

Hero Electric Vehicles Private Limited
Balance Sheet as at March 31, 2022
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	Note No.	As at March 31, 2022	As at March 31, 2021
ASSETS			
Non-Current Assets			
a) Property, Plant & Equipment	4(i)	1,968.25	1,877.46
b) Capital Work in Progress	4(i)	31.00	-
c) Other Intangible Assets	4(ii)	205.60	53.80
d) Right-of-Use Assets	4(iii)	1,337.20	569.03
e) Intangible Assets Under Development	4(ii)	250.51	120.86
f) Financial Assets			
(i) Investments	5	-	-
(ii) Loans	6	-	-
(iii) Others Financial Assets	7	172.92	107.87
g) Deferred Tax Asset (Net)	8	2,317.19	1,241.21
h) Other Non Current Assets	9	484.89	124.70
Total Non-Current Assets		6,767.56	4,094.93
Current Assets			
a) Inventories	10	23,403.52	12,176.33
b) Financial Assets			
(i) Investments	11	4,759.46	1,929.19
(ii) Trade Receivable	12	1,824.77	384.83
(iii) Cash & Cash Equivalents	13	584.85	1,308.82
(iv) Other Bank Balances	14	16,329.83	10,253.87
(v) Loans	6	108.65	54.10
(vi) Other Financial Assets	7	6,585.06	1,927.12
c) Other Current Assets	15	15,654.48	8,419.23
d) Current Tax Assets (Net)	16	89.12	52.84
Total Current Assets		69,339.74	36,506.33
TOTAL ASSETS		76,107.30	40,601.26
EQUITY AND LIABILITIES			
Equity			
a) Equity Share Capital	17	3,934.20	3,163.10
b) Instruments Entirely Equity in Nature	18	907.33	-
c) Other Equity	19	24,447.08	7,127.15
Total Equity		29,288.61	10,290.25
Liabilities			
Non-Current Liabilities			
a) Financial Liabilities			
(i) Borrowings	20	792.91	4,325.65
(ii) Lease Liability	21	1,402.40	646.31
(iii) Other Financial Liabilities	22	-	-
b) Provisions	23	211.80	541.66
Total Non-Current Liabilities		7,407.11	5,513.62
Current Liabilities			
a) Financial Liabilities			
(i) Borrowings	20	20,815.74	3,162.96
(ii) Trade Payables			
Total outstanding dues of micro enterprises and small enterprises	24	499.85	120.76
Total outstanding dues of trade payable other than micro enterprises and small enterprises	24	14,336.12	15,223.76
(iii) Lease Liability	21	134.11	121.50
(iv) Other Financial Liabilities	22	2,029.28	1,385.99
b) Other Current Liabilities	25	4,753.00	3,776.53
c) Provisions	23	1,843.48	1,005.89
Total Current Liabilities		44,411.58	24,797.39
TOTAL EQUITY AND LIABILITIES		76,107.30	40,601.26

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

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

per Pravin Tulsyan
Partner
Membership Number: 108044

Place : Gurugram
Date : 28-09-2022

For and on behalf of board of directors

Vijay Munjal
Director
DIN 00002782
Place: Ludhiana

Sohinder Singh
Chief Executive Officer
Place : Gurugram

Date : 28-09-2022

Naveen Munjal
Managing Director
DIN 00084789
Place : Gurugram

Hemanth Kundavaram
Chief Financial Officer
Place : Gurugram



Akanksha Gupta
Company Secretary
M.No. ACS29443
Place : Gurugram



Hero Electric Vehicles Private Limited
Statement of Profit and Loss for the year ended March 31, 2022
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	Note No.	For the Year ended March 31, 2022	For the Year ended March 31, 2021
INCOME			
Revenue from Operations	26	84,100.47	30,271.16
Other Income	27	1,138.81	1,136.28
Total Income		85,239.28	31,407.44
EXPENSES:			
Cost of Raw Materials Consumed	28	71,827.82	22,999.69
Purchases of Stock-in-Trade		94.91	233.34
Change in Inventories of Finished Goods, Stock in Trade and Work-in-Progress	29	(261.85)	1,862.22
Employee Benefits Expense	30	4,341.73	1,984.83
Finance Costs	31	1,682.11	953.14
Depreciation and Amortization Expense	32	393.56	324.73
Other Expenses	33	11,233.21	5,271.59
Total Expenses		89,311.49	33,629.54
Profit before tax		(4,072.21)	(2,222.10)
Tax Expenses:			
Current tax		-	-
Tax with Respect to Earlier Year		-	7.05
Deferred Tax Expense/(credit)	36	(1,075.98)	(94.72)
Total Tax Expenses:		(1,075.98)	(87.67)
Profit/(Loss) for the Year		(2,996.23)	(2,134.43)
Other Comprehensive Income/(Expense)			
Items that will not be Reclassified Subsequently to Profit or Loss			
Re-measurement gains/ (losses) on Defined Benefit Plan		(48.31)	6.41
Re-measurement gains/ (losses) on Defined Benefit Plans - Income Tax Effect		12.56	(1.67)
Total Comprehensive Income for the year, net of income tax		(3,031.98)	(2,129.68)
-Basic	39	(6.69)	(5.42)
-Diluted	39	(6.69)	(5.42)
Significant Accounting Policies	1		

