direct Plan -Growth (1145 Days)	5,00,00,000	5,00,00,000	62.92	-	-	59.10
Fixed Term Plan Series 144 Direct Plan -Growth (1141Days)	5,00,00,000	5,00,00,000	62.64	-	-	58.77

# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

## 9. Investments (Contd..)

Particulars	Units As at March 31, 2021	Units As at March 31, 2020	As at March 31, 2021		As at March 31, 2020	
			Current	Non Current	Current	Non Current
Banking & PSU Debt Fund -Direct Plan- Growth	2,86,29,997	7,21,44,804	55.94	-	129.60	-
Credit Risk Fund- Direct Plan- Growth	4,04,48,820	4,04,48,820	54.84	-	51.49	-
<b>Kotak Mutual Fund</b>						
FMP Series 219 Direct-Growth	7,50,00,000	7,50,00,000	94.30	-	-	88.84
FMP Series 221 Direct-Growth	4,80,00,000	4,80,00,000	59.96	-	-	56.53
FMP Series 228 Direct-Growth	5,00,00,000	5,00,00,000	63.28	-	-	59.33
Credit Risk Fund -Direct Plan- Growth	1,08,39,356	2,16,78,713	27.28	-	50.86	-
<b>HDFC Mutual Fund</b>						
FMP 1143 D March 2018(1) -Direct-Growth-Series-39	7,50,00,000	7,50,00,000	94.21	-	-	88.58
FMP 1147 D March 2018(1) -Direct-Growth-Series-39	5,00,00,000	5,00,00,000	62.67	-	-	58.89
Low Duration Fund- Direct Plan- Growth Option	5,56,66,963	1,17,13,250	264.84	-	51.78	-
Banking & PSU Debt Fund -Direct Growth Option	2,91,39,567	7,63,91,860	53.18	-	128.53	-
Short Term Debt Fund -Direct Plan- Growth Option	-	4,49,31,502	-	-	102.84	-
Credit Risk Debt Fund -Direct -Growth	3,87,76,839	1,47,51,525	74.35	-	25.73	-
<b>Axis Mutual Fund</b>						
Short Term - Direct Plan - Growth	4,08,42,187	-	103.75	-	-	-
<b>Units of the face value of Rs. 100 each</b>						
<b>ICICI Prudential Mutual Fund</b>						
Savings Fund-Direct Plan-Growth Option	76,47,092	74,29,165	320.94	-	290.01	-
<b>Aditya Birla Sunlife Mutual Fund</b>						
Savings Fund-Growth-Direct Plan	-	26,54,976	-	-	106.42	-
Low Duration Fund -Growth-Direct Plan	43,63,469	56,45,928	240.89	-	289.96	-
Banking & PSU - Debt fund- Direct Plan- Growth	17,30,722	-	50.14	-	-	-
Money Manager Fund-Growth- Direct Plan	41,01,753	-	117.79	-	-	-
<b>Units of the face value of Rs. 1000 each</b>						
<b>Nippon India Mutual Fund (Formerly Reliance Mutual Fund)</b>						
Low Duration Fund -Direct Growth Plan Growth Option	5,16,415	-	155.97	-	-	-
Money Market Fund Direct Plan Growth	4,65,847	-	150.04	-	-	-

# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

## 9. Investments (Contd..)

Particulars	Units As at March 31, 2021	Units As at March 31, 2020	As at March 31, 2021		As at March 31, 2020	
			Current	Non Current	Current	Non Current
<b>Invesco Mutual Fund (Formerly Religare Invesco Mutual Fund)</b>						
Short Term Fund-Direct Plan Growth	6,26,087	6,26,087	189.58	-	175.94	-
Ultra Short Term Fund- Direct Plan Growth (Formerly Medium Term Bond Fund-Direct Plan Growth)	8,15,166	10,65,859	181.16	-	225.22	-
Treasury Advantage Fund-Direct Plan Growth	-	1,80,694	-	-	51.72	-
Corporate Bond Fund - Direct Plan Growth	5,02,311	-	131.35	-	-	-
<b>Kotak Mutual Fund</b>						
Corporate Bond Fund Direct Growth	1,48,253	1,85,317	44.25	-	51.15	-
Low Duration Fund Direct Growth	9,47,500	-	262.80	-	-	-
Money Market Fund-Direct Plan-Growth	6,27,223	-	218.51	-	-	-
<b>PGIM India Mutual Fund (Formerly DHFL Pramerica Mutual Fund)</b>						
Fixed Duration Fund -Series AE-Direct Plan-Growth	-	62,500	-	-	7.79	-
Fixed Duration Fund -Series AG-Direct Plan-Growth	-	1,00,000	-	-	12.40	-
<b>Axis Mutual Fund</b>						
Banking & PSU Debt Fund- Direct Growth	4,49,207	7,98,515	94.23	-	154.99	-
<b>HDFC Mutual Fund</b>						
Money Market Fund Direct Plan Growth	7,79,189	-	348.60	-	-	-
<b>DSP Mutual Fund</b>						
Low Duration Fund- Direct Plan-Growth	1,03,95,299	5,19,76,493	16.45	-	77.47	-
<b>UTI Mutual Fund</b>						
Money Market Fund Direct Plan Growth	11,12,782	-	266.53	-	-	-
<b>Edelweiss Mutual Fund</b>						
Edelweiss Mutual Bharat Bond ETF	30,00,000	30,00,000	-	335.09	-	307.06
Edelweiss Mutual Bharat Bond ETF	88,96,795	-	-	911.21	-	-
<b>Equity fund</b>						
<b>Units of the face value of Rs. 10 each</b>						
<b>Nippon India Mutual Fund (Formerly Reliance Mutual Fund)</b>						
Arbitrage Fund - Direct Growth Plan Growth Option	12,15,55,798	24,29,83,312	265.32	-	508.57	-

## Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

### 9. Investments (Contd..)

Particulars	Units As at March 31, 2021	Units As at March 31, 2020	As at March 31, 2021		As at March 31, 2020	
			Current	Non Current	Current	Non Current
<b>IDFC Mutual Fund</b>						
Arbitrage Fund -Growth-(Direct Plan)	-	5,32,40,261	-	-	136.99	-
<b>Aditya Birla Sunlife Mutual Fund</b>						
Arbitrage Fund- Growth - Direct Plan (Formerly Enhanced Arbitrage Fund- Direct Plan)	4,60,73,214	7,46,30,850	100.35	-	156.18	-
<b>Edelweiss Mutual Fund</b>						
Arbitrage Fund -Direct Plan Growth	12,76,06,360	-	200.95	-	-	-
<b>Kotak Mutual Fund</b>						
Equity Arbitrage Fund- Direct Plan- Growth	6,63,73,737	-	200.99	-	-	-
<b>HDFC Mutual Fund</b>						
Arbitrage Fund- Direct Plan-Growth	3,25,20,325	-	50.18	-	-	-
<b>Liquid fund</b>						
<b>Units of the face value of Rs. 100 each</b>						
<b>ICICI Prudential Mutual Fund</b>						
Liquid Direct plan-Growth	-	57,69,464	-	-	169.49	-
<b>Aditya Birla Sunlife Mutual Fund</b>						
Liquid Fund- Growth- Direct Plan (Formerly Cash Plus-Growth-Direct Plan)	-	78,89,513	-	-	252.12	-
<b>Units of the face value of Rs. 1000 each</b>						
<b>Nippon India Mutual Fund (Formerly Reliance Mutual Fund)</b>						
Liquidity Fund- Direct Growth Plan Growth Option	-	8,07,476	-	-	391.68	-
<b>HDFC Mutual Fund</b>						
Liquid Fund Direct Plan Growth	-	7,71,080	-	-	301.23	-
<b>Investment in mutual funds</b>			<b>6,136.94</b>	<b>1,334.09</b>	<b>4,559.92</b>	<b>1,343.36</b>
<b>Total Investments</b>			<b>6,225.34</b>	<b>1,948.59</b>	<b>4,709.12</b>	<b>1,551.18</b>

Particulars	As at March 31, 2021		As at March 31, 2020	
	Current	Non Current	Current	Non Current
Aggregate book value of quoted investments	88.40	614.50	149.20	207.82
Aggregate market value of quoted investments	89.44	614.74	150.35	214.87
Aggregate carrying value of unquoted investments	6,136.94	3,741.78	4,559.92	3,441.70

# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

## Category-wise investment as per Ind AS 109 classification

Particulars	As at March 31, 2021		As at March 31, 2020	
	Current	Non Current	Current	Non Current
<b>Unquoted</b>				
Investment in Mutual Funds	6,136.94	1,334.09	4,559.92	1,343.36
<b>Quoted</b>				
Investment in equity instruments	33.85	4.01	14.64	2.09
<b>Financial assets carried at amortised cost</b>				
<b>Quoted</b>				
Investment in bonds	54.55	610.49	134.56	205.73

Information about the Group's exposure to credit and market risk and fair value measurement is included in Note 42.

## Investments in associates

Details of investments in associates (carrying amount determined using equity method of accounting)

Name of associate	Principal Activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the Company	
			As at March 31, 2021	As at March 31, 2020
Hero FinCorp Limited	Non-Banking Financial Company	India	41.19%	41.19%
Ather Energy Private Limited	Business of designing and manufacturing smart electric vehicles and associated charging infrastructure	India	38.08%	35.10%

Summarised financial information in respect of the Company's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with Ind AS.

Hero FinCorp Limited	As at March 31, 2021	As at March 31, 2020
Non-current assets	14,965.63	13,447.89
Current assets	15,030.40	13,751.26
Non-current liabilities	(14,285.54)	(12,294.01)
Current liabilities	(10,742.73)	(10,433.80)

Hero FinCorp Limited	For the year ended March 31, 2021	For the year ended March 31, 2020
Total revenue	4,278.08	3,799.86
Profit for the year	51.63	278.04
Other comprehensive income for the year	(0.16)	(0.74)
Total Comprehensive income for the year	51.47	277.30
Dividends received from the associate during the year	12.76	19.99

## Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

### Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements

Hero FinCorp Limited	As at March 31, 2021	As at March 31, 2020
Net assets of the associate	4,967.76	4,471.34
Proportion of the Group's ownership interest in the associate	41.19%	41.19%
<b>Group's ownership interest in the associate</b>	<b>2,046.22</b>	<b>1,841.75</b>
Add: Goodwill on acquisition	51.64	51.64
<b>Carrying amount of the Group's interest in the associate</b>	<b>2,097.86</b>	<b>1,893.39</b>

Ather Energy Private Limited	As at March 31, 2021	As at March 31, 2020
Non-current assets	418.60	326.60
Current assets	318.70	191.90
Non-current liabilities	(160.70)	(141.70)
Current liabilities	(200.30)	(126.40)

Ather Energy Private Limited	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue	86.40	48.80
Profit/ (loss) for the year	(233.20)	(219.90)
Other comprehensive income for the year	0.90	(0.70)
Total Comprehensive income for the year	(232.30)	(220.60)

### Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements

Ather Energy Private Limited	As at March 31, 2021	As at March 31, 2020
Net assets of the associate	376.30	250.40
Proportion of the Group's ownership interest in the associate	38.08%	35.10%
<b>Group's ownership interest in the associate</b>	<b>143.31</b>	<b>87.90</b>
Add: Goodwill on acquisition	166.52	117.05
<b>Carrying amount of the Group's interest in the associate</b>	<b>309.83</b>	<b>204.95</b>

## 10. Loans (financial assets)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non - current</b>		
<b>Unsecured, considered good</b>		
Loans to employees	16.73	22.15
Security deposits	35.91	45.53
<b>Total</b>	<b>52.64</b>	<b>67.68</b>

# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

## 10. Loans ( financial assets) (Contd..)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Current</b>		
<b>Unsecured, considered good</b>		
Loans to employees	22.95	20.67
Security deposits	16.82	3.08
<b>Total</b>	<b>39.77</b>	<b>23.75</b>

Note :- These financial assets are carried at amortised cost, unless otherwise stated.

Note :- The Company's exposure to credit and currency risks, and impairment allowances related to Loans (Financial assets) is disclosed in Note 42

## 11. Other financial assets

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Current</b>		
<b>Unsecured, considered good</b>		
Derivative instruments carried at fair value (forward contracts)	0.65	0.38
Interest accrued on deposits	4.13	0.85
Accrual of incentives from State Government	344.45	331.89
Other recoverables	16.50	30.93
<b>Total</b>	<b>365.73</b>	<b>364.05</b>

Note :- These financial assets are carried at amortised cost, unless otherwise stated.

Note :- The Company's exposure to credit and currency risks, and impairment allowances related to Other financial assets is disclosed in Note 42.

## 12. Income tax assets (net)

Particulars	As at March 31, 2021	As at March 31, 2020
Advance income tax	1,302.80	1,420.69
Less : Provision for taxation	924.31	1,098.95
<b>Total</b>	<b>378.49</b>	<b>321.74</b>

## 13. Other assets

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non-current</b>		
<b>Unsecured, considered good</b>		
Capital advances	27.27	89.83
Prepaid expenses	6.21	5.06
<b>Balance with government authorities</b>		
- Excise duty and others	12.48	8.50
- VAT/ sales tax	16.72	18.28
<b>Total</b>	<b>62.68</b>	<b>121.67</b>

# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

## 13. Other assets (Contd..)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Current</b>		
<b>Unsecured, considered good</b>		
Prepaid expenses	47.73	66.69
Advance to suppliers	103.68	81.06
Other advances	1.22	6.68
<b>Balance with government authorities</b>		
- Sales tax/ VAT/ Employee state insurance	72.76	95.43
- Goods and service tax (GST)	36.74	51.57
- Export incentive receivable	17.32	21.21
<b>Total</b>	<b>279.45</b>	<b>322.64</b>

## 14. Inventories

(lower of cost and net realisable value)

Particulars	As at March 31, 2021	As at March 31, 2020
Raw materials and components	774.78	582.93
Goods in transit of raw materials and components	109.77	52.80
Work in progress	48.00	51.55
Finished goods		
Two wheelers	643.21	425.73
Spare parts	63.23	45.41
Stock In Trade	23.82	-
Stores and spares	99.42	98.34
Loose tools	27.04	25.56
<b>Total</b>	<b>1,789.27</b>	<b>1,282.32</b>

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

## 15. Trade receivables

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables considered good- ( Secured) **	54.81	63.04
Trade receivables considered good- ( Unsecured) **	2,219.87	1,448.87
Trade receivables considered doubtful	117.64	71.32
	<b>2,392.32</b>	<b>1,583.23</b>
Less: Loss allowance	117.64	71.32
<b>Total</b>	<b>2,274.68</b>	<b>1,511.91</b>

\*\*Include receivables from related parties (refer note 38)

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated

The carrying amount of trade receivables approximates their fair value. The Company's exposure to credit and currency risks, and impairment allowances related to trade receivables is disclosed in Note 42

# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

## 15. Trade receivables (Contd..)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Age of receivables</b>		
Within the credit period	1,222.23	519.01
Upto six months past due	1,101.44	982.25
More than six months but less than one year	10.54	25.92
More than one year	58.11	56.05
<b>Total</b>	<b>2,392.32</b>	<b>1,583.23</b>

## 16. Cash and cash equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	0.06	0.14
<b>Balances with banks</b>		
In current accounts	273.18	266.45
In deposit accounts	1.38	38.72
<b>Cash and cash equivalents</b>	<b>274.62</b>	<b>305.31</b>

## 17. Bank balances other than cash and cash equivalents above

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Balances with banks</b>		
In dividend current accounts (earmarked accounts)	49.09	56.88
In deposit accounts*	72.53	73.22
<b>Total</b>	<b>121.62</b>	<b>130.10</b>

\* Includes fixed deposits aggregating Rs 25.00 crores with Dena Bank on February 18, 2014. Subsequent thereto, it was brought to the notice of the Company that money had been fraudulently withdrawn by pledging fictitious copies of such fixed deposit receipts with concerned bank by some individuals. The Company has filed a recovery suit which is pending in the honorable Delhi High Court against the bank. In the interim, the Bank has renewed the deposits (along with interest earned thereon).

## 18. Share capital

### (a) Equity share capital

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Authorised Equity share capital</b>		
250,000,000 (as at March 31, 2020 - 250,000,000) Equity shares of Rs. 2 each	50.00	50.00
<b>Total</b>	<b>50.00</b>	<b>50.00</b>
<b>Issued, subscribed and fully paid up</b>		
199,780,217 (as at March 31, 2020: 199,739,368) Equity shares of Rs. 2 each	39.96	39.95
<b>Total</b>	<b>39.96</b>	<b>39.95</b>

The Company has only one class of equity shares having a par value of Rs. 2 per share. Each holder of equity shares is entitled to one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to their shareholding.

## Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

### (i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

Particulars	As at March 31, 2021		As at March 31, 2020	
	Nos.	Rs. in crores	Nos.	Rs. in crores
Opening Balance	19,97,39,368	39.95	19,97,26,884	39.95
Issued during the year Rs. 81698* (# Previous year - Rs.24968*) - Employee Stock Option Plan (refer note 4.1)	40,849	0.01	12,484	#
<b>Closing Balance</b>	<b>19,97,80,217</b>	<b>39.96</b>	<b>19,97,39,368</b>	<b>39.95</b>

\* in absolute INR

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	Nos.	% holding in the class	Nos.	% holding in the class
Ms Renu Munjal *	93,09,019	4.66%	93,09,019	4.66%
Mr Suman Kant Munjal *	93,09,019	4.66%	93,09,019	4.66%
Mr Pawan Munjal *	93,09,020	4.66%	93,09,020	4.66%
M/S Bahadur Chand Investments (P) Ltd	4,00,33,238	20.04%	3,99,43,238	20.00%
Life Insurance Corporation of India	1,48,16,832	7.42%	1,10,57,976	5.54%

\* Hold shares on behalf of Brijmohan Lall Om Prakash (partnership firm)

On March 30, 2020 and March 31, 2020, the promoters of the Company had acquired certain shares of the Company. However, same was not reflecting in the relevant account of promoters as on March 31, 2020 and therefore not included in the shareholding pattern mentioned above as at March 31, 2020. Details of shares acquired are as follows:

- Bahadur Chand Investments Private Limited, had purchased 90,000 equity shares (0.04%) on March 30 and 31, 2020 increasing its total shareholding to 4,00,33,238 shares (20.04%)
- Pawan Munjal Family Trust, had purchased 1,58,000 equity shares (0.08%) on March 31, 2020
- RK Munjal & Sons Trust, had purchased 8,000 equity shares (0.0%) on March 31, 2020
- Mr. Suman Kant Munjal, Promoter, had purchased 20,000 equity shares (0.01%) on March 31, 2020 thereby increasing his shareholding to 91,250 shares (0.05%)

### (iii) Shares options/ Restricted stock units granted under the Company's employee share option plan

Option Series	Share Options Outstanding (In Nos.)		Expiry Date
	As at March 31, 2021	As at March 31, 2020	
ESOP 2014	-	864	October 21, 2021
ESOP 2016	11,349	20,916	August 21, 2023
RSU 2016	-	-	August 21, 2023
ESOP 2017	14,910	21,826	October 31, 2024
RSU 2017	2,128	2,128	October 31, 2024
ESOP 2018	82,406	1,08,030	March 25, 2026
RSU 2018	3,906	5,580	January 31, 2026
ESOP 2019	64,480	93,425	October 22, 2026
RSU 2019	3,647	5,210	October 22, 2026
ESOP 2020	94,000	-	October 27, 2027
RSU 2020	1,560	-	October 27, 2027

Also refer details of the employee stock option plan as provided in Note 4.1.

# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

## b) Preference share capital

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Authorised Preference share capital</b>		
4,00,000 (as at March 31, 2020 - 4,00,000) Cumulative convertible preference shares of Rs. 100 each	4.00	4.00
4,00,000 (as at March 31, 2020 - 4,00,000) Cumulative redeemable preference shares of Rs. 100 each	4.00	4.00
<b>Total</b>	<b>8.00</b>	<b>8.00</b>

Note: The Company has not issued preference share capital.

## 19. Other equity

Particulars	As at March 31, 2021	As at March 31, 2020
Capital reserves	#	#
Securities premium	31.49	18.40
General reserve	2,676.34	2,676.34
Share options outstanding account	19.04	15.44
Foreign currency translation reserve	0.89	4.09
Retained earnings	12,648.70	11,652.06
<b>Total</b>	<b>15,376.46</b>	<b>14,366.33</b>

### Nature and Description

- (i) **Capital reserves:-** The company had transferred forfeited share application money to Capital reserve in accordance with the provision of the Companies Act, 1956. The reserve will be utilised in accordance with the provisions of the Companies Act, 2013.
- (ii) **Securities premium:-** Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.
- (iii) **General reserve:-** General Reserves are free reserves of the group which are kept aside out of company's profits to meet the future requirements as and when they arise. The Group had transferred a portion of the profit after tax (PAT) to general reserve pursuant to the earlier provisions of Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.
- (iv) **Share options outstanding account:-** Stock option outstanding account is used to record the impact of employee stock option scheme. Refer note 41 for further detail of this plan.
- (v) **Foreign currency translation reserve:-** Exchange differences arising on translation of the foreign operations.
- (vi) **Retained earnings:-** Retained earnings are the accumulated profits earned by the Company till date, less transfer to general reserves, dividend (including dividend distribution tax) and other distributions made to the shareholders.

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>A. Capital reserves</b>		
On shares forfeited (#in absolute INR 4,250)	#	#
Securities premium account on forfeited shares reissued (## in absolute INR 25,500)	##	##
<b>B. Securities premium</b>		
Opening balance	18.40	13.98
Premium on equity shares issued during the year <sup>@</sup>	13.09	4.42
<b>Closing balance</b>	<b>31.49</b>	<b>18.40</b>

<sup>@</sup> Addition in securities premium represents premium on equity shares under various schemes amounting to Rs. 7.83 crores (Previous year Rs.0.12 crores) and Rs. 5.26 crores (Previous year Rs.4.30 crores) transferred from share option outstanding account on 40,849 equity shares (Previous year 12,484 equity shares) issued and allotted during the year under ESOP scheme. Also refer note 41.

## Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

### 19. Other equity (Contd..)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>C. General reserve</b>		
General reserve at the beginning and end of the year	2,676.34	2,676.34
<b>D. Share options outstanding account *</b>		
Opening balance	15.44	9.59
Add: Net charge during the year	8.86	10.15
Less: Transferred to securities premium on issue of shares	(5.26)	(4.30)
<b>Closing balance</b>	<b>19.04</b>	<b>15.44</b>
<b>E. Foreign currency translation reserve</b>		
Opening balance	4.09	(4.76)
Exchange differences in translating the financial statements of foreign operations	(4.30)	11.70
Income tax effect	1.10	(2.85)
<b>Closing balance</b>	<b>0.89</b>	<b>4.09</b>
<b>F. Retained earnings</b>		
Opening balance	11,652.06	10,385.31
Add: Profit for the year	2,917.75	3,638.11
Other Comprehensive income arising from remeasurement of defined benefit obligation net of income tax	(20.81)	(32.46)
Less: Appropriations		
Final dividend	499.35	639.13
Interim dividend	1,398.46	1,298.31
Corporate dividend tax	2.49	401.46
<b>Closing Balance</b>	<b>12,648.70</b>	<b>11,652.06</b>

\* Also refer note 41.

In respect of the year ended March 31, 2021, the directors propose that a dividend of Rs. 25 per share (March 31, 2020 : Rs. 25 per share) and special dividend of Rs. 10 per share (March 31, 2020 : Nil) be paid on fully paid equity shares. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as liability in these financial statements. The proposed equity dividend is payable to all holders of fully paid equity shares. The total estimated equity dividend to be paid is Rs. 699.23 crores (March 31, 2020 : Rs.499.35 crores) (including corporate dividend tax thereon of Rs. Nil (March 31, 2020 : Rs. Nil))

### 20. Non-controlling interests

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening balance	140.60	116.11
Additions during the year	6.65	17.47
Dividend paid during the year	(20.50)	(19.60)
Share of profit/(loss) for the year	16.44	26.62
<b>Closing non-controlling interest</b>	<b>143.19</b>	<b>140.60</b>

# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

## 21. Borrowings

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non-current</b>		
<b>Unsecured - at amortised cost</b>		
<b>Term loan</b>		
- from Banks	45.06	43.78
<b>Secured - at amortised cost</b>		
Term loan		
- from Banks	0.12	0.24
<b>Total</b>	<b>45.18</b>	<b>44.02</b>
<b>Current</b>		
<b>Unsecured</b>		
<b>Loan repayable on demand</b>		
- from banks	285.16	165.88
<b>Total</b>	<b>285.16</b>	<b>165.88</b>

Lender	As at March 31, 2021	As at March 31, 2020	Repayment Terms
<b>Unsecured - Non current</b>			
Rupee Term Loans from HDFC Bank Rate of Interest range - I-MCLR one year + 05 basis points (Previous year: I-MCLR one year + 05 basis points).	42.44	33.01	14 equal quarterly instalments beginning from September 26, 2021
Term loan from Bancolombia, Colombia (Rate of interest DTF + 5.40%) (Previous year- DTF + 5.40%)	2.62	10.77	Maturity due from May, 2022 to September, 2022 in various instalments
<b>Total</b>	<b>45.06</b>	<b>43.78</b>	
<b>Secured - Non current</b>			
Loan from ICICI Bank (Secured by charge on vehicles) (Rate of interest - 8.90%) (Previous year - 8.90%)	0.12	0.24	48 equal monthly instalments beginning from April 01, 2019
<b>Total</b>	<b>0.12</b>	<b>0.24</b>	
<b>Unsecured - current</b>			
Rate of Interest - range I-MCLR three month + 60 basis points or MCLR three month + 45 basis points or 4% over one year MCLR (Previous year: I-MCLR three month + 60 basis points or MCLR one year + 30 basis points).	63.24	45.58	Repayable on demand
Loan from Standard Chartered Bank Rate of interest - LIBOR + 2.9% (Previous year - LIBOR + 2.9%)	10.35	20.16	Repayable within a period of 90 days
Loan from Commercial Bank of Ceylon PLC Rate of interest - LIBOR + 2.5% (Previous year - LIBOR + 2.5%)	37.06	4.31	Repayable within a period of 90 days

## Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

### 21. Borrowings (Contd..)

Lender	As at March 31, 2021	As at March 31, 2020	Repayment Terms
Loan from Hongkong & Shanghai Banking Corporation Rate of interest - LIBOR + 2.9%	42.85	-	Repayable within a period of 90 days
Short term Loan from Hongkong & Shanghai Banking Corporation.- Rate of Interest- 6.5%	34.57	-	Repayable within a period of 90 days
Loan from Bancolombia Rate of Interest - LIBOR + 4.3% to 6.0% (Previous year: LIBOR + 4.3% to 6.0%)	88.99	89.13	Repayable within a period of 180 days
Loan from Bancolombia Rate of Interest - DTF + 5.4% (Previous year: DTF + 5.4%)	8.10	6.70	Repayable on Demand
<b>Total</b>	<b>285.16</b>	<b>165.88</b>	

The Group has not defaulted in repayment of any loan and interest thereon.

### 22. Provisions

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non-current</b>		
Employee benefits (Refer note (i) below)		
Compensated absences	26.87	21.35
Gratuity	0.85	0.55
Other employee benefits	8.79	8.61
<b>Sub-total (A)</b>	<b>36.51</b>	<b>30.51</b>
Warranties (Refer note (ii) below)	139.06	93.39
<b>Sub-total (B)</b>	<b>139.06</b>	<b>93.39</b>
<b>Total (A+B)</b>	<b>175.57</b>	<b>123.90</b>
<b>Current</b>		
Employee benefits (Refer note (i) below)		
Compensated absences	6.38	5.25
Gratuity	0.46	66.07
Other employee benefits	1.68	20.39
<b>Sub-total (A)</b>	<b>8.52</b>	<b>91.71</b>
Warranties (Refer note (ii) below)	167.30	67.98
<b>Sub-total (B)</b>	<b>167.30</b>	<b>67.98</b>
<b>Total (A+B)</b>	<b>175.82</b>	<b>159.69</b>

(i) The provision for employee benefits includes compensated leaves, gratuity and vested long term service reward.

(ii) Movement in warranties provisions

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Opening balance</b>	161.37	146.40
Additions during the year	227.15	148.27
Amount utilised during the year	(77.47)	(127.39)
Unwinding of discount and effect of changes in the discount rate	(4.69)	(5.91)
<b>Closing balance</b>	<b>306.36</b>	<b>161.37</b>

## Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

The provision for warranty claims represents the present value as best estimate of the future economic benefits that will be required under the Group's obligations for warranties under local sale of goods legislation. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality. As at March 31, 2021 this particular provision had a carrying amount of Rs. 306.36 crores (March 31, 2020 - Rs. 161.37 crores). If the claims cost were to differ by 10% from management's estimates, the warranty provisions would be an estimated Rs 30.64 crores higher or lower (March 31, 2020- Rs. 16.14 Crores higher or lower).

### 23. Deferred tax (assets)/ liabilities (net)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Deferred tax liabilities</b>		
Property plant and equipments and intangible assets	425.32	414.14
Financial assets carried at fair value through profit and loss	99.33	73.98
Investments in associate	130.68	128.36
Others	6.31	14.29
<b>Sub-total (A)</b>	<b>661.64</b>	<b>630.77</b>
<b>Less: Deferred tax assets</b>		
Deferred revenue	67.46	60.14
Accrued expenses deductible on payment	40.52	27.20
VRS expenses u/s 35DDA	9.08	12.10
Right of use of assets and lease liabilities	3.88	2.32
Others	87.96	56.43
<b>Sub-total (B)</b>	<b>208.90</b>	<b>158.19</b>
<b>Total (A-B)</b>	<b>452.74</b>	<b>472.58</b>

#### A. Movement of Deferred tax (assets)/ liabilities

For the year ended March 31, 2021

Particulars	Opening balance	Recognised in profit and Loss	Recognised in Other comprehensive income	Closing Balance
<b>Deferred tax liabilities</b>				
Property plant and equipments and intangible assets	414.14	11.18	-	425.32
Financial assets carried at fair value through profit and loss	73.98	25.35	-	99.33
Investments in associate	128.36	2.32	-	130.68
Others	14.29	(7.98)	-	6.31
	<b>630.77</b>	<b>30.87</b>	<b>-</b>	<b>661.64</b>
<b>Deferred tax assets</b>				
Deferred revenue	60.14	7.32	-	67.46
Accrued expenses deductible on payment	27.20	13.32	-	40.52
VRS expenses u/s 35DDA	12.10	(3.02)	-	9.08
Right of use of assets and lease liabilities	2.32	1.56	-	3.88
Others	56.43	29.80	1.73	87.96
	<b>158.19</b>	<b>48.98</b>	<b>1.73</b>	<b>208.90</b>
<b>Deferred tax liabilities (net)</b>	<b>472.58</b>	<b>(18.11)</b>	<b>(1.73)</b>	<b>452.74</b>

## Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

### For the year ended March 31, 2020

Particulars	Opening balance	Recognised in profit and Loss	Recognised in Other comprehensive income	Closing Balance
<b>Deferred tax liabilities</b>				
Property plant and equipments and intangible assets	558.94	(144.80)	-	414.14
Financial assets carried at fair value through profit and loss	29.80	44.18	-	73.98
Investments in associate	110.58	17.78	-	128.36
Others	13.04	1.25	-	14.29
	<b>712.36</b>	<b>(81.59)</b>	<b>-</b>	<b>630.77</b>
<b>Deferred tax assets</b>				
Deferred revenue	43.22	16.92	-	60.14
Accrued expenses deductible on payment	9.35	17.85	-	27.20
VRS expenses u/s 35DDA	-	12.10	-	12.10
Right of use of assets and lease liabilities	-	2.32	-	2.32
Others	46.91	14.36	(4.84)	56.43
	<b>99.48</b>	<b>63.55</b>	<b>(4.84)</b>	<b>158.19</b>
<b>Deferred tax liabilities (net)</b>	<b>612.88</b>	<b>(145.12)</b>	<b>4.84</b>	<b>472.58</b>

### B. Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, as it is not probable that the future taxable profit will be available against which the respective subsidiaries in its jurisdiction can use the benefits therefrom:

Particulars	As at March 31, 2021		As at March 31, 2020	
	Gross amount	Unrecognised tax effect	Gross amount	Unrecognised tax effect
Tax losses from HMC MM Auto Limited (will expire from March 31, 2023 to March 31, 2029) (previous year: Will expire from March 31, 2023 to March 31, 2028)	36.08	9.38	38.42	9.99
Unabsorbed depreciation losses from HMC MM Auto Limited (can be carried forward for indefinite period)	32.23	8.38	32.22	8.38
Tax losses from HMCL Columbia SAS (tax losses amounting to Rs. 72.66 crores will be carried forward indefinitely, tax losses for Rs.141.47 crores will expire in the next 12 years) (previous year :tax losses amounting to Rs. 72.66 crores will be carried forward indefinitely, tax losses for Rs.105 crores will expire in the next 12 years)	214.13	70.66	178.39	58.87

# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

## 24. Trade payables

Particulars	As at March 31, 2021	As at March 31, 2020
Trade payables <sup>##</sup>		
Total outstanding dues of micro enterprises and small enterprises	16.68	8.60
Total outstanding dues of creditors other than micro enterprises and small enterprises	5,247.50	3,119.02
<b>Total</b>	<b>5,264.18</b>	<b>3,127.62</b>

<sup>##</sup> Include payables to related parties (refer note 38)

The Company's exposure to currency and liquidity risk related to the above trade payables is disclosed in Note 42.

Disclosure in respect of the amounts payable to Micro and Small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 has been made in the financial statements based on information received and available with the Company.

Particulars	March 31, 2021	March 31, 2020
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting period	16.68	8.60
The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	-	-
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
The amount of interest accrued for unpaid principal at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	-	-

## 25. Other financial liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Current</b>		
Current maturities of long-term borrowings	11.69	2.27
Capital creditors	54.10	136.58
Security deposits dealers and others	63.93	65.05
Interest accrued but not due on borrowings	0.39	0.17
Unclaimed dividend *	49.10	56.89
<b>Total</b>	<b>179.21</b>	<b>260.96</b>

\* Does not include any amounts outstanding as at March 31, 2021 which are required to be credited to Investor Education and Protection Fund.

The Company's exposure to currency and liquidity risk related to the above financial liabilities is disclosed in Note 42.

## Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

### 26. Other liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Current</b>		
Statutory remittances (contributions to provident fund, employee state insurance, withholding taxes, goods and service tax, excise duty, sales tax, service tax, etc.)	234.06	161.12
Advance from customers	64.51	125.76
Deferred revenue	268.03	238.94
Others	3.99	5.64
<b>Total</b>	<b>570.59</b>	<b>531.46</b>

#### Contract balances

Contract liability is comprised of consideration received from customers against which services are yet to be provided reported as advance from customers disclosed as under:

Particulars	March 31, 2021	March 31, 2020
Advance from customers – current	64.51	125.76
Deferred revenue	268.03	238.94

Revenue recognised from amount included in contract liabilities (advance from customers and deferred revenue) at the beginning of the year amounts to Rs. 125.76 crores and Rs. 213.20 crores respectively (previous year Rs. 48.08 crores and Rs. 227.34 crores respectively).