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

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

Pravin Tulsyan
per Pravin Tulsyan
Partner
Membership Number: 108044

For and on behalf of board of directors

Vijay Munjal
Vijay Munjal
Director
DIN 00003782
Place: Ludhiana

Sohinder Singh
Sohinder Singh
Chief Executive Officer
Place : Gurugram

Naveen Munjal
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Managing Director
DIN 00084789
Place : Gurugram

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Chief Financial Officer
Place : Gurugram



Akanksha Gupta
Akanksha Gupta
Company Secretary
M.No. ACS29443
Place : Gurugram

Place : Gurugram
Date : 28-09-2022

Date : 28-09-2022



Hero Electric Vehicles Private Limited
Statement of Cash Flow for the year ended March 31, 2022
(All amounts in Indian Rupees Lakhs, except as otherwise stated)

	For the Year ended March 31, 2022	For the Year ended March 31, 2021
A Cash Flow From Operating Activities		
Profit after exceptional item, tax as per statement of profit and loss	(4,072.21)	(2,222.10)
Adjustment for :		
Provision for obsolete stock written off/(written back)	-	326.70
Obsolete Stock written off	-	163.45
Balance written back	(7.89)	-
Unrealised foreign exchange (gain)/loss	20.63	(116.33)
Provision for doubtful debts	11.07	-
Bad debts written off	237.78	-
Insurance claim written off	356.43	-
Depreciation	393.56	324.73
Interest expense	1,682.11	953.14
Interest received	(654.57)	(319.63)
Net Gain on fair valuation of Investments through Profit & Loss	(311.91)	(453.70)
Profit on sale of investments	(12.38)	(4.69)
Operating profit before working capital changes	(2,357.39)	(1,348.43)
Changes in working capital		
Adjustments for (increase)/decrease in operating assets:		
Inventories	(11,227.20)	(1,407.64)
Trade receivable	(1,750.32)	122.07
Loan & Advances	(54.55)	318.82
Other Financial Assets	(5,079.42)	669.41
Other Current Assets	(7,124.19)	(4,877.49)
Adjustments for increase/(decrease) in operating liabilities:		
Trade Payables	(521.28)	5,102.53
Other Financial Liabilities	643.28	115.04
Other Current Liabilities	976.47	1,478.37
Provisions	422.45	192.91
Cash generated from Operations	(26,072.15)	365.60
Direct taxes (paid)/Refunded (net of refund)	(36.28)	20.24
Net cash flows from/(used in) Operating Activities	(26,108.44)	385.84
B Cash flow from Investing Activities		
Purchase of property plant and equipment (including intangibles and CWIP)	(663.22)	(314.12)
Capital advances	(360.18)	-
Sale of investment	(1,963.64)	600.00
Purchase of investment	(542.34)	-
Short-term deposits made (Net)	(6,075.95)	(4,709.63)
Interest received	654.57	319.63
Net cash flow from/(used) in Investing Activities	(8,950.76)	(4,104.12)
C Cash flow from Financing Activities		
Proceeds from issue of shares	22,500.00	-
Proceeds/(Repayment) from long-term borrowings	2,146.17	4,195.76
Proceeds from short-term borrowings	11,973.88	715.11
Expenses on issue of share capital	(469.66)	-
Interest paid	(1,575.14)	(953.14)
Payment of lease liabilities	(240.03)	(99.10)
Net cash flow from/(used) in Financing Activities	34,335.23	3,858.63
Net Increase/(decrease) in cash and cash equivalents (A+B+C)	(723.97)	140.36
Cash and cash equivalents at the beginning of the year as at April 1	1,308.82	1,168.46
Cash and cash equivalents at the end of the year as at March 31	584.85	1,308.82