### 27. Revenue from operations

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>(a) Sale of products</b>		
Two wheelers [includes excise duty of Rs. Nil (Previous year Rs. 1.35 crores)]	26,823.27	25,323.48
Components	0.79	4.83
Spare parts	3,198.38	2,909.77
	<b>30,022.44</b>	<b>28,238.08</b>
<b>(b) Income from services</b>		
Dealers support services	43.18	46.20
Goodlife program for customers	37.37	40.64
Services - others	348.60	489.01
	<b>429.15</b>	<b>575.85</b>
<b>(c) Other operating revenue</b>		
Duty drawback and other incentives	22.72	30.57
Incentive from State Governments	427.46	345.46
Miscellaneous income	57.42	65.36
	<b>507.60</b>	<b>441.39</b>
<b>Total</b>	<b>30,959.19</b>	<b>29,255.32</b>

# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

## 27. Revenue from operations (Contd..)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Reconciliation of Revenue from sale of products with the contracted price</b>		
Contracted Price	30,507.24	28,917.28
Less: Trade discounts, volume rebates, etc.	(484.80)	(679.20)
<b>Sale of products</b>	<b>30,022.44</b>	<b>28,238.08</b>

## 28. Other income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>(a) Interest income on financial assets carried at amortised cost</b>		
Tax free bonds, debentures and other instruments classified as debt	26.57	24.88
Deposit with bank and others	73.85	252.89
<b>(b) Dividend income</b>		
Dividend received on investments carried at fair value through profit or loss	1.39	48.27
<b>(c) Profit on sale of investments</b>	169.07	136.07
<b>(d) Gain on investments carried at fair value through profit or loss</b>	285.77	221.78
<b>(e) Other non-operating income</b>		
Exchange fluctuation	0.36	46.30
Profit on sale of property, plant and equipments	0.89	0.37
<b>Total</b>	<b>557.90</b>	<b>730.56</b>

## 29. Cost of materials consumed

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Raw materials and components consumed:</b>		
Opening stock	635.73	770.97
Add: Purchase of raw materials, components and packing material	22,259.78	19,912.57
	<b>22,895.51</b>	<b>20,683.54</b>
Less: closing stock	884.54	635.73
	<b>22,010.97</b>	<b>20,047.81</b>
Less: Cash discount	42.93	43.52
Consumption of raw materials and components	21,968.04	20,004.29
<b>Net consumption</b>	<b>21,968.04</b>	<b>20,004.29</b>

## 30. Changes in inventory of finished goods, stock-in-trade and work-in-progress

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>(a) Opening stock</b>		
Two wheelers	425.73	278.78
Spare parts	45.41	38.84
Work in progress	51.55	31.73
	<b>522.69</b>	<b>349.35</b>

## Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

### 30. Changes in inventory of finished goods, stock-in-trade and work-in-progress (Contd..)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>(b) Closing stock</b>		
Two wheelers	643.21	425.73
Stock in trade	23.82	-
Spare parts	63.23	45.41
Work in progress	48.00	51.55
	<b>778.26</b>	<b>522.69</b>
<b>Net (increase) in inventory</b>	<b>(255.57)</b>	<b>(173.34)</b>

### 31. Employee benefit expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries and wages	1,715.27	1,652.82
Contribution to provident and other funds	123.65	123.49
Employee stock Compensation Cost (refer note no 41)	8.86	10.15
Staff welfare expenses	103.24	102.86
<b>Total</b>	<b>1,951.02</b>	<b>1,889.32</b>

#### Employee Benefit Plans

The details of various employee benefits provided to employees are as under:

#### A. Defined Benefit, Contribution and other plans

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
a) Employer's contribution to provident fund and labour welfare fund	81.01	79.30
b) Employer's contribution to superannuation fund	17.32	17.23
c) Employer's contribution to gratuity fund *	21.65	23.41
d) Employer's contribution to employee state insurance	3.67	3.55
<b>Total</b>	<b>123.65</b>	<b>123.49</b>

\* In addition to this contribution made amounting to Rs. 28.16 crores (previous year - Rs.42.60 crores) is recognised as comprehensive expense.

#### B. Defined benefit plans:

In accordance with the Payment of Gratuity Act, 1972, the Group provides for gratuity, as defined benefit plan. The gratuity plan provides for a lump sum payment to the employees at the time of separation from the service on completion of vested year of employment. The liability of gratuity plan is provided based on actuarial valuation as at the end of each financial year based on which the Holding company contributes the ascertained liability to Life Insurance Corporation of India with whom the plan assets are maintained and for certain group companies the liability of gratuity plan is provided based on actuarial valuation as at the end of each financial year.

# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

## 31. Employee benefit expenses (Contd..)

These plans typically expose the Company to actuarial risks such as: investment risk, inherent interest rate risk, longevity risk and salary risk

Investment Risk	The present value of the defined benefit plan liability (denominated in Indian Rupee) is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. Currently for the plan in India, it has a relatively balanced mix of investments in government securities and other debt instruments.
Interest Rate Risk	The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.
Longevity Risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary Risk	Higher than expected increases in salary will increase the defined benefit obligation.

The present value of the defined obligation and the related current service cost were measured using the projected unit credit method.

**The principal assumptions used for the purposes of the actuarial valuations were as follows :-**

Principal assumptions	Funded	
	Gratuity	Gratuity
	As at March 31, 2021	As at March 31, 2020
Discount rate	6.70%	6.60%
Future salary increase	6.50% p.a.	6.50% p.a.
Retirement age	58 years	58 years
Withdrawal rate	Upto 30 years:3% from 31 to 44 years:2% After 44 years: 1%	Upto 30 years:3% from 31 to 44 years:2% After 44 years: 1%
In service mortality	Indian Assured Lives Mortality Ult. (2006-08)	Indian Assured Lives Mortality Ult. (2006-08)

Principal assumptions	Un-Funded	
	Gratuity	Gratuity
	As at March 31, 2021	As at March 31, 2020
Discount rate	6.76%	6.76%
Future salary increase	5.50% p.a.	5.50% p.a.
Retirement age	58 years	58 years
Withdrawal rate	Upto 30 years:3% from 31 to 44 years:2% After 44 years: 1%	Upto 30 years:3% from 31 to 44 years:2% After 44 years: 1%
In service mortality	Indian Assured Lives Mortality Ult. (2012-14)	Indian Assured Lives Mortality Ult. (2012-14)

## Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

### 31. Employee benefit expenses (Contd..)

Amounts recognized in statement of profit and loss in respect of this defined benefit plan are as follows :-

Particulars	Gratuity-funded		Gratuity-unfunded	
	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Service cost:</b>				
Current service cost	21.13	23.21	0.29	0.15
Net Interest expense	0.52	-	0.06	0.05
<b>Components of defined benefit costs recognized in profit or loss</b>	<b>21.65</b>	<b>23.21</b>	<b>0.35</b>	<b>0.20</b>
<b>Remeasurement on the net defined benefit liability:</b>				
Return on plan assets (excluding amounts included in net interest expense)	3.25	(0.74)	-	-
Actuarial (gains)/ losses arising from changes in financial assumptions	(2.70)	41.56	-	0.05
Actuarial losses arising from experience adjustments	27.59	1.65	0.02	0.08
<b>Components of defined benefit costs recognized in other comprehensive income</b>	<b>28.14</b>	<b>42.47</b>	<b>0.02</b>	<b>0.13</b>
<b>Total</b>	<b>49.79</b>	<b>65.68</b>	<b>0.37</b>	<b>0.33</b>

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows :

Particulars	As at March 31, 2021	As at March 31, 2020
Present Value of funded defined benefit obligation	356.80	318.03
Fair value of plan assets	356.80	252.35
<b>Net liability arising from funded defined benefit obligation</b>	<b>-</b>	<b>65.68</b>
Present Value of unfunded defined benefit obligation	1.31	0.94
Fair value of plan assets	-	-
<b>Net liability arising from unfunded defined benefit obligation</b>	<b>1.31</b>	<b>0.94</b>

Net liability disclosed as follows (under Provisions - Note -22) :

Particulars	Gratuity			
	As at March 31, 2021		As at March 31, 2020	
	Current	Non current	Current	Non current
Other employee benefits	0.46	0.85	66.07	0.55

# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

## 31. Employee benefit expenses (Contd..)

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

Particulars	Gratuity-funded		Gratuity-unfunded	
	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening defined obligation	318.03	265.59	0.94	1.23
Current service cost	21.13	23.21	0.29	0.15
Interest cost	20.10	18.69	0.06	0.05
<b>Remeasurement (gains)/losses:</b>				
Actuarial (gains)/ losses arising from changes in financial assumptions	(2.70)	41.56	-	0.05
Actuarial losses arising from experience adjustments	27.59	1.65	0.02	0.08
Benefits paid	(27.35)	(32.67)	-	(0.62)
<b>Closing defined benefit obligation</b>	<b>356.80</b>	<b>318.03</b>	<b>1.31</b>	<b>0.94</b>

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

Particulars	Gratuity	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening fair value of plan assets	252.35	265.59
Interest income	19.58	18.69
<b>Remeasurement gain/(loss):</b>		
Return on plan assets (excluding amounts included in net interest expense)	(3.25)	0.74
Contribution	115.47	-
Benefit paid	(27.35)	(32.67)
<b>Closing fair value of plan assets</b>	<b>356.80</b>	<b>252.35</b>

The Holding Company makes annual contribution to Life Insurance Corporation (LIC). As LIC does not disclose the composition of its portfolio investments, break-down of plan investments by investment type is not available to disclose.

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the year, while holding all other assumptions constant.

- If the discount rate is 50 basis points higher/(lower) the defined benefit obligation would decrease by Rs.13.07 crores (increase by Rs. 14.00 crores) ( as at March 31, 2020: decrease by Rs 11.95 crores (increase by Rs. 12.85 crores)).
- If the expected salary growth increases/ (decreases) by 0.5%, the defined benefit obligation would increase by Rs. 13.97 crores (decrease by Rs. 13.16 crores) ( as at March 31, 2020: increase by Rs. 12.80 crores (decrease by Rs. 12.02 crores)).

Sensitivities due to change in mortality rate and change in withdrawal rate are not material and hence impact of such change is not calculated.

### Sensitivity Analysis

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of reporting year, which is same as that applied in calculating the defined benefit obligation liability recognized in the balance sheet.

# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

## 31. Employee benefit expenses (Contd..)

### Asset-Liability Matching Study

The Holding Company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long term investments that are in line with the obligations under the employee benefit plans. Within the framework, the Holding Company's ALM objective is to match assets to the obligations by investing in securities with maturities that match the payments as they fall due.

### Other disclosures

#### Maturity profile of defined benefit obligation

Particulars	As at March 31, 2021	As at March 31, 2020
Average duration of the defined benefit obligation	9.0 years	8.50 years

The Group expects to make a contribution of Rs. 22.67 crores (as at March 31, 2020 Rs 65.68 crores) to the defined benefit plans during the next financial year.

The Expected maturity analysis of undiscounted defined benefit liability is as follows:

Particulars	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
As at March 31, 2021	56.82	23.76	94.12	166.86	341.56
As at March 31, 2020	49.75	21.09	80.40	30.51	181.75

## 32. Finance costs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest cost on financial liability at amortised cost		
- on dealers security deposits	2.50	2.47
- on borrowings	22.63	14.42
- on others	2.16	0.89
Unwinding of discount on provisions and lease liabilities	19.12	28.86
<b>Total</b>	<b>46.41</b>	<b>46.64</b>

## 33. Other expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Stores and tools consumed	82.65	91.50
Packing, forwarding, freight etc.	960.60	952.14
Power and fuel	113.89	132.96
Rent (Refer note 7A)	35.37	25.02
Repairs and maintenance		
- Buildings	18.08	26.56
- Plant and machinery	107.39	103.77
- Others	9.52	10.08
Insurance charges	68.93	53.32
Rates and taxes	16.43	10.64

# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

## 33. Other expenses (Contd..)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Royalty	9.51	5.62
Advertisement and publicity	606.00	738.60
Donations	0.25	0.23
Expenditure on corporate social responsibility	68.35	130.61
Payment to auditors	2.76	2.53
Exchange fluctuation	-	21.94
Loss on sale of property, plant and equipment	4.67	8.66
Loss allowance on trade receivables	46.32	53.04
Miscellaneous expenses	1,014.33	1,105.56
<b>Total</b>	<b>3,165.05</b>	<b>3,472.78</b>

### Payment to auditors

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
a) As Statutory Audit		
- Audit fee (including audit fees for the auditors of other entities of Group) *	1.79	1.47
- Limited Review of unaudited financial results	0.66	0.65
- Other certifications	0.09	0.12
b) Tax audit fees	0.10	0.10
c) Out of pocket expenses	0.12	0.19
<b>Total</b>	<b>2.76</b>	<b>2.53</b>

\* Paid to other auditors Rs. 0.85 crores (Previous year - Rs.0.65 crores).

### Expenditure on Corporate Social Responsibility (CSR)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Gross amount required to be spent by the company during the year	97.06	96.55
(b) Amount approved by the Board to be spent during the year	97.06	96.55
(c) Amount spent during the year on:		
(i) Construction / acquisition of any asset	-	-
(ii) On purposes other than (i) above	68.35	130.61
(d) Amount carried forward from previous year for setting off in the current year	31.38	-
(e) Excess amount spend during the year carried forward to subsequent year	-	31.38

For Related party transactions (Refer Note-38)

(f) The company has spent excess amount and details of the same are as follows:-

Financial Year	Opening Balance	Amount required to be spent during the year	Amount spent during the year	Balance not carried forward to next year	Balance carried forward to next year
2019-20	-	96.55	130.61	2.68	31.38*
2020-21*	31.38	97.06	68.35	2.67	-

\* The Group had contributed Rs. 31.38 Crores in previous year towards PM Cares fund which was carried forward for set-off in the current financial year, based on communication released by Ministry of Corporate affairs.

# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

## 34. Income tax expense

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Current tax</b>		
In respect of the current year	931.38	1,096.79
<b>Deferred tax charge</b>		
In respect of the current year	(18.11)	(145.12)
<b>Total income tax expense recognised in the Statement of profit and loss</b>	<b>913.27</b>	<b>951.67</b>

### (b) Income tax on other comprehensive income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Arising on income and expenses recognised in other comprehensive income</b>		
Re-measurement of defined benefit obligations	7.08	10.68
Others	1.73	(4.84)
<b>Total income tax benefit recognised in other comprehensive income</b>	<b>8.81</b>	<b>5.84</b>

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Profit before tax</b>	<b>3,849.32</b>	<b>4,611.08</b>
Income tax expense calculated at 25.168% (previous year 25.168%)	968.80	1,160.52
Impact of change in tax rates ( from 25.168% in 2019-20 to 25.168% in 2020-21)	-	(127.40)
Additional deduction on employment generation u/s 80JJAA	-	(0.85)
Effect of income exempt/ taxed on lower/ higher rate	(52.12)	(85.08)
Effect of unused tax losses of subsidiaries not recognised as deferred tax assets	11.19	18.63
Others	(14.60)	(14.15)
<b>Income tax expense recognised in the Statement of profit and loss</b>	<b>913.27</b>	<b>951.67</b>

## 35. Earnings per share

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Basic earnings per share (in Rs.)</b>	146.07	182.15
<b>Diluted earnings per share (in Rs.)</b>	146.04	182.15
<b>The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows:</b>		
Profit for the year attributable to owners of the Company (Rs. in crores)	2,917.75	3,638.11
<b>Opening Balance</b>	<b>19,97,39,368</b>	<b>19,97,26,884</b>
Effect of share options exercised	16,417	4,909
<b>Weighted average number of equity shares for the purposes of basic earnings per share</b>	<b>19,97,55,785</b>	<b>19,97,31,793</b>
Effect of share options*	30,379	-
<b>Weighted average number of equity shares for the purposes of diluted earnings per share</b>	<b>19,97,86,164</b>	<b>19,97,31,793</b>

\*anti dilutive in the previous year

# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

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

Particulars	As at March 31, 2021	As at March 31, 2020
<b>a) Contingent liabilities</b>		
<b>In respect of excise and other matters</b>	87.75	75.66
The above matter are subject to legal proceedings in the ordinary course of business. The legal proceeding when ultimately concluded will not, in the opinion of management, have a material effect on the result of operations or the financial position of the Group.		
Additionally, the Group is involved in other disputes, lawsuits, claims, governmental and/ or regulatory inspections, inquiries, investigations and proceedings, including commercial matters that arise from time to time in the ordinary course of business. The Group believes that none of these matters, either individually or in aggregate, are expected to have any material adverse effect on its financial statements.		
<b>b) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances paid amounting to Rs. 30.97 crores (March 31, 2020 Rs. 92.38 crores))	400.86	434.44

## 37. Segment Reporting

The Group primarily operates in the automotive segment. The automotive segment includes all activities related to development, design, manufacture, assembly and sale of vehicles, as well as sale of related parts and accessories. The board of directors of the Holding Company, which has been identified as being the chief operating decision maker (CODM), evaluates the Group's performance, allocate resources based on the analysis of the various performance indicator of the Group as a single unit.

Therefore, based on the guiding principles given in Ind AS 108 on 'Operating Segments', the Group's business activity fall within a single operating segment, namely automotive segment. Accordingly, the disclosure requirements of Ind AS 108 are not applicable.

**Entity wide disclosure details as per Ind AS 108 on Operating segments are given below:**

Revenue from operations	Domestic	Overseas	Total
<b>2020-21</b>	<b>29,783.88</b>	<b>1,175.31</b>	<b>30,959.19</b>
2019-20	27,976.30	1,279.02	29,255.32

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

**For the year ended March 31, 2021 :**

Particulars	India	Outside India	Total
Sale of products	28,857.51	1,164.93	30,022.44
Income from services	429.15	-	429.15
Other operating revenue	497.22	10.38	507.60
<b>Total</b>	<b>29,783.88</b>	<b>1,175.31</b>	<b>30,959.19</b>

# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

## For the year ended March 31, 2020 :

Particulars	India	Outside India	Total
Sale of products	26,973.21	1,264.87	28,238.08
Income from services	575.85	-	575.85
Other operating revenue	427.24	14.15	441.39
<b>Total</b>	<b>27,976.30</b>	<b>1,279.02</b>	<b>29,255.32</b>

## Non current segment assets

Particulars	India	Outside India	Total
<b>As at March 31, 2021</b>	<b>6,612.92</b>	<b>325.28</b>	<b>6,938.20</b>
As at March 31, 2020	6,654.64	331.29	6,985.93

- Domestic segment includes sales and services to customers domiciled in India.
- Overseas segment includes sales and services rendered to customers domiciled outside India.
- Non-current segment assets includes property, plant and equipment, intangible assets including capital work in progress and intangible assets under development and non-current other assets.
- There are no major individual customers whose revenue exceeds more than 10% of the Group's revenue.

## 38. Related party disclosures under Ind AS 24

### A. Parties in respect of which the Holding Company is an associate

Brijmohan Lall Om Prakash (Partnership firm)  
Bahadur Chand Investments Private Limited

### B. Parties in respect of which the other Group Companies are associate

Marelli Europe S.p.A. (Formerly known as Magnetti Marelli S.p.A, Italy)  
Marelli UM Electronics Systems Pvt. Ltd (Formerly known as Magnetti Marelli UM Electronics Systems Pvt. Ltd.)  
Marelli Powertrain India Private Limited (Formerly known as Magneti Marelli Powertrain India private limited)  
Marelli (India) Pvt. Ltd.  
Marelli (China) Co. Ltd.  
Marelli Sistemas Automotivos Industria E Comercio Brasil Ltda  
Niloy Motors Limited, Bangladesh  
Nitol Motors Limited, Bangladesh  
Nitol Electronics Ltd., Bangladesh  
Nitol Machineries Ltd, Bangladesh  
Nitol Insurance Company Ltd, Bangladesh  
Woven Holdings LLC

### C. Associate of the Group

Hero FinCorp Limited  
Ather Energy Private Limited

### D. For subsidiaries of the Holding Company - Refer Note 2.4

# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

## E. Key management personnel and their relatives of Holding company

Mr. Pawan Munjal	- Chairman, Managing Director and Chief executive officer
Mr. Suman Kant Munjal	- Director
Mr. Vikram Sitaram Kasbekar	- Whole Time Director
Mr. Niranjan Kumar Gupta	- Chief Financial Officer
Mrs. Neerja Sharma	- Company Secretary

### Non Executive and Independent Directors

Mr. Pradeep Dinodia
Mr. M.Damodaran
Dr. Anand C. Burman (ceased w.e.f July 29, 2019)
Mr. Ravi Nath (ceased w.e.f. July 29, 2019)
Ms. Shobana Kamineni (ceased w.e.f March 26, 2020)
Mr. Paul B. Edgerley
Dr. Jagmohan Singh Raju
Mrs. Tina Trikha ( Appointed w.e.f October 23, 2019)
Mr. B.S. Dhanoa ( Appointed w.e.f. October 1, 2020)

## F. Key management personnel of HMC MM Auto Limited

Mr. Vijay Kumar Bhatia	- Chief Executive Officer
Mr. Arjun Dewan	- Chief Financial Officer
Mr. Piyush Chawla	- Company Secretary

### Enterprises over which key management personnel and their relatives are able to control:

A.G. Industries Private Limited, A.G. Industries (Bawal) Pvt Limited, Rockman Industries Limited, Cosmic Kitchen Private Limited, Hero Mindmine Institute Private Limited, Hero Investcorp Private Limited, Hero Solar Energy Private Limited, BML Munjal University, Raman Kant Munjal Foundation, Excellence Enablers Private Limited and Raman Munjal Vidya Mandir

### Transactions with the above related parties:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>a) Parties in respect of which the Group is an associate</b>		
<b>Dividend paid</b>		
Brijmohan Lall Om Prakash (Partnership firm)	265.31	270.89
<b>Hero Investcorp Limited</b>	8.30	8.48
Bahadur Chand Investments Private Limited	380.32	387.45
<b>Marelli Europe S.p.A. (Formerly known as Magneti Marelli S.p.A, Italy)</b>		
Investment in equity instruments during the year	-	8.00
Purchase of goods	2.54	8.77
Payment of development fee	1.30	1.91
Royalty	9.25	1.01
Expenses reimbursed	1.35	1.65
<b>Marelli UM Electronics Systems Pvt. Ltd (Formerly known as Magnetti Marelli UM Electronics Systems Pvt. Ltd.)</b>		
Purchase of goods	8.24	18.21

# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Marelli (India) Pvt. Ltd.</b>		
Purchase of goods	-	0.14
<b>Marelli (China) Co. Ltd.</b>		
Purchase of goods	-	8.16
Expenses reimbursed	-	0.26
Warranty Recovery	0.56	-
<b>Marelli Sistemas Automotivos Industria E Comercio Brasil Ltda</b>		
Purchase of goods	40.60	8.05
Payment of Development Fee	0.34	-
Warranty Recovery	0.25	-
<b>Marelli Powertrain India Private Limited (Formerly known as Magneti marelli Powertrain India Pvt. Ltd.)</b>		
Purchase of goods	145.22	-
Warranty Recovery	0.44	-
<b>Sale of goods</b>		
Niloy Motors Limited*	644.19	33.18
Nitol Motors Limited	-	0.04
Nitol Insurance Company Ltd	-	0.02
Nitol Electronics Limited	-	0.01
<b>Purchase of goods/services</b>		
Nitol Machineries Ltd	1.35	4.18
Nitol Insurance Company Ltd	0.37	0.84
<b>Transfer on account of dealers collection</b>		
Niloy Motors Limited	-	886.41
<b>Others</b>		
Nitol Motors Limited	0.35	0.76
Niloy Motors Limited	25.72	-
<b>Woven Holdings LLC</b>		
Investment in equity instruments during the year	6.65	9.14

\* Including taxes and duties

## Balance outstanding at the year end

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Trade Payable</b>		
Marelli Europe S.p.A. (Formerly known as Magneti Marelli S.p.A, Italy)	7.26	5.97
Marelli UM Electronics Systems Pvt. Ltd (Formerly known as Magnetti Marelli UM Electronics Systems Pvt. Ltd. and close the bracket	-	15.00
Marelli Sistemas Automotivos Industria E Comercio Brasil Ltda	10.05	7.39
Marelli Powertrain India Private Limited	18.62	-
Marelli (China) Co. Ltd.	-	0.27
Niloy Motors Limited	2.53	27.78
Nitol Motors Ltd.	0.03	-

# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

## Balance outstanding at the year end (Contd..)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Trade Receivable</b>		
Marelli Europe S.p.A. (Formerly known as Magneti Marelli S.p.A, Italy)	-	0.12
Niloy Motors Limited	-	0.03
Nitol Machineries Ltd	1.26	0.83
Nitol Electronics Limited	-	0.01

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>b) Associates of the Holding Company</b>		
<b>Hero FinCorp Limited</b>		
Lease rental expenses	7.83	13.97
Dividend received	12.77	20.00
Dividend paid	0.01	0.01
Investment in equity instruments during the year	194.38	248.37
Miscellaneous Expenses	13.25	4.65
Rent received	-	0.06
<b>Ather Energy Private Limited</b>		
Investment in Compulsory Convertible preference shares	174.00	-

## Balance outstanding at the year end

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Trade Payable</b>		
Hero FinCorp Limited	0.04	6.00

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>c) Key management personnel and their relatives.</b>		
<b>Managerial Remuneration/Sitting fees</b>		
Mr. Pawan Munjal	86.93	84.59
Mr. Vikram Sitaram Kasbekar	6.54	6.70
Mr. Suman Kant Munjal	0.23	0.18
Mr. Niranjana Kumar Gupta	4.97	4.77
Mrs. Neerja Sharma	5.31	4.46
Mr. Vijay Kumar Bhatia	1.46	1.33
Mr. Arjun Dewan	0.87	0.79
Mr. Piyush Chawla	0.13	0.10
<b>Dividend paid</b>	2.93	2.79

## Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Commission/Sitting fees/expenses reimbursement to Non Executive and Independent Directors</b>		
Mr. Pradeep Dinodia	1.09	1.18
Mr. M.Damodaran	1.01	1.04
Dr. Anand C. Burman	-	0.08
Ms. Shobana Kamineni	-	0.35
Mr. Paul B. Edgerley	0.68	0.53
Dr. Jagmohan Singh Raju	0.66	0.60
Mr. B.S. Dhanoa	0.24	-
Mrs. Tina Trikha	0.56	0.18

### Balance outstanding at the year end

Particulars	As at March 31, 2021	As at March 31, 2020
Payables (including commission)	41.35	49.98

### Category-wise break up of compensation to key management personnel during the year is as follows:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Managerial remuneration*</b>		
Short-term benefits	98.94	97.83
Post-employment benefits	3.92	2.31
Share-based payments	0.89	0.38

### Compensation to other key management personnel of group during the year is as follows:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Managerial remuneration*</b>		
Short-term benefits	12.62	11.46
Post-employment benefits	0.31	0.28

\* Does not include provisions for incremental gratuity and compensated absences liabilities, since the provisions are based on actuarial valuations for the Group as a whole.

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>d) Enterprises over which key management personnel and their relatives are able to exercise control</b>		
Purchase of raw materials and components etc.	2,610.84	2,595.64
Purchase of property, plant and equipments	18.79	34.13
Payment towards services etc.	3.55	4.17
Expenditure towards Corporate Social Responsibility (CSR)	12.10	19.94

# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

## Balance outstanding at the year end

Particulars	As at March 31, 2021	As at March 31, 2020
Payables	400.03	173.86
Receivables	0.19	-

## Significant related party transactions included in the above are as under :-

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Purchase of raw materials and components etc.</b>		
A .G. Industries Private Limited	788.25	810.40
Rockman Industries Limited	1,669.14	1,615.44
A.G Industries (Bawal) Pvt Limited	151.10	166.95
<b>Purchase of Assets</b>		
Rockman Industries Limited	11.92	15.72
A.G. Industries Private Limited	6.87	18.40
<b>Payment for service etc.</b>		
BML Munjal University	2.33	2.95
Hero Mindmine Institute Private Limited	-	0.06
Hero Solar Energy Private Limited	0.20	0.44
A .G. Industries Private Limited	0.85	0.55
Rockman Industries Limited	-	0.17
Excellence Enablers Private Limited	0.09	-
Raman Munjal Vidya Mandir	0.08	-
<b>CSR</b>		
Raman Kant Munjal Foundation	2.10	4.94
BML Munjal University	10.00	15.00

## Significant closing balances of related parties are as under :-

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Payables</b>		
A .G. Industries Private Limited	56.88	43.64
Rockman Industries Limited	337.83	127.05
A.G Industries (Bawal) Pvt Limited	5.16	2.88

## G. Terms and Conditions

All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions and within the ordinary course of business. Outstanding balances at the year end are unsecured and settlement occurs in cash.

## Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

### 39. Research and development expenses:

#### Expenses charged to revenue account

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Raw material consumption	12.23	14.86
Consumables	2.48	2.71
Employee benefits	216.09	205.64
Depreciation and amortisation	96.97	181.29
Others*	74.87	73.65
<b>Total</b>	<b>402.64</b>	<b>478.15</b>

\* Includes intangible asset under development amounting to Rs 0.23 crores (previous year Rs.0.05 crores) expensed off during the year.

#### Capital expenditure

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Land	-	28.79
Building	0.06	11.45
Equipments	10.25	57.42
Furniture and fixtures	1.52	2.49
Software	9.62	5.33
Vehicles	2.31	6.15
Data processing equipments	1.64	4.51
Intangible assets	18.52	108.03
<b>Sub Total</b>	<b>43.92</b>	<b>224.17</b>
Capital work in progress and intangible assets under development	102.56	22.34
<b>Total</b>	<b>146.48</b>	<b>246.51</b>

### 40. COVID 19

The spread of Covid 19 has affected the business operations during the current year. The Group has taken various measures in consonance with the Government advisories to contain the pandemic, which included closing of manufacturing facilities across the Group for certain period during the year.

The Group has carried out a comprehensive assessment of possible impact on its business operations, financial assets, contractual obligations and its overall liquidity position, based on the internal and external sources of information and application of reasonable estimates. The Group does not foresee any significant incremental risk to the recoverability of its assets or in meeting its financial obligations over the foreseeable future.

Since the situation is continuously evolving, the impact assessed in future may be different from the estimates made as at the date of approval of these consolidated financial statements. Management will continue to monitor any material changes arising due to the impact of this pandemic on financial and operational performance of the Group and take necessary measures to address the situation.

# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

## 41. Share-based payments

### Employee Stock Option Plan

The Employee Stock Options Scheme titled "Employee Incentive Scheme 2014 - Options and Restricted Stock Unit" hereafter referred to as "Employee Incentive Scheme 2014" or "the Scheme" was approved by the shareholders of the Holding Company through postal ballot on September 22, 2014. The Scheme covered 49,90,000 options/ restricted units for 49,90,000 equity shares. The Scheme allows the issue of options/restricted stock units (RSU) to employees of the Holding Company which are convertible to one equity share of the Group. As per the Scheme, the Nomination and Remuneration Committee grants the options/RSU to the employees deemed eligible. The options and RSU granted vest over a period of 4 and 3 years respectively from the date of the grant in proportions specified in the respective ESOP Plans. Options/RSU may be exercised by the employees after vesting period within 7 years from the date of grant. The fair value as on the date of the grant of the options/RSU, representing Stock compensation charge, is expensed over the vesting period.

### Details of the Stock Option/ RSU issued under the Scheme

Plan	Number of Options/ RSU	Grant date	Expiry date	Exercise Price Rs.	Weighted Average Fair value of the Options at grant date Rs.
ESOP 2014	23,110	22-Oct-14	21-Oct-21	2,159	1,228
ESOP 2016	41,290	22-Aug-16	21-Aug-23	2,469	1,324
RSU 2016	11,194	22-Aug-16	21-Aug-23	2	3,290
ESOP 2017	29,800	31-Oct-17	31-Oct-24	2,818	1,615
RSU 2017	15,769	31-Oct-17	31-Oct-24	2	3,663
ESOP 2018	1,25,000	25-Mar-19	25-Mar-26	2,033	1,138
RSU 2018	17,760	31-Jan-19	31-Jan-26	2	2,672
ESOP 2019	98,750	22-Oct-19	22-Oct-26	1,745	1,067
RSU 2019	5,210	22-Oct-19	22-Oct-26	2	2,308
ESOP 2020	1,01,375	27-Oct-20	27-Oct-27	2,085	1,200
RSU 2020	1,560	27-Oct-20	27-Oct-27	2	2,686

### Fair value of share options/ RSU granted during the year

The fair value of options/RSU granted is estimated using the Black Scholes Option Pricing Model after applying the key assumption which are tabulated below. The expected volatility has been calculated using the daily stock returns on NSE, based on expected life options/RSU of each vest. The expected life of share option is based on historical data and current expectation and not necessarily indicative of exercise pattern that may occur.

### Inputs in to the pricing model

Particulars	Option Plan			
	ESOP 2020	RSU 2020	ESOP 2019	RSU 2019
Weighted Average Fair value of option/RSU	1,200	2,686	1,067	2,308
Weighted Average share price	3,210	3,210	2,637	2,637
Exercise price	2,085	2	1,745	2
Expected average volatility	26.42%	26.61%	22.54%	22.49%
Option life	7 Years	7 Years	7 Years	7 Years
Dividend yield	3.91%	3.91%	2.92%	2.92%
Average risk-free interest rate	5.88%	5.88%	6.57%	6.57%

## Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

### Movements in share options during the year

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
	Number of options	Weighted average exercise price Rs.	Number of options	Weighted average exercise price Rs.
Outstanding at the beginning of the year	2,45,061	2,031	1,82,216	2,218
Granted during the year	1,01,375	2,085	98,750	1,745
Forfeited during the year	41,679	2,026	35,371	2,195
Exercised during the year	37,612	2,085	534	2,159
<b>Outstanding at the end of year</b>	<b>2,67,145</b>	<b>2,044</b>	<b>2,45,061</b>	<b>2,031</b>
<b>Exercisable at the end of year</b>	<b>50,538</b>	<b>2,267</b>	<b>41,944</b>	<b>2,304</b>

### Movements in RSU during the year

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
	Number of RSU	Weighted average exercise price Rs.	Number of RSU	Weighted average exercise price Rs.
Outstanding at the beginning of the year	12,918	2.00	31,838	2.00
Granted during the year	1,560	2.00	5,210	2.00
Forfeited during the year	-	-	12,180	2.00
Exercised during the year	3,237	2.00	11,950	2.00
<b>Outstanding at the end of year</b>	<b>11,241</b>	<b>2.00</b>	<b>12,918</b>	<b>2.00</b>
<b>Exercisable at the end of year</b>	<b>3,802</b>	<b>2.00</b>	<b>1,674</b>	<b>2.00</b>

### Share options exercised during the year

Option Plan	For the year ended March 31, 2021		For the year ended March 31, 2020	
	No. of options exercised	Weighted share price at exercise date Rs.	No. of options exercised	Weighted share price at exercise date Rs.
ESOP 2014	864	3,224	534	2,355
ESOP 2016	7,941	3,101	-	-
RSU 2016	-	-	4,047	2,675
ESOP 2017	2,628	3,164	-	-
RSU 2017	-	-	7,903	2,612
ESOP 2018	13,344	3,014	-	-
RSU 2018	1,674	2,361	-	-
ESOP 2019	12,835	3,202	-	-
RSU 2019	1,563	3,238	-	-

# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

## Share options/RSU outstanding at end of the year

Options/ RSU Plans	Options outstanding as at March 31, 2021	Options outstanding as at March 31, 2020	Remaining contractual life (in Years) as on March 31, 2021	Remaining contractual life (in Years) as on March 31, 2020	Exercise Price Rs.
ESOP 2014	-	864	0.56	1.56	2,159
ESOP 2016	11,349	20,916	2.39	3.39	2,469
RSU 2016	-	-	2.39	3.39	2
ESOP 2017	14,910	21,826	3.59	4.59	2,818
RSU 2017	2,128	2,128	3.59	4.59	2
ESOP 2018	82,406	1,08,030	4.98	5.98	2,033
RSU 2018	3,906	5,580	4.84	5.84	2
ESOP 2019	64,480	93,425	5.56	6.56	1,745
RSU 2019	3,647	5,210	5.56	6.56	2
ESOP 2020	94,000	-	6.58	-	2,085
RSU 2020	1,560	-	6.58	-	2
	<b>2,78,386</b>	<b>2,57,979</b>			

During the year ended March 31, 2021, the Group recorded an employee stock compensation expense of Rs. 8.86 crores (previous year Rs. 10.15 crores) in the Statement of Profit and Loss and the balance in share options outstanding account as at March 31, 2021 is Rs. 19.04 crores (previous year Rs 15.44 crores).

## 42. Financial Instruments

### 42.1 Capital Management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders through efficient allocation of capital towards expansion of business, optimisation of working capital requirements and deployment of surplus funds into various investment options.

The Management reviews the capital structure of the Group on a regular basis. As part of this review, the Management considers the cost of capital and the risks associated with the movement in the working capital.

The following table summarizes the capital of the Group:

Particulars	As at March 31, 2021	As at March 31, 2020
Debt (Borrowings including current maturity)	342.03	212.17
Share capital	39.96	39.95
Equity reserves	15,376.46	14,366.33
Total Equity	15,416.42	14,406.28
<b>Gearing Ratio</b>	<b>2.22%</b>	<b>1.47%</b>

# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

## Categories of financial instruments

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Financial assets</b>		
<b>Financial assets at fair value through profit or loss</b>		
<b>Non-current</b>		
Investments	1,338.10	1,345.45
<b>Current</b>		
Investments	6,170.78	4,574.56
<b>Financial assets at amortised cost</b>		
<b>Non-current</b>		
Investments	610.49	205.73
Loans	52.64	67.68
<b>Current</b>		
Investments	54.55	134.56
Trade receivables	2,274.68	1,511.91
Cash and bank balances	396.24	435.41
Loans	39.77	23.75
Other financial assets	365.73	364.05
<b>Total</b>	<b>11,302.98</b>	<b>8,663.10</b>
<b>Financial liabilities at amortised cost</b>		
<b>Non-current</b>		
Borrowings	45.18	44.02
Lease liabilities	212.42	207.62
Other financial liabilities	146.04	-
<b>Current</b>		
Borrowings	285.16	165.88
Lease liabilities	29.57	33.46
Trade payables	5,264.18	3,127.62
Other financial liabilities	179.21	260.96
<b>Total</b>	<b>6,161.76</b>	<b>3,839.56</b>

## 42.2 Fair value measurements

The Group uses the following hierarchy for determining and/or disclosing the fair value of financial instruments by valuation techniques:

The following is the basis of categorising the financial instruments measured at fair value into Level 1 to Level 3:

Level 1: This level includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: This level includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: This level includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

## Fair value of the Group's financial assets that are measured at fair value on a recurring basis:

There are certain Group's financial assets which are measured at fair value at the end of each reporting period. Following table gives information about how the fair values of these financial assets are determined:

Particulars	Fair value as at March 31, 2021		
	Level 1	Level 2	Level 3
<b>Financial assets at fair value through profit or loss</b>			
<b>Non-current</b>			
Investments in mutual funds	-	1,334.09	-
Investments in equity instruments	4.01	-	-
<b>Current</b>			
Investments in mutual funds	5,120.10	1,016.84	-
Investments in equity instruments	33.85	-	-

Particulars	Fair value as at March 31, 2020		
	Level 1	Level 2	Level 3
<b>Financial assets at fair value through profit or loss</b>			
<b>Non-current</b>			
Investments in mutual funds	-	1,343.36	-
Investments in equity instruments	2.09	-	-
<b>Current</b>			
Investments in mutual funds	4,532.28	27.64	-
Investments in equity instruments	14.64	-	-

## Fair value of the Group's financial assets that are not measured at fair value (but fair value disclosures are required)

Except as detailed out in the following table, the management considers that the carrying amounts of financial assets and financial liabilities recognised in the financial instruments approximate their fair values:

Particulars	March 31, 2021		March 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets at amortised cost</b>				
<b>Non-current</b>				
Investments in bonds	610.49	610.73	205.73	212.78
<b>Current</b>				
Investments in bonds	54.55	55.59	134.56	135.71

Particulars	Fair value hierarchy	
	March 31, 2021 Level 2	March 31, 2020 Level 2
<b>Financial assets at amortised cost</b>		
<b>Non-current</b>		
Investments in bonds	610.73	212.78
<b>Current</b>		
Investments in bonds	55.59	135.71

## Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

The fair value of the financial assets and financial liabilities are included at the amount that would be received to sell an asset and paid to transfer a liability in an orderly transaction between the market participants. The following methods and assumptions were used to estimate the fair values:

- Investments traded in active markets are determined by reference to quotes from the financial institutions - Net asset value (NAV) for investments in mutual funds declared by mutual fund house, quoted price of equity shares in the stock exchange etc.
- The fair value of bonds is based on direct market observable inputs.
- Trade receivables, cash and cash equivalents, other bank balances, loans, other current financial assets, trade payables, current lease liabilities, current borrowings and other current financial liabilities: Fair value approximate their carrying amounts largely due to short-term maturities of these instruments.
- The Company's non current lease liabilities, non current borrowings and non current financial assets are measured at amortised cost, which approximates the fair value as on the reporting date.
- Management uses its best judgment in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Group could have realized or paid in sale transactions as of respective dates. As such, the fair value of the financial instruments subsequent to the respective reporting dates may be different from the amounts reported at each year end.
- There are no transfers between Level 1, Level 2 and Level 3 during the year ended March 31, 2021 and March 31, 2020.

### 42.3 Financial risk management objectives and Policies

#### Financial risk management objectives

The Group's Corporate Treasury function monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group seeks to minimise the effects of these risks by using derivative financial instruments, diversification of investments, credit limit to exposures, etc., to hedge risk exposures. The use of financial instruments is governed by the Group's policies on foreign exchange risk and the investment. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

#### Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates risk/ liquidity which impact returns on investments. The Group enters into derivative financial instruments to manage its exposure to foreign currency risk including export receivables and import payables. Future specific market movements cannot be normally predicted with reasonable accuracy.

#### Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

	(Amount in Crores)			
<b>Foreign currency exposure as at March 31, 2021</b>	<b>USD</b>	<b>EURO</b>	<b>JPY</b>	<b>SGD</b>
Trade Receivables	3.10	-	-	-
Trade Payables	1.59	0.12	15.67	0.01
Capital Creditors	0.00	0.23	-	-
Forward cover-Bought	1.20	-	-	-
Borrowings	1.23	-	-	-

# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores)

Foreign currency exposure as at March 31, 2021	BDT	COP	Chinese Yuan (RMB)
Trade Receivables	2.02	1.08	-
Trade Payables	4.49	0.85	0.17
Borrowings	40.00	4.99	-

(Amount in Crores)

Foreign currency exposure as at March 31, 2020	USD	EURO	JPY	SGD
Trade Receivables	2.11	-	-	-
Trade Payables	2.63	0.23	0.00	0.01
Capital Creditors	0.18	0.04	26.72	-
Forward cover-Bought	1.01	-	-	-
Borrowings	0.35	-	-	-

(Amount in Crores)

Foreign currency exposure as at March 31, 2020	BDT	COP	Chinese Yuan (RMB)
Trade Receivables	9.43	1.06	-
Trade Payables	7.03	0.54	0.07
Borrowings	-	5.75	-

## Foreign currency sensitivity

The following table details the Group's sensitivity to a 5% increase and decrease in the Rs. against the relevant foreign currencies. (+)(-) 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the Rs. strengthens 5% against the relevant currency. For a 5% weakening of the Rs. against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

(Amount in Crores of INR)

Currency	As at March 31, 2021		As at March 31, 2020	
	5% increase	5% decrease	5% increase	5% decrease
<b>Receivable</b>				
USD	11.31	(11.31)	7.97	(7.97)
BDT	0.09	(0.09)	0.42	(0.42)
COP	1.08	(1.08)	0.98	(0.98)
<b>Payable</b>				
USD	(5.81)	5.81	(9.93)	9.93
JPY	(0.06)	0.06	-	-
EUR	(0.52)	0.52	(0.96)	0.96
SGD	(0.01)	0.01	(0.01)	0.01
RMB	(0.10)	0.10	(0.04)	0.04
BDT	(0.19)	0.19	(0.31)	0.31
COP	(0.85)	0.85	(0.50)	0.50

## Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

### Foreign currency sensitivity (Contd..)

Currency	As at March 31, 2021		As at March 31, 2020	
	5% increase	5% decrease	5% increase	5% decrease
<b>Capital Creditors</b>				
USD	(0.00)	0.00	(0.67)	0.67
JPY	-	-	(0.94)	0.94
EUR	(1.04)	1.04	(0.14)	0.14
Forward cover-Bought	4.38	(4.38)	3.81	(3.81)
<b>Borrowings</b>				
USD	(0.05)	0.05	(0.02)	0.02
BDT	(1.73)	1.73	-	-
COP	(4.99)	4.99	(5.33)	5.33
Impact on profit or loss as at the end of the reporting period	1.51	(1.51)	(5.67)	5.67
Impact on total equity as at the end of the reporting period	1.13	(1.13)	(4.24)	4.24

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year/ in future years.

### Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure and wherever appropriate, the credit ratings of its counterparties are continuously monitored and spread amongst various counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management of the Group. Financial instruments that are subject to concentrations of credit risk, principally consist of balance with banks, investments in debt instruments/ bonds, trade receivables, loans and advances and derivative financial instruments. None of the financial instruments of the Group result in material concentrations of credit risks.

The Group write off the receivable in case of certainty of the irrecoverability.

Balances with banks were not past due or impaired as at the year end. In other financial assets that are not past dues and not impaired, there were no indication of default in repayment as at the year end.

The age analysis of trade receivables as of the balance sheet date have been considered from the due date and disclosed in the note no 15 above.

The Group has used a practical expedient and analysed the recoverable amount of receivables on an individual basis by computing the expected loss allowance for financial assets based on historical credit loss experience and adjustments for forward looking information.

### Movement in the expected credit loss allowance of trade receivables

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Balance at beginning of the year	71.32	20.37
Add: Provided during the year	58.97	53.04
Less: Reversals of provision	12.26	-
Less: Amounts written back	0.39	2.09
<b>Balance at the end of the year</b>	<b>117.64</b>	<b>71.32</b>

# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

## Other price risks including interest rate risk

The Group has deployed its surplus funds into various financial instruments including units of mutual funds, bonds/ debentures, etc. The Group is exposed to price risks arising from investments in these funds. The value of these investments is impacted by movements in interest rates, liquidity and credit quality of underlying securities.

## Price sensitivity analysis

The sensitivity analysis has been determined based on the exposure to price risks at the end of the reporting period. If prices had been 1% higher/lower:

The profit for the year ended March 31, 2021 would increase/decrease by Rs. 75.09 crores (for the year ended March 31, 2020: increase/decrease by Rs. 59.03 crores).

## Liquidity risk and interest rate risk on financial liabilities

Liquidity risk represents the inability of the Group to meet its financial obligations within stipulated time. To mitigate this risk, the Group maintains sufficient liquidity by way of readily convertible instruments and working capital limits from banks.

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk on the financial liabilities arising out of current and non current borrowings with floating interest rates. These borrowings expose the Group to cash flow interest rate risk. The exposure of the Group's borrowing to interest rate changes as reported to the management at the end of the reporting period are as follows:

Variable-rate instruments	As at March 31, 2021	As at March 31, 2020
Borrowings	342.03	212.17

The profit for the year ended March 31, 2021 would increase/decrease by Rs.2.77 crores (for the year ended March 31, 2020: increase/decrease by Rs. 2.62 crores) for a 1% increase/decrease in interest rate on average financial liabilities during the respective year.

The Group has lease liabilities which have been accounted with incremental borrowing rate and are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

## Maturity profile of financial liabilities:

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date on an undiscounted basis:

Particulars	As at March 31, 2021			
	Less than 1 year	1 year to 5 year	More than 5 year	Total
(i) Borrowing	285.16	45.18	-	330.34
(ii) Trade payables	5,264.17	-	-	5,264.17
(iii) Other financial liabilities	179.21	80.37	87.67	347.25
(iv) Lease liabilities	42.89	164.37	133.53	340.79

## Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

Particulars	As at March 31, 2020			Total
	Less than 1 year	1 year to 5 year	More than 5 year	
(i) Borrowing	165.88	44.02	-	209.90
(ii) Trade payables	3,127.62	-	-	3,127.62
(iii) Other financial liabilities	260.96	-	-	260.96
(iv) Lease liabilities	45.62	156.88	176.13	378.63

The surplus funds with the Group and operational cash flows will be sufficient to dispose the financial liabilities with in the maturity period.

### 43. Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act 2013:

Name of the Entity	Net Assets i.e. total assets less total liabilities		Share in profit/ (loss)		Share in other comprehensive income		Share in total comprehensive income		
	As % of Consolidated Net Assets	Amount (Rs. in crores)	As % of Consolidated Profit or (Loss)	Amount (Rs. in crores)	As % of other comprehensive income	Amount (Rs. in crores)	As % of total comprehensive income	Amount (Rs. in crores)	
Parent	Hero MotoCorp Limited	95.46%	15,198.43	97.89%	2,964.20	99.91%	(21.06)	97.88%	2,943.14
Subsidiaries	<b>Indian</b>								
	HMC MM Auto Limited	0.22%	35.15	0.16%	4.77	0.09%	(0.02)	0.16%	4.75
	<b>Foreign</b>								
	HMCL Netherlands BV	2.07%	330.31	0.71%	21.44	-	-	0.71%	21.44
	HMCL Colombia SAS	0.37%	58.14	-0.24%	(7.26)	-	-	-0.24%	(7.26)
	HMCL Niloy Bangladesh Limited	1.55%	247.06	1.35%	40.76	-	-	1.36%	40.76
	HMCL Americas Inc.	0.14%	22.87	0.00%	(0.03)	-	-	0.00%	(0.03)
	HMCL TechCenter Germany GmbH	0.19%	29.99	0.14%	4.24	-	-	0.14%	4.24
	<b>Total</b>	<b>100.00%</b>	<b>15,921.95</b>	<b>100.00%</b>	<b>3,028.12</b>	<b>100.00%</b>	<b>(21.08)</b>	<b>100.00%</b>	<b>3,007.04</b>
	Adjustments arising out of consolidation		(2,770.03)		(82.11)		(1.34)		(83.45)
	Non controlling interest		(143.19)		18.30		(1.86)		16.44
Associates *	<b>Indian</b>								
	Hero FinCorp Limited	13.61%	2,097.86	0.78%	22.90	0.29%	(0.07)	0.79%	22.83
	Ather Energy Private Limited	2.01%	309.83	-2.38%	(69.46)	-1.43%	0.34	-2.39%	(69.12)
	<b>Total</b>		<b>15,416.42</b>		<b>2,917.75</b>		<b>(24.01)</b>		<b>2,893.74</b>

\* Investments accounted as per equity method

# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

(Amount in Crores of INR)

- 44.** The Group's borrowing facilities, comprising fund based and non-fund based limits from various bankers, are secured by way of hypothecation of inventories, receivables, movable assets and other current assets.
- 45.** The Holding Company had deposited and created provision for "National Calamity Contingent Duty" ('NCCD') including applicable cess in its Haridwar plant during prior years, while contesting the same on the ground that NCCD is in nature of excise duty and should be covered by Area based exemption. Pursuant to favourable order from Hon'ble Supreme Court, the provision has been reversed as exceptional item during the previous year ended March 31, 2020.
- 46.** The disclosures regarding details of specified bank notes held and transacted during November 08, 2016 to December 30, 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended March 31, 2021.
- 47.** During the previous year ended March 31, 2020, the Holding Company had introduced a voluntary retirement scheme (VRS) and the Holding Company had considered an expense of Rs. 60.11 crores for employees who have accepted to be a part VRS as exceptional item in the consolidated financial statements.
- 48.** The managerial remuneration paid to the Managing Director and Joint Managing Director & Chief Executive Officer of Hero Fincorp Limited ("associate company") amounts to Rs.16.12 crores. In view of inadequacy of associate company's profit for the year, its total remuneration for the financial year ended March 31, 2021 exceeds the prescribed limits under section 197 read with Schedule V to the Act by Rs. 11.81 crores. As per the provisions of the Act, managerial remuneration paid to the Managing Director and Joint Managing Director & Chief Executive Officer of the associate company has been ratified by its Nomination and Remuneration Committee and approved by its Board of Directors subject to approval of its shareholders which the associate company proposes to obtain in its forthcoming Annual General Meeting.

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

ICAI Firm's registration number: 101248W/W-100022

For and on behalf of the Board of Directors of

**Hero MotoCorp Limited**

**Pawan Munjal**

Chairman, Managing Director & CEO

DIN-00004223

**M. Damodaran**

Chairman Audit Committee

DIN-02106990

**Manish Gupta**

Partner

Membership No: 095037

UDIN : 21095037AAAABK8172

**Niranjan Kumar Gupta**

Chief Financial Officer

**Pradeep Dinodia**

Non-Executive Director

DIN-00027995

**Neerja Sharma**

Company Secretary

Place : New Delhi

Date : May 06, 2021

Place : New Delhi

Date : May 06, 2021

## For AOC-1

Statement pursuant to Section 129 (3) of the Companies Act, 2013 containing salient features of financial statements of Subsidiaries and Associates

## Part "A": Subsidiaries

Particulars	HMC MM Auto Limited		HMCL Americas Inc		HMCL Netherlands BV		HMCL Colombia SAS <sup>3</sup>		HMCL Niloy Bangladesh Limited <sup>3</sup>		HMCL Tech Center Germany GmbH			
	Year ended March 31, 2021	INR	Year ended March 31, 2021	USD	Year ended March 31, 2021	INR	Year ended March 31, 2021	USD	Year ended March 31, 2021	INR	Year ended March 31, 2021	INR	Year ended March 31, 2021	EUR
Reporting Currency		INR		USD		INR		USD		INR		INR		EUR
Exchange Rate	1.00	1.00	73.11	1.00	73.11	1.00	1.00	1.00	0.86	1.00	1.00	85.76	1.00	1.00
Country of Registration	India	India	USA	Netherlands	Netherlands	Netherlands	Colombia	Colombia	Bangladesh	Bangladesh	Bangladesh	Germany	Germany	Germany
Reporting amounts in	INR Crores	INR Crores	INR Crores	USD MN	INR Crores	USD MN	INR Crores	USD MN	INR Crores	USD MN	INR Crores	INR Crores	INR Crores	EURO MN
Share Capital	80.00	80.00	25.59	3.50	330.53	45.21	125.46	62.76	84.77	981.30	21.70	2.53	2.53	2.53
Reserve	(44.85)	(44.85)	(2.71)	(0.37)	(0.20)	(0.03)	(67.33)	(33.68)	163.40	1,891.45	8.32	0.97	0.97	0.97
Total Assets	248.97	248.97	22.88	3.13	330.60	45.22	344.45	172.31	530.25	6,137.92	42.45	4.95	4.95	4.95
Total Liabilities <sup>2</sup>	248.97	248.97	22.88	3.13	330.60	45.22	344.45	172.31	530.25	6,137.92	42.45	4.95	4.95	4.95
Investment	-	-	-	-	325.27	44.49	-	-	67.54	781.81	-	-	-	-
Turnover <sup>5</sup>	458.46	458.46	0.07	0.01	22.15	3.03	229.25	114.68	496.12	5,742.78	79.16	9.23	9.23	9.23
Profit/(Loss) Before Taxation	4.77	4.77	(0.03)	(0.00)	21.13	2.89	(7.18)	(3.59)	46.83	542.06	5.75	0.67	0.67	0.67
Provision for Taxation	-	-	-	-	-	-	(0.02)	(0.01)	(6.61)	(76.48)	(1.54)	(0.18)	(0.18)	(0.18)
Profit/(Loss) after Taxation	4.77	4.77	(0.03)	(0.00)	21.13	2.89	(7.20)	(3.60)	40.22	465.58	4.20	0.49	0.49	0.49
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-
% age holding	60%	60%	100%	100%	100%	100%	68%	68%	55%	55%	100%	100%	100%	100%

## Note

- Financial information has been extracted from the standalone audited financial statements for the year ended March 31, 2021 and have been translated at the exchange rate prevailing on March 31, 2021
- Total liabilities are inclusive of share capital and reserves
- HMCL Colombia SAS and HMCL Niloy Bangladesh Ltd are subsidiaries of HMCL Netherlands BV
- COP- Colombian Peso; BDT - Bangladesh Taka
- Turnover includes other income and other operating revenue.
- There are no subsidiaries which have been liquidated or sold during the year.

**Part "B": Associates**

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies

Sr. No.	Name of Associates***	Hero FinCorp Limited	Ather Energy Private Limited
1	Latest audited Balance Sheet Date	Year ended March 31, 2021	Year ended March 31, 2021
2	Shares of Associate held by the company on the year end		
	No.	5,24,31,893	1,79,796
	Amount of Investment in Associates (Rs. in crores)	1,469.04	504.58
	Extend of Holding %	41.19%	38.08%
3	Description of how there is significant influence	Equity holding more than 20% but less than 50%	Equity holding more than 20% but less than 50%
4	Reason why the associate is not consolidated	-	-
5	Networth attributable to Shareholding as per latest audited Balance Sheet (Rs in crores)	2,046.00	143.30
6	Profit / (Loss) for the year*		
	i. Considered in Consolidation	22.83	(69.12)
	ii. Not Considered in Consolidation**	28.64	(163.28)

\* Profit/(Loss) include necessary adjustment on account of dividend distribution tax

\*\* Represent portion of Profit attributable to other shareholders

\*\*\* There are no associate or joint venture which have been liquidated or sold during the year

For and on behalf of the Board of Directors of

**Hero MotoCorp Limited****Pawan Munjal**Chairman, Managing Director & CEO  
DIN-00004223**M. Damodaran**Chairman Audit Committee  
DIN-02106990**Pradeep Dinodia**Non-Executive Director  
DIN-00027995**Niranjan Kumar Gupta**

Chief Financial Officer

**Neerja Sharma**

Company Secretary

Place : New Delhi

Date : May 06, 2021



**Hero MotoCorp Limited**

(CIN:L35911DL1984PLC017354)

The Grand Plaza,  
Plot No. 2, Nelson Mandela Road,  
Vasant Kunj - Phase - II,  
New Delhi - 110 070, India  
Tel: 011-4604 4220

[www.heromotocorp.com](http://www.heromotocorp.com)

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## Hero MotoCorp Limited

**Registered Office:** The Grand Plaza, Plot no. 2, Nelson Mandela Road,  
Vasant Kunj Phase –II, New Delhi-110070

**CIN:** L35911DL1984PLC017354, **Phone:** 011- 4604 4220, **Fax:** 011-46044399

**Email:** secretarialho@heromotocorp.com, **Website:** www.heromotocorp.com

## NOTICE

**NOTICE** is hereby given that the **38<sup>th</sup> Annual General Meeting ('AGM')** of the Members of **Hero MotoCorp Limited** will be held on **Wednesday, August 4, 2021 at 4:30 P.M through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM")** to transact the following businesses:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited standalone financial statements of the Company for the financial year ended March 31, 2021 together with the reports of the Directors' and Auditors' thereon and the audited consolidated financial statements of the Company for the financial year ended March 31, 2021.
2. To confirm payment of interim dividend of ₹ 70/- per equity share and to declare a final dividend of ₹ 35/-per equity share for the financial year 2020-21.
3. To appoint a Director in place of Mr. Pradeep Dinodia (DIN:00027995) who retires by rotation and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS

4. Ratification of remuneration of Cost Auditors for financial year 2021-22.

To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, remuneration payable to M/s R J Goel & Co., Cost Accountants (Firm Registration No. 000026), appointed by the Board of Directors as Cost Auditors to conduct audit of the cost records of the Company for the financial year 2021-22, amounting to Rs. 3,00,000/- (Rupees Three Lakh only) plus applicable taxes and reimbursement of out of pocket expenses incurred in connection with the aforesaid audit be and is hereby confirmed, ratified and approved."

5. Appointment of Air Chief Marshal Birender Singh Dhanoa (Retd.) (DIN: 08851613) as an Independent Director of the Company.

To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152, 161 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and Articles of Association of the Company, Air Chief Marshal Birender Singh Dhanoa (Retd.) (DIN: 08851613), who was appointed as an Additional and Independent Director of the Company with effect from October 1, 2020 to hold office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 (five) consecutive years, from the date of appointment i.e. October 1, 2020 to September 30, 2025."

6. Re- appointment of Dr. Pawan Munjal (DIN: 00004223) as a Whole-time Director of the Company.

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to Sections 196, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), in respect of appointment of a Whole-time Director of a company, and

in terms of Articles of Association of the Company, consent of the members of the Company be and is hereby accorded to the re-appointment of Dr. Pawan Munjal (DIN: 00004223) as a Whole-time Director designated as 'Chairman & CEO' (or such other designation as may be decided by the Board and /or Nomination and Remuneration Committee (NRC) from time to time) for a term of 5 (five) years from the expiry of his present term of office, viz. with effect from October 1, 2021 till September 30, 2026.

**RESOLVED FURTHER THAT** pursuant to Regulation 17(1B) of the Listing Regulations coming into effect on April 1, 2022 or at such other extended date as may be determined by the SEBI, or any other similar provision of law coming into force, Dr. Pawan Munjal shall be re-designated as may be required and decided by the Board of Directors and /or the NRC.

**RESOLVED FURTHER THAT** Dr. Pawan Munjal, shall not be liable to retire by rotation in accordance with the Articles of Association of the Company.

**RESOLVED FURTHER THAT** the Board of Directors and/or the NRC be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolutions."

7. To approve terms and conditions and payment of remuneration of Dr. Pawan Munjal (DIN: 00004223) as the Whole-time Director of the Company.

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 196(4), 197, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), approval of the members be and is hereby accorded to the terms and conditions and payment of such remuneration to Dr. Pawan Munjal as a Whole-time Director of the Company, for a term of 5 (Five) years with effect from October 1, 2021 till September 30, 2026, as detailed in the explanatory statement annexed hereto, with authority to the Board of Directors (on the recommendations of the Nomination and Remuneration Committee (NRC)) to alter, enhance or widen the scope of remuneration (including the fixed pay, variable pay or other benefits) or the terms and conditions of the re-appointment including such periodical increase in his remuneration as may be permissible within the overall remuneration limits under Section 197, read with Schedule V of the Companies Act, 2013 and rules made thereunder and other applicable laws, regulations, as amended from time to time.

**RESOLVED FURTHER THAT** the Board of Directors and/or the NRC be and is hereby authorized to do all such acts, deeds

and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolution."

8. To approve extension of benefits of Employee Incentive Scheme - 2014 to the eligible employees of the subsidiary companies.

To consider and if thought fit to pass with or without modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the applicable provisions of the Companies Act, 2013, Regulation 6(3)(c) and other relevant regulations of the SEBI (Share Based Employee Benefits) Regulations, 2014, Articles of Association of the Company and subject to such approvals, consents, permissions and sanctions, as may be required, and further subject to such terms and conditions as may be prescribed while granting such approvals, consents, permissions and sanctions and which may be agreed to and accepted by the Board of Directors (including the Nomination & Remuneration Committee (NRC)), consent of the Company be and is hereby accorded to the Board (including the NRC) to extend the applicability and coverage of "Hero MotoCorp Ltd. Employee Incentive Scheme 2014 – Options, and Restricted Stock Units" ("Employee Incentive Scheme 2014" or "the Scheme"), the Scheme that is already in existence and approved by the shareholders on September 22, 2014, under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, to such individual(s) who are in the permanent employment of the subsidiary companies, whether working in India or overseas, and to the director(s) (whether a Whole-time Director or not but excluding independent director), of the subsidiary companies and to such other persons as may from time to time be allowed to enjoy the benefits of the Scheme under applicable laws and regulations prevailing from time to time, except persons who are promoters or belong to the promoter group and a director who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of the issued and subscribed share capital of the subsidiary companies, and to create, offer, issue, grant and allot such number of equity shares of the Company not exceeding 49,90,000 (forty nine lakh ninety thousand only) under the Employee Incentive Scheme 2014, in one or more tranches in such manner as may be determined by the Board including the NRC in accordance with stipulations contained in the Scheme.

**RESOLVED FURTHER THAT** except extending the applicability and coverage including to create, offer, issue, grant and allot equity shares under the Employee Incentive Scheme 2014, to the employees of any existing and future subsidiary companies, all other terms and conditions of the said Scheme and the approval and authority granted by the shareholders of the Company vide special resolution passed by postal ballot on September 22, 2014 in this regard, shall continue to prevail in entirety and the same shall not be construed as amendment or modification of the Scheme in any manner whatsoever.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, the Board including NRC be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper and to settle any questions, difficulties or doubts that may arise in relation to formulation and implementation of the Scheme at any stage including at the time of listing of the equity shares issued herein without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this Resolution”

By order of the Board  
For **Hero MotoCorp Ltd.**

Neerja Sharma

New Delhi Company Secretary & Chief Compliance Officer  
July 1, 2021 Membership No. A9630

**Registered Office:**

The Grand Plaza, Plot no. 2, Nelson Mandela Road,  
Vasant Kunj Phase –II, New Delhi-110070  
CIN: L35911DL1984PLC017354  
Phone: 011 - 4604 4220  
Fax: 011 - 46044399  
Email: secretarialho@heromotocorp.com  
Website: www.heromotocorp.com

**NOTES:**

1. In view of the COVID-19 pandemic, Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 read with Circular No. 20/2020 dated May 5, 2020 and Circular No. 02/2021 dated January 13, 2021 and all other relevant circulars issued from time to time (hereinafter collectively referred to as “Circulars”) allowed companies whose AGMs were due to be held in the year 2020 or become due in the year 2021, to conduct their AGMs on or before 31.12.2021, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020. Hence, in compliance with these Circulars, the annual general meeting of the Company (hereinafter referred as “AGM”) will be conducted through Video Conferencing (VC)/Other Audio Visual Mode (OAVM). The deemed venue for the 38<sup>th</sup> AGM shall be the Registered Office of the Company.
2. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 which sets out details relating to special business to be transacted at the AGM is annexed hereto.
3. Details as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in terms of Secretarial Standard - 2 in respect of the Directors seeking appointment/re-appointment at the 38<sup>th</sup> AGM are annexed hereto as Annexure - A to the Notice which forms part of the Explanatory Statement. The Company has received relevant disclosure/consent from the Directors seeking appointment/re-appointment.
4. On account of threat posed by COVID-19 and in terms of the MCA and SEBI Circulars, SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021, the Company has sent the Annual Report and the Notice of AGM only in electronic form to the registered email addresses of the shareholders. Therefore, those shareholders who have not yet registered their email addresses are requested to get their email addresses registered by following the procedure given below:
  - a) Shareholders holding shares in physical form, are requested to register/ update their email addresses by clicking on <https://ris.kfintech.com/clientservices/mobileereg/mobileemailreg.aspx> or by writing to the RTA with details of folio number and attaching a self-attested copy of PAN card at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).
  - b) Shareholders holding shares in dematerialized form, are requested to register/ update their email addresses with the Depository Participants with whom the demat account is maintained.
5. The Notice of the 38<sup>th</sup> AGM and the Annual Report for the year 2020-21 including therein the Audited Financial Statements for the year 2020-21, will be available on the website of the Company at [www.heromotocorp.com](http://www.heromotocorp.com) and the website of stock exchanges at BSE Limited [www.bseindia.com](http://www.bseindia.com) and National Stock Exchanges of India Ltd [www.nseindia.com](http://www.nseindia.com). The Notice of 38<sup>th</sup> AGM will also be available on the website of National Securities Depositories Limited (NSDL) at [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
6. The Annual Report along with Notice of AGM is being sent to the members, whose names appear in the Register of Members/depositories as at close of business hours on July 2, 2021.
7. Since the AGM will be held through VC, the facility to appoint proxy to attend and cast vote for the members is not available for the AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and cast their votes through e-voting. Therefore, the route map, proxy form and attendance slip are not annexed to this Notice.
8. **AGM through VC:**
  - a) NSDL will be providing facility for convening 38<sup>th</sup> AGM through VC/OAVM Facility, voting through remote e-voting and e-voting during the 38<sup>th</sup> AGM.
  - b) Since this AGM is being held through VC therefore physical attendance of Members has been dispensed with.
  - c) Corporate/Institutional Members are required to send a scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter, etc., authorising their representative to attend the AGM through VC / OAVM

on their behalf and to vote through remote e-voting or during the AGM. The said Resolution/Authorisation shall be sent to the Scrutinizer by email through its registered email address to [contact@cssanjaygrover.in](mailto:contact@cssanjaygrover.in) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

- d) Members may join the AGM through VC/OAVM facility, by following the procedure as mentioned below, which shall be kept open for the Members from 4:00 p.m. IST i.e. 30 minutes before the time scheduled to start the AGM and the Company may close the window for joining the VC/OAVM facility 30 minutes after the scheduled time to start the AGM.
- e) The facility of participation at the AGM through VC/OAVM will be made available on first come first served basis (FCFS). No restrictions on account of FCFS entry into AGM will apply in respect of large shareholders (shareholders holding 2% or more shareholding), promoters, institutional investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee, Auditors, etc.
- f) The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

9. **Instructions for the Members for attending the AGM through Video Conference (VC):**

- a) The members will be provided with a facility to attend the AGM through VC/ OAVM through the NSDL e-Voting system. Members may follow the steps mentioned in point no. 15 below for access to NSDL e-voting system. After successful login, you are requested to click on the "VC/ OAVM link" placed under "Join General meeting" menu against Company's name. The link for VC/ OAVM will be available in Shareholder/Member login where the EVEN (116311) of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
- b) Members are encouraged to join the meeting through laptops for better experience.
- c) Members will be required to allow camera, if any, and hence use internet with a good speed to avoid any disturbance during the meeting.
- d) Please note that participants connecting from mobile devices or tablets or through laptop connecting via mobile hotspot may experience audio/video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

- e) The Helpline details of the person who may be contacted by the Member needing assistance with the use of technology, before or during the 38<sup>th</sup> AGM shall be the same persons mentioned for remote e-voting and reproduced hereunder for convenience:

In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members who need assistance before or during the AGM and e-voting user manual for Members available on the website [www.evoting.nsdl.com](http://www.evoting.nsdl.com) under the 'Downloads Section'. You can also contact NSDL on toll free number 1800-1020-990 and 1800 22 44 30 or Ms. Sarita Mote, Assistant Manager, NSDL, at designated e-mail IDs: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in), who will address the grievances related to electronic voting.

10. **Instructions for members for e-voting during the AGM session:**

- a) The procedure for e-voting during the AGM is same as the instructions mentioned below for remote e-voting.
- b) Only those members/shareholders/representatives, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM.
- c) Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- d) The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for remote e-voting.

11. **Submission of questions or queries prior to AGM/ Registration of Speakers:**

Members seeking any information with regard to the accounts or any other matter to be placed at the AGM, are requested to write to the Company latest by July 28, 2021 through email on [secretarialho@heromotocorp.com](mailto:secretarialho@heromotocorp.com). Such questions shall be taken up during the meeting or replied by the Company suitably.

Members who would like to express their views or ask questions during the AGM may register themselves as speaker by sending their request from their registered email address mentioning their name, DP ID and client ID/Folio no., No. of shares, PAN, mobile number at [secretarialho@heromotocorp.com](mailto:secretarialho@heromotocorp.com) on or before July 28, 2021. Those Members who have registered themselves as a speaker will be allowed to express their views, ask questions during the AGM. The Company reserves the right to restrict the number of speakers as well as the speaking time depending upon the availability of time at the AGM.

**12. Inspection:**

All documents referred to in the Notice will be available for electronic inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e. August 4, 2021. Members seeking to inspect such documents can send an email to [secretarialho@heromotocorp.com](mailto:secretarialho@heromotocorp.com)

The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 ("Act") and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM.

**13. Dividend:**

- a) Pursuant to Section 91 of the Companies Act, 2013 and Regulation 42 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Register of Members and the Share Transfer books of the Company will remain closed from Saturday, July 24, 2021 to Wednesday, August 4, 2021 (both days inclusive) for the purpose of 38<sup>th</sup> AGM of the Company and for determining the entitlement of the shareholders for final dividend for the financial year 2020-21, as may be approved by the Members at the meeting.
- b) Final Dividend for the financial year 2020-21, as recommended by the Board, if approved, at the AGM will be paid to the Members by September 3, 2021 i.e. within 30 days from the date of approval to those Members/beneficial owners whose names appear in the Register of Members/depository records as at close of business hours on July 23, 2021.
- c) Members holding shares in demat form are hereby informed that bank particulars registered with their respective Depository Participants with whom they maintain their demat accounts will be used by the Company for payment of dividend. The Company cannot act on any request received directly from the Members holding shares in demat form for any change of bank particulars or bank mandates. Members holding shares in demat form are, therefore, requested to intimate any change in their addresses and/or bank mandate immediately to their Depository Participants.
- d) Members holding shares in physical form are requested to register their Electronic Clearing Service (ECS) mandate by submitting the (i) scanned copy of the signed request letter which shall contain shareholder's name, folio number, bank details (viz. Bank account number, Bank and Branch Name and address, IFSC, MICR details), (ii) a self-attested copy of the PAN card and (iii) cancelled cheque leaf to the Company's RTA, by email at [ris@kfintech.com](mailto:ris@kfintech.com).
- e) For the shareholders who have not updated their bank account details, the Company will send the dividend

warrants at the address registered in Company's records once the situation created by the outbreak of the COVID-19 pandemic, gets normalized.

- f) Shareholders may note that the Income Tax Act, 1961 (Act), as amended by the Finance Act, 2020, mandates that dividends paid or distributed by a Company after April 1, 2020, shall be taxable in the hands of the shareholders. The Company shall therefore be required to deduct Tax at Source (TDS) at the time of making payment of the final dividend, if approved at AGM. In order to enable the Company to determine the appropriate TDS rate, as applicable, shareholders are requested to submit their documents in accordance with the provisions of the Act. The Company has also sent an email to all the shareholders at their registered email Ids in this regard. Members are requested to write to the RTA at [einward.ris@kfintech.com](mailto:ris@kfintech.com) for any queries/questions in this regard.

**14. Cut-off Date:**

The Company has fixed Wednesday, July 28, 2021 as the **Cut-off Date** for remote e-voting. The remote e-voting/voting rights of the shareholders/beneficial owners shall be reckoned on the equity shares held by them as at close of business hours on the Cut-off Date i.e. Wednesday, July 28, 2021 only. A person who is not a Member as on the Cut-off Date should treat this Notice for information purposes only.

**15. Remote e-voting:**

Pursuant to Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide the facility of voting by electronic means viz. 'remote e-voting' (e-voting from a place other than venue of the AGM) through NSDL, for all Members of the Company to enable them to cast their votes electronically, on the resolutions mentioned in the Notice of 38<sup>th</sup> AGM of the Company.

The remote e-voting period begins on **Saturday, July 31, 2021 at 9:00 a.m.** (IST) and ends on **Tuesday, August 3, 2021 at 5:00 p.m.** (IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form as on the Cut-off Date i.e. Wednesday, July 28, 2021, may cast their votes electronically. The remote e-voting module shall be disabled after 5:00 p.m. (IST) on **Tuesday, August 3, 2021**.

The facility for electronic voting system, shall also be made available at the 38<sup>th</sup> AGM. The Members attending the AGM, who have not cast their votes through remote e-voting, shall be able to exercise their voting rights at the AGM. The Members who have already cast their votes through remote e-voting may attend the meeting but shall not be entitled to cast their votes again at the AGM.

The Members desirous of voting through remote e-voting are requested to refer to the detailed procedure given hereinafter. Once the vote on a resolution is cast by a Member, the Member shall not be allowed to change it subsequently.

## INSTRUCTIONS FOR E-VOTING:

### Step 1: Access to NSDL e-Voting system

#### A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li>Existing <b>IDeAS</b> user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the <b>"Beneficial Owner"</b> icon under <b>"Login"</b> which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on <b>"Access to e-Voting"</b> under e-Voting services and you will be able to see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select <b>"Register Online for IDeAS Portal"</b> or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>Shareholders/Members can also download NSDL Mobile App <b>"NSDL Speede"</b> facility by scanning the QR code mentioned below for seamless voting experience.</li> </ol> <p><b>NSDL Mobile App is available on</b></p> <p>  App Store            Google Play         </p> <div style="display: flex; justify-content: space-around; align-items: center;">   </div>
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>After successful login of Easi/Easiest the user will be also able to see the E-voting Menu. The Menu will have links of <b>e-Voting service provider i.e. NSDL</b>. Click on <b>NSDL</b> to cast your vote.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> </ol>

Type of shareholders	Login Method
	4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective E-voting Service Provider (ESP) i.e. <b>NSDL</b> where the e-Voting is in progress.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

### Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 022-23058542-43

### B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

#### How to Log-in to NSDL e-Voting website?

- Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
- Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
- A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.  
Alternatively, if you are registered for NSDL e-services i.e. IDeAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDeAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
- Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
  - c) How to retrieve your 'initial password'?
    - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
    - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
  - a) Click on **"Forgot User Details/Password?"** (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsd.com](http://www.evoting.nsd.com).
  - b) **"Physical User Reset Password?"** (If you are holding shares in physical mode) option available on [www.evoting.nsd.com](http://www.evoting.nsd.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

## Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

### How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

### General Guidelines for shareholders

1. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsd.com](http://www.evoting.nsd.com) to reset the password.

2. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Ms. Sarita Mote, Assistant Manager, at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

**Process for those shareholders whose email ids are not registered with the depositories / RTA for procuring user id and password and registration of e-mail ids for e-voting for the resolutions set out in this notice:**

1. Shareholders holding shares in physical form, are requested to register/ update their email addresses by clicking on <https://ris.kfintech.com/clientservices/mobileereg/mobileemailreg.aspx> or by writing to the RTA with details of folio number and attaching a self-attested copy of PAN card at HYPERLINK "<mailto:einward.ris@kfintech.com>" [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).
2. Shareholders holding shares in dematerialized form, are requested to register/ update their email addresses with the Depository Participants with whom the demat account is maintained.
3. Alternatively, shareholders/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

16. The Company has designated Mr. Dhiraj Kapoor, General Manager - Secretarial, to address the grievances connected with the voting by electronic means. The Members can reach Company official at +91-11-46044220 or [secretarialho@heromotocorp.com](mailto:secretarialho@heromotocorp.com).

17. The voting rights of the Members shall be in proportion to the paid-up value of their shares in the equity capital of the Company as on the Cut-off Date, being Wednesday, July 28, 2021.

18. The Board of Directors has appointed Mr. Devesh Kumar Vasisht, Partner, failing him Ms. Priyanka, Partner, M/s. Sanjay Grover & Associates, Company Secretaries, New Delhi (Firm Registration No. P2001DE052900), as Scrutinizer to scrutinize the remote e-voting process and voting through electronic voting system at the AGM in a fair and transparent manner.

19. The Scrutinizer shall, after conclusion of voting at the AGM, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least 2 (two) witnesses not in the employment of the Company and shall within two working days of conclusion of the AGM, submit a Consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised who shall countersign the same and declare the results of voting forthwith.

20. The resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favour of the Resolutions. The results shall be declared within two working days of conclusion of the Annual General Meeting of the Company. The results along with Scrutiniser's Report shall be placed on the website of the Company ([www.heromotocorp.com](http://www.heromotocorp.com)),

website of NSDL ([evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)) and by filing with the Stock Exchanges. It shall also be displayed on the Notice Board at the Registered Office of the Company.

21. Members are requested to note that under Section 124 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account is required to be transferred to the Investor Education and Protection Fund ('IEPF') constituted by the Central Government of India. Further, all shares in respect of which dividends remain unclaimed/unpaid for seven consecutive years or more, are also required to be transferred to designated Demat Account of the IEPF Authority.

The Company during the financial year 2020-21 had, accordingly, transferred the unpaid and unclaimed dividend amount pertaining to the financial year 2012-13 along with relevant shares to the IEPF within the stipulated time period.

The Company has uploaded the information in respect of unpaid and unclaimed dividends for financial year 2010-11 onwards and details of shares transferred to IEPF on the website of the IEPF Authority viz. [www.iepf.gov.in](http://www.iepf.gov.in).

Further, all the shareholders who have not claimed/encashed their dividends in the last seven consecutive years from FY 2013-14 are requested to claim the same. The concerned members are requested to verify the details of their unclaimed amounts, if any, from the website of the Company and write to the Company's Registrar before the same becoming due for transfer to the IEPF.

22. In respect of the physical shareholding, in order to prevent fraudulent transactions, members are advised to exercise due diligence and notify the Registrar of any change in their addresses, telephone numbers, e-mail ids, nominees or joint holders, as the case may be.

The Securities and Exchange Board of India ('SEBI') has mandated submission of Permanent Account Number ('PAN') by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to submit their PAN details to the Registrar.

23. Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, shares of a listed entity can only be transferred in demat form w.e.f. April 1, 2019 except in cases of transmission or transposition. **Therefore, shareholders are encouraged in their own interest to dematerialize their shareholding to avoid hassle in transfer of shares and eliminate risks associated with physical shares. Members can write to the Registrar in this regard.**
24. Pursuant to the provisions of Section 72 of the Companies Act, 2013, the members holding shares in physical form may nominate, in the prescribed manner, a person to whom all the rights in the shares shall vest in the event of death of the sole holder or all the joint holders. Members holding shares in demat form may contact their respective Depository Participants for availing this facility and the Registrar in respect of shares held in physical form.

**Law provides voting rights to all members proportionate to their holding in the Company. Hero MotoCorp Limited encourages the members to exercise their voting rights and actively participate in decision making process.**

## STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### Item No. 4

Pursuant to Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to Cost Auditors is required to be ratified by the members of the Company.

Based on the recommendation of Audit Committee, the Board at its meeting held on May 6, 2021 has approved the appointment of M/s. R J Goel & Co., Cost Accountants (Firm Registration No. 000026) as Cost Auditors for the financial year 2021-22 at a remuneration of 3,00,000/- (Rupees Three Lakh only) plus applicable taxes and reimbursement of out of pocket expenses.

The Board recommends ratification of remuneration of Cost Auditors by passing an Ordinary Resolution.

None of the Directors and Key Managerial Personnel or their relatives are in anyway concerned or interested in passing of the above resolution.

### Item No. 5

The Board of Directors based on the recommendation of Nomination and Remuneration Committee, has appointed Air Chief Marshal (ACM) Birender Singh Dhanoa (Retd.) as an Additional and Independent Director of the Company w.e.f. October 1, 2020, for a term of five years, not liable to retire by rotation, subject to the approval of Members at the 38<sup>th</sup> Annual General Meeting.

In terms of Section 161 of the Companies Act, 2013, ACM Dhanoa (Retd.) holds office only upto the date of this AGM and is eligible for appointment as a Director.

The Company has received a notice under Section 160 of the Companies Act, 2013 from a member proposing his candidature as a Director in the capacity of an Independent Director of the Company.

The Company has received requisite consent and declarations from ACM Dhanoa (Retd.) including confirmation that he meets the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. He is neither disqualified from being appointed as Director in terms of provisions of the Act nor debarred from being appointed to the office of Director by virtue of any order of SEBI or any such other authority.

ACM Dhanoa (Retd.) was the 25<sup>th</sup> Chief of the Indian Air Force (IAF) from January 1, 2017 to September 30, 2019. He had an illustrious career with Indian Air Force and had served at various ranks. He served as the Air Officer Commanding-in-Chief of South Western Air Command before taking over as the Vice Chief of Air Staff (VCAS) in May 2015. He has been awarded with the Param Vishisht Seva Medal in 2016, Ati Vishisht Seva Medal in 2015, Yudh Seva Medal 1999 and Vayu Sena Medal in 1999. Amongst various other achievements, he was also awarded as the most decorated Air Force unit for demonstrating excellent leadership during Kargil conflict.

The requisite details of ACM Dhanoa (Retd.) are provided in Annexure A to the Notice.

In the opinion of the Board, he fulfills the conditions specified in the said Act and is independent of the management. Further, he possesses appropriate skills, experience, expertise and knowledge which would benefit the business of the Company.

It is proposed that ACM Birender Singh Dhanoa (Retd.) be appointed as an Independent Director of the Company for a term of 5 (five) consecutive years i.e. from October 1, 2020 to September 30, 2025 and he shall not be liable to retire by rotation.

A copy of the letter of appointment of ACM Dhanoa (Retd.) setting out the terms and conditions of appointment is available for electronic inspection upto the date of AGM and will also be available for inspection during the AGM. A brief profile of ACM Dhanoa (Retd.) is also available on the website of the Company i.e. [www.heromotocorp.com](http://www.heromotocorp.com).

None of the Directors and Key Managerial Personnel or their relatives except ACM Dhanoa (Retd.) and his relatives are in anyway concerned or interested in passing of the above resolution.

The Board recommends the Ordinary Resolution as set out at Item No. 5 of the Notice for approval by the Members.

### Item No. 6 & 7

Dr. Pawan Munjal was appointed as the Chairman, Managing Director & CEO of the Company for a term of five years with effect from October 1, 2016 till September 30, 2021. Based on the recommendation of the Nomination and Remuneration Committee (NRC), the Board of Directors at its meeting held on May 6, 2021, has re-appointed Dr. Pawan Munjal (DIN: 00004223) as the Whole-time Director designated as 'Chairman & CEO' (or such other designation as may be decided by the Board and/or NRC from time to time) for a term of 5 years with effect from October 1, 2021 till September 30, 2026.

In order to ensure compliance with Regulation 17(1B) of the Listing Regulations, coming into effect from April 01, 2022 or such other date as may be determined by the SEBI, or any other similar provision of law coming into force, Dr. Pawan Munjal shall be re-designated as may be required and decided by the Board of Directors and /or the Nomination and Remuneration Committee (NRC). The Board and /or NRC shall have the authority to decide the title or designation of Dr. Munjal, while he serves in the capacity as a Whole-time Director of the Company for a period of 5 years till September 30, 2026.

Dr. Pawan Munjal is one of India's foremost corporate leaders, championing growth, socio-economic progress, and technological innovations. Under his able leadership, Hero MotoCorp, the world's largest manufacturer of two-wheelers achieved the coveted title of World's No. 1 two-wheeler company and has successfully retained this position till date, for 20 consecutive years. He has also led Hero MotoCorp to consolidate its leadership in the domestic market and expand its global footprint to more than 40 countries across multiple continents.

He has consistently demonstrated his exemplary leadership and is regarded as one of India's highly-respected business leaders. In a highly adverse market and economic environment especially during FY21 due to covid-19 pandemic, he has guided and led the organization in achieving extraordinary performance, results and milestones. Among the key achievements, the Company gained 1.4% MS in a difficult market further complicated with the emission norms transition and launch of new products during these times. Global business strategy has been re-invigorated with a stiff target to deliver >50% growth in the year, there are already early signs of improved performance. Effective cash management helped the Company improve its cash reserves from a low of Rs.1,000 crore to Rs.10,000 crore. During the year, to give a boost to the journey in the premium segment the Company entered into a collaboration with Harley-Davidson, the American iconic motorcycle Company; it is the only such partnership for Harley anywhere in the world where they have licensed their brand. The focus on sustainability and employee care was the other highlight which Dr. Munjal led from the front. Under his able stewardship Hero became the only two-wheeler Company to be included in the Dow Jones Sustainability Index (DJSI) Emerging Market (EM) Index, it has been

rated highly on MSCI, FTSE Russel ESG indices and has been rated as the lowest risk in the Sustainalytics ESG risk in the sector.

Further, while transitioning to the stricter emission norms, the Company was the first in the country to launch India's first BS-VI motorcycle, Splendor iSmart. Dr. Munjal's positivity, resilience and empathetic leadership led the Company to attain unprecedented achievements. Hero MotoCorp became the first company in the world to produce 100 million two wheelers. His phenomenal mentorship has created an enabling environment for the organization to consistently perform and deliver and enabled the Company to witness highest ever production in a day (31,855 units), highest despatches in a day (39,174 units), highest production in a month (8,03,462 units) and highest despatches in a month (8,06,848 units) during the calendar year 2020. Despite the challenges, Hero MotoCorp has strengthened its market share in core segments and is now leading into new areas. Further, to accelerate the shift to sustainable electric mobility in India, the Company under the able leadership of Dr. Munjal has entered into a strategic partnership with Gogoro® Inc. The companies will establish a battery swapping joint venture to bring Gogoro's industry leading battery swapping platform to India and will collaborate on electric vehicle development to bring Hero-branded, powered by Gogoro Network vehicles to market. The Company plans to launch its first electric vehicle in the financial year 2021-22 to strengthen efforts towards driving in green mobility.

In recognition of his outstanding contribution to the auto industry, he has been conferred with 'Carandbike Visioneer Award' for the year 2021, one of India's most credible awards in the automotive industry, and 'Business Leader of the Year' by The Economic Times Awards for Corporate Excellence – 2020. Dr. Munjal has also been closely associated with Confederation of Indian Industry (CII) for almost 30 years. He has been the Chairman of CII Northern Region during 1996-97 and has led several CII National Committees including on Sports, Environment and Technology & Innovation. Dr. Pawan Munjal has been elected as the Vice President of CII for 2021-22.

Dr. Munjal has also been recognised by the Institutional Investor community (institutionalinvestor.com) for FY21 by the Buy Side and Sell Side in their voting as the Best CEO in all of the Auto Sector (including all auto segments viz. commercial vehicles, four wheelers and two wheelers) in the All Asia Executive Team votings for rest of Asia.

With his great visionary motto of 'Create, Collaborate and Inspire' and his persistent endeavours towards establishing an innovation-led future environment, the Company has achieved technological and operational excellence and sustained its leadership position (world's no. 1 two-wheeler company) in terms of volume of sales since 2001.

The approval of the members is sought for the re-appointment, terms and conditions of the said re-appointment and remuneration to be paid to Dr. Pawan Munjal as the Whole-time Director of the Company. The Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing the candidature of Dr. Pawan Munjal for the office of Whole-time Director of the Company.

Dr. Munjal will attain the age of 70 years during the proposed tenure till September 30, 2026, accordingly, the approval of the shareholders for his re-appointment is being sought by way of a Special Resolution (under item 6) in terms of Section 196 read with Schedule V to the Act, 2013. The approval of the shareholders for the terms and conditions and remuneration under item 7 would require an ordinary resolution, as the remuneration proposed to be paid is within the limits of the Companies Act and SEBI Listing Regulations.

The broad terms and conditions of re-appointment of, including remuneration payable to, Dr. Pawan Munjal are as follows:

#### A. Remuneration

- (a) **Basic Salary:** Rs. 1.84 crore (Rupees one crore and eighty four lakh only) per month.

#### B. Perquisites and allowances:

- i. **Special Allowance:** Special allowance @ 75% of Basic salary;
- ii. **Children Education Allowance:** In case of children studying in India or abroad, actual expenses shall be admissible. Explanation: for the aforesaid purposes "Family" means the spouse, the dependent children of Dr. Munjal;
- iii. **Residential Accommodation:** Free furnished residential accommodation with free use of all the facilities and amenities provided by the Company. If accommodation is not provided by the Company, then he shall be entitled to House Rent Allowance equivalent to 50% of his Basic Salary alongwith free use of all the facilities and amenities;
- iv. **Medical Reimbursement:** Reimbursement of actual medical expenses incurred by Dr. Munjal and his family;
- v. **Club Fees:** Actual fees of clubs to be paid by the Company;
- vi. **Personal Accident Insurance:** Actual premium to be paid by the Company;
- vii. **Insurance of House-hold goods:** Annual premium, as per rules, to be paid by the Company;
- viii. **Group Normal Life Insurance:** Annual premium for insurance cover with sum assured upto maximum of Rs. 1 crore to be paid by the Company;
- ix. **Medical Insurance:** For self and dependents as per rules of the Company;
- x. **Car:** Facility of car(s) with driver for the business of the Company;
- xi. **Telephone:** Free telephone facility at residence including mobile phone and internet;
- xii. **Leave:** One month's leave with full salary for every 11 months of service subject to the condition that leave accumulated but not availed will not be encashed;
- xiii. **Reimbursement of expenses:** Reimbursement of entertainment, traveling, hotel and other expenses for the business of the Company in accordance with applicable rules;

#### xiv. Contribution to provident and superannuation funds:

Company's contribution to Provident and Superannuation funds will be as per the rules of the Company. In case, superannuation cannot be contributed, he shall be paid amount equivalent to superannuation contribution under the head "Other Allowance"; and

#### xv. Gratuity:

Not exceeding half month's salary for each completed year of service as per rules of the Company

- C. **Commission:** Dr. Munjal will also be allowed remuneration by way of commission in addition to basic salary, perquisites and any other allowances, benefits or amenities subject to the condition that the amount of commission shall not exceed 1% of the net profits of the Company in a particular financial year as computed in the manner referred to in Section 198 of the Companies Act, 2013. The amount of commission shall be paid subject to recommendation of the NRC and approval of the Board of Directors every year and would be based on achievement of organizational performance parameters/metrics as provided herein below or such other parameters/metrics as may be determined by the Board of Directors and/or NRC from time to time:

1. Total Revenue
2. Domestic market share
3. Global business volume
4. EBITDA margin and cash flows
5. Strategic milestones including parts revenue

- D. **Minimum remuneration:** If in any financial year during the currency of tenure of Dr. Munjal as the Whole-time Director of the Company or any other designation as may be decided by the Board or the NRC from time to time, the Company has no profits or its profits are inadequate, he shall be entitled to minimum remuneration by way of basic salary, perquisites, allowances within limits prescribed under Section II, Part II of Schedule V to the Companies Act, 2013, as amended from time to time.

The annual increase, if any, in salary effective April 1, 2022 to be decided by the Board of Directors on the recommendations of the Nomination and Remuneration Committee of the Board.

Dr. Munjal shall not be entitled to any sitting fee for attending meetings of the Board and/or any Committee of Board. In terms of the Articles of Association of the Company, Dr. Munjal shall not be liable to determination by retirement by rotation.

A brief about his nature of expertise in specific functional areas, other directorships and committee memberships, his shareholding and relationship with other directors in the Company are appended to the Notice hereto.

Dr. Pawan Munjal satisfies all the conditions as set out in Part-I of Schedule V and Section 196(3) of the Act for being eligible for re-appointment. He is neither disqualified from being appointed as Director in terms of provisions of the Act

nor debarred from being appointed to the office of Director by virtue of any order of SEBI or any such other authority.

Except Dr. Pawan Munjal and his relatives including Mr. Suman Kant Munjal, who is a brother of Dr. Munjal, no other Director, Key Managerial Personnel or their relatives are in anyway concerned or interested in the resolutions contained under Item No. 6 and 7 of the Notice.

Accordingly, the Board recommends the resolutions, as set out in item no. 6 & 7 to this Notice to be approved by the shareholders, by way of special and ordinary resolution respectively.

## Item No. 8

The Company introduced "Hero MotoCorp Ltd. Employee Incentive Scheme 2014 – Options, and Restricted Stock Units", ("Employee Incentive Scheme 2014" or "the Scheme") with the objective to attract, retain and motivate employees as well as to reward eligible employees for their performance and association with the Company and motivate them to contribute to the growth and profitability of the Company. The said Scheme was approved by the members in 2014 through postal ballot on September 22, 2014.

The Scheme also covers eligible employees of the subsidiary companies. The shareholders' approval granted in 2014 also includes grant of options/RSTUs to the eligible employees of the subsidiary companies. However, a separate special resolution of the shareholders as required in SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and SEBI (Share Based Employee Benefits) Regulations, 2014 to extend the applicability and coverage of the Scheme to the employees of the subsidiary companies, was not passed specifically as required under the Regulations. Therefore, to have a separate resolution of shareholders as required under Regulation 6(3)(c) of the SEBI (Share Based Employee Benefits) Regulations, 2014, the present resolution has been proposed. It is to be noted that except extending the applicability and coverage including to create, offer, issue, grant and allot equity shares under the Employee Incentive Scheme 2014, to the employees of subsidiary companies, all other terms and conditions of the said Scheme and the approval and authority granted by the shareholders of the Company vide special resolution passed by postal ballot on September 22, 2014 in this regard shall continue to prevail in entirety and the same shall not be construed as any amendment or modification of the Scheme in any manner whatsoever. No options/ RSTUs have been granted by the Company to any employee of the subsidiary company till date.

Therefore, pursuant to the provisions of SEBI Regulations, approval of the Members is being sought for issue of Stock Options / Restricted stock units / other benefits to eligible employees of the subsidiary companies under the Employee Incentive Scheme 2014.

The salient features of the Employee Incentive Scheme 2014 are mentioned as under:

### 1. Brief description of the scheme

The Employee Incentive Scheme 2014 has been formulated in accordance with the provisions of Securities and Exchange

Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended, and in terms of the requisite approval granted by the Shareholders of the Company on 22<sup>nd</sup> September 2014. No shares or any other securities of the Company shall be acquired from the secondary market for the purposes of the Employee Incentive Scheme 2014.

The objective of the Scheme is to attract, retain and motivate the employees which is necessary to enhance the Company's long term growth and profitability and to reward employees for their personal performance.

### 2. Total number of Options/ RSTUs to be granted

The aggregate number of Options and/or Restricted Stock Units (RSTUs) to be granted under the said Employee Incentive Scheme 2014 shall not be more than 49,90,000 (forty nine lakh ninety thousand) equity shares of the Company of the face value of Rs. 2 each. The Options and/or RSTUs to be granted shall be in one or more tranches, whereby each such Options and/or RSTU, as the case may be, confers a right upon the Employee to apply for 1 (one) equity Share of Rs. 2/- each of the Company, in accordance with the terms and conditions of such issue.

The aggregate number of Options and/or RSTUs that may be granted to the Employees under the Employee Incentive Scheme 2014 and the option granted to the Employees by the Company under the ESOP 2012 Scheme (the one-time scheme which was established by the Company with effect from April 1, 2012 under which the Company had resolved to issue Employee Stock Options exercisable into not more than 20,00,000 (Twenty lakh) Equity Shares with each such option conferring a right upon the employee to apply for 1 (one) equity share of the Company, in accordance with the terms and conditions of such issue) shall collectively not exceed, at all times, 2.5% of the issued and paid-up equity share capital of the Company.

### 3. Identification of class of employees entitled to participate and be beneficiaries in the Employee Incentive Scheme 2014

All permanent employees working in India or out of India and Directors (whether Managing/ Whole-time Director or not) (except for those who either by themselves or through their relatives or through any body corporate hold directly or indirectly more than 10 % of the issued and subscribed share capital of the Company) of the Company and its Holding Company or Subsidiaries (excluding promoters and employees belonging to Promoter Companies) and further excluding Independent Director as may be decided by the Nomination and Remuneration Committee ('NRC'), from time to time would be entitled to Options and/or RSTUs under the Employee Incentive Scheme 2014.

However, the employees would be granted Options and/or RSTUs based on performance, merit, grade, conduct and length of service of the Employee and such other criteria as the Nomination and Remuneration Committee may, in its absolute discretion decide.

The Option and/or RSUs granted to an employee will not be transferable or assignable to any person except in the event of death of the grantee and the Option and/or RSUs shall be exercisable, during such employee's lifetime, only by him or by his Beneficiary in accordance with the Employees Incentive Scheme 2014. The Option and/or RSUs granted shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner, at any time.

#### **4. Requirements of vesting and period of vesting**

The vesting shall take place as per applicable laws and regulations prevailing from time to time, from the date of grant of Options and/or RSUs. The Nomination and Remuneration Committee may, in its discretion, lay down certain performance parameters subject to which Options and/or RSUs would vest. The requirements of vesting and period of vesting shall be mentioned in the Letter of grant.

#### **5. Maximum period (subject to regulation 18(1) and 24(1) of the regulations, as the case may be) within which the options / RSUs shall be vested**

The options and/or RSUs granted under the Scheme would not vest earlier than one year from the grant date in accordance with the SEBI Guidelines or such other period or manner as may be determined by the NRC from time to time on the grant date subject to the conditions as stated in the scheme or prescribed by NRC.

#### **6. Exercise Price or Pricing Formula**

The exercise price per Option and/or RSUs may be decided by the NRC at the time of grant. The NRC, if decide unanimously at their meeting, has the power to vary the aforesaid Exercise Price among the different categories/levels of the employees.

#### **7. Exercise period and process of exercise**

The exercise period means such time period after Vesting within which the Grantee should exercise the vested Options and/ or vested RSUs in pursuance of the Employee Incentive Scheme 2014. The Options and/or RSUs will be exercisable by the Employees by a written application to the Company to exercise the Options and/or RSUs in such manner, and on execution of such documents, as may be prescribed by the Nomination and Remuneration Committee from time to time. The Options and/or RSUs will lapse if not exercised within the specified Exercise Period.

In respect of employees who resign from the services of the Company, all Unvested Options and/or Unvested RSUs on the date of submission of resignation shall expire and stand terminated with effect from that date. However, all Vested Options and/or Vested RSUs as on that date shall be exercisable by the Option Grantee immediately on or before the last working day in the Company. Special provisions shall apply in case of death, disability, retirement or misconduct of any employee. Any eligible employee may exercise the Options and/or RSUs vested in him/her during the exercise period by submitting requisite documents.

#### **8. Appraisal process for determining the eligibility of employees for the Scheme**

The appraisal process for determining the eligibility of the Employees will be specified by the NRC, and will be based on criteria such as role/level of the Employee, past performance record, future potential of the Employee, balance number of years of service until normal retirement age and/or such other criteria that may be determined by the NRC at its sole discretion.

#### **9. Maximum number of Options to be issued per employee and in the aggregate.**

The number of Options that should be granted to an employee under the Employee Incentive Scheme 2014 shall be decided by the NRC. However, no employee shall be granted, in any fiscal year of the Company, Options and/or RSUs to purchase more than or equaling to 1 (one) % of the issued and paid up share capital as on the date of grant (excluding outstanding Options and/or RSUs and conversions) unless approval of members in the general meeting by way of separate resolution has been obtained.

#### **10. Maximum quantum of benefits to be provided per employee under the Scheme**

The quantum of benefits is determined by the NRC in accordance with the conditions laid out in the Scheme.

#### **11. Whether the scheme(s) is to be implemented and administered directly by the company or through a trust**

The Scheme shall be administered by the Company and not through a trust.

#### **12. Whether the scheme(s) involves new issue of shares by the company or secondary acquisition by the trust or both**

The Scheme only involves new issue of shares by the Company.

#### **13. The amount of loan to be provided for implementation of the scheme(s) by the company to the trust, its tenure, utilization, repayment terms, etc.**

This is not applicable under the Scheme.

#### **14. Maximum percentage of secondary acquisition (subject to limits specified under the regulations) that can be made by the trust for the purposes of the scheme(s)**

This is not applicable under the Scheme.

#### **15. Statement to the effect that the company shall conform to the accounting policies specified in regulation 15**

The Company shall conform to the accounting policies specified in the SEBI Guidelines, and/or such other guidelines or accounting standards as may be applicable, from time to time.

## 16. The method which the company shall use to value its options or RSUs

The Company shall follow the fair value method for computing the compensation cost for the Options and/or RSUs. The Nomination and Remuneration Committee shall decide the pricing model to be followed subject to compliance with applicable laws and regulations framed therein, from time to time.

## 17. Adjustments in case of Corporate Actions

A fair and reasonable adjustment shall be made by the Nomination and Remuneration Committee to the number of Options and/or RSUs and to the exercise price in case of Corporate Actions such as Rights Issue, Bonus Issue, Merger, Sale of Divisions and others between the date of grant of Options and/or RSUs and the exercise of the Options and/or RSUs.

As the Scheme entail further shares to be offered to persons other than existing shareholders of the Company, the consent of the members is sought pursuant to the provisions of Section 62 and all other applicable provisions, if any, of the Companies Act, 2013 and as per the requirement of the SEBI Regulations.

None of the Directors or Key Managerial Personnel of the Company including their relatives are interested or concerned in the Resolution except to the extent of their entitlements, if any, under the Scheme.

The Board recommends passing of the resolution as set out under Item No. 8 of the Notice for approval of the members as a special resolution.

By order of the Board  
For **Hero MotoCorp Ltd.**



Neerja Sharma

New Delhi  
July 1, 2021

Company Secretary & Chief Compliance Officer  
Membership no.: A9630

### Registered Office:

The Grand Plaza, Plot no. 2, Nelson Mandela Road,  
Vasant Kunj Phase –II, New Delhi-110070  
CIN: L35911DL1984PLC017354  
Phone: 011 - 4604 4220  
Fax: 011 - 46044399  
Email: [secretarialho@heromotocorp.com](mailto:secretarialho@heromotocorp.com)  
Website: [www.heromotocorp.com](http://www.heromotocorp.com)

## Annexure A

### Details under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in terms of Secretarial Standard 2, in respect of the Directors seeking appointment/re-appointment

Name of Director	Pawan Munjal	Pradeep Dinodia	Birender Singh Dhanoa
<b>DIN</b>	00004223	00027995	08851613
<b>Brief Resume</b>	Dr. Munjal, aged 66 years is a graduate in Mechanical engineering and consistently serving his expertise as a member of Board of Directors of the Company since 1986. His brief resume/profile forms part of explanatory statement above for items nos. 6&7 of the Notice.	Mr. Pradeep Dinodia was appointed as a Director on the Board effective March 31, 2001.  He graduated in Economics with Honours from St. Stephens College, Delhi University and obtained his Law Degree from the same University. He is a Fellow Member of the Institute of Chartered Accountants of India and Managing Partner in the Delhi-based Chartered Accountancy firm M/s. S.R. Dinodia & Co. LLP. He has co-authored a book "Transfer Pricing Demystified".	As detailed in Explanatory Statement above for Item No. 5 of the Notice
<b>Date of Birth (Age in years)</b>	October 28, 1954 (66)	December 02, 1953 (67)	September 07, 1957 (63)
<b>Qualifications</b>	Graduate in Mechanical Engineering	Chartered Accountant and graduated in Law.	Graduation from Jawaharlal Nehru University and M. Sc. (Defence Studies) from Madras University
<b>Experience</b>	42 years	43 years	41 years
<b>Expertise in specific functional areas</b>	<ul style="list-style-type: none"> <li>- Automotive/ Mobility/ Technology/ R&amp;D/ Product Development</li> <li>- Strategic planning, Business Development, Business Operations</li> <li>- Human resources/ people management</li> <li>- Corporate Governance, Regulatory &amp; Public Policy/ ESG</li> <li>- Global Perspective</li> <li>- Consumer sales/ marketing</li> </ul>	<ul style="list-style-type: none"> <li>- Strategic planning, Business Development, Business Operations</li> <li>- Corporate Governance, Regulatory &amp; Public Policy/ ESG</li> <li>- Accounting &amp; financial expertise</li> </ul>	<ul style="list-style-type: none"> <li>- Strategic planning, Business Development, Business Operations</li> <li>- Human resources/ people management</li> <li>- Accounting &amp; financial expertise</li> </ul>

<b>Name of Director</b>	<b>Pawan Munjal</b>	<b>Pradeep Dinodia</b>	<b>Birender Singh Dhanoa</b>
<b>Terms and conditions of appointment / re-appointment</b>	As detailed in Explanatory Statement for Item No. 6 & 7 of the Notice.	At the 36 <sup>th</sup> AGM held on July 29, 2019, he was appointed as Non-Executive Director, liable to retire by rotation. Being eligible, he has now offered himself for re-appointment.	He is being appointed as an Independent Director w.e.f. October 1, 2020 for a term of 5 years, not liable to retire by rotation.  The other terms and conditions are available on website of the Company at <a href="http://www.heromotocorp.com">www.heromotocorp.com</a> .
<b>Details of remuneration and remuneration last drawn</b>	Details mentioned in the Corporate Governance Report		
<b>Date on which first appointed on the Board</b>	October 1, 1986	March 31, 2001	October 1, 2020
<b>Details of shareholding in the Company</b>	Holding 95,42,876* equity shares of Rs. 2/- each aggregating to 4.78%	160	NIL
<b>Relationship with other Directors/Key Managerial Personnel (if any)</b>	Brother of Mr. Suman Kant Munjal, Non- Executive Director of the Company.	None	None
<b>Number of Board meetings attended during the year</b>	Details mentioned in the Corporate Governance Report		
<b>Details of Directorships/ Committee chairmanship and memberships in other Companies</b>	As detailed herein below		

\* Comprise of 43,354 equity shares held in his own name, 32,500 equity shares as Karta of HUF, 93,09,022 equity shares held on behalf of Brijmohan Lall Om Parkash, partnership firm and 1,58,000 equity shares held on behalf of Pawan Munjal Family trust.

**Details of Directorship/Committee Chairmanship and Membership in other companies**

<b>Name of Director</b>	<b>Type of Company</b>	<b>Directorships held</b>	<b>Committee Membership</b>	<b>Committee Chairmanship</b>
Dr. Pawan Munjal	UL	Rockman Industries Limited	FC	-
		Hero FinCorp Limited	NRC, CSR	COD
	P	Bahadur Chand Investments Private Limited	CSR, AC, RMC, ALMC, NRC, ITSC	-
		Hero InvestCorp Private Limited	CSR	-
		Munjal Acme Packaging Systems Private Limited	-	-
		Pan Mining Private Limited	-	-
		Hero Future Energies Global Limited (body corporate)	-	-
Section 8	Indian School of Business	-	-	
Mr. Pradeep Dinodia	L	DCM Shriram Limited	-	SRC, AC, NRC
		Shriram Pistons and Rings Limited	AC, NRC, SRC	RMC, CSR
	UL	Hero FinCorp Limited	CSR	AC, RMC, NRC, ALMC, SRC, ITSC
	P	-	-	-
	Section 8	-	-	-
Air Chief Marshal Birender Singh Dhanoa (Retd.)	NIL	-	-	-

List of Abbreviations used in the Table above:

UL – Unlisted Public Company

P – Private Limited Company

Section 8 – Non Profit Companies

L- Listed Public Company

AC- Audit Committee

NRC- Nomination & Remuneration Committee

CSR – Corporate Social Responsibility

ALMC- Asset Liability Management Committee

ITSC- IT Strategy Committee

COD - Committee of Directors

FC- Finance Committee

RMC- Risk Management Committee

SRC- Stakeholders Relationship Committee