1. The cash flow statement has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows"
2. Refer Note 38 for change in financing activities disclosure pursuant to amendment to Ind AS 7

As per our report of even date

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

Pravin Tulsyan

per Pravin Tulsyan
Partner
Membership Number: 108044
Place : Gurugram
Date : 28-09-2022



For and on behalf of board of directors
Wijay Munjal
Wijay Munjal
Director
DIN 00002782
Place : Ludhiana
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Chief Executive Officer
Place : Gurugram
Date : 28-09-2022

Hemant Kundavaram
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Chief Financial Officer
Place : Gurugram



Akanksha Gupta
Akanksha Gupta
Company Secretary
M.No. ACS29443
Place : Gurugram

Hero Electric Vehicles Private Limited

Statement of Changes In Equity for the year ended March 31, 2022

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

A	Equity Share Capital	Notes	Amount
	As At March 31, 2020		3,163.10
	Changes in equity share capital	17	-
	As At March 31, 2021		3,163.10
	Changes in Equity share capital	17	771.10
	As At March 31, 2022		3,934.20

B	Preference Share Capital	Notes	Amount
	As At March 31, 2020		-
	Changes in equity share capital	17	-
	As At March 31, 2021		-
	Changes in Preference share capital	17	907.33
	As At March 31, 2022		907.33

C Other Equity

Particulars	Reserve and Surplus				
	Securities Premium	Other Comprehensive Income	Equity Component of compound financial instrument	Retained Earnings	Total
Balance as at March 31, 2020	32,304.10	(35.57)	796.32	(23,808.02)	9,256.83
Profit for the year	-	-	-	(2,134.43)	(2,134.43)
Other Comprehensive Income for the Year (net of tax impact)	-	4.75	-	-	4.75
Balance as at 31st March, 2021	32,304.10	(30.82)	796.32	(25,942.45)	7,127.14
Profit for the year	-	-	-	(2,996.23)	(2,996.23)
Addition/Redemption during the Year	21,617.89	-	(796.32)	-	20,821.57
Utilised for expense of issue of shares	(469.66)	-	-	-	(469.66)
Other Comprehensive Income for the Year (net of tax impact)	-	(35.75)	-	-	(35.75)
Balance as at 31st March, 2022	53,452.33	(66.57)	-	(28,938.69)	24,447.08

As per our report of even date

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

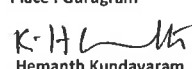

per Pravin Tulsyan
Partner
Membership Number: 108044
Place : Gurugram
Date : 28-09-2022


For and on behalf of board of directors


Vijay Munjal
Director
DIN 00002782
Place : Ludhiana


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Chief Executive Officer
Place : Gurugram


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Managing Director
DIN 00084789
Place : Gurugram


Hemant Kundavaram
Chief Financial Officer
Place : Gurugram


Akanksha Gupta
Company Secretary
M.No. ACS29443
Place : Gurugram



Date : 28-09-2022

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

1 Corporate Information

Hero Electric Vehicles Private Limited (the company) is a private limited company domiciled in India and incorporated under the provisions of the Companies Act 1956 on July 31, 2010. It is the leading manufacturer of E-Bikes and Spares.

2 Basis of Preparation and Presentation

Basis of Preparation

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

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

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

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

Basis of Measurement

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

3 Significant Accounting Policies

3.1 Property Plant and Equipment and Depreciation including Amortisation

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

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

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

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



3 Significant Accounting Policies (Contd.)

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

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

3.2 Intangible Assets

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

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

Intangible Assets under Development

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

3.3 Inventories

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

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

- (a) The cost of raw materials & components, stores & spares and includes duties, taxes net of recoverable taxes, wherever applicable, and other expenses incurred to bring the inventories to their present location and condition. The cost is arrived on the basis of weighted average method.
- (b) The cost of finished goods includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity. Cost is determined on first in, first out basis.
- (c) Packing Material is valued at cost with weighted Average Method.
- (d) Scrap is valued at the net realisable value.
- (e) Goods in transit (sold) are valued at actual cost. Goods in transit (purchased) are valued at contract price.

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

3.4 Retirement and other employee benefits

Short Term Employee benefits

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



3 **Significant Accounting Policies (Contd.)**

Retirement benefit Schemes

Defined Contribution Plans

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

Defined Benefit Plans

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

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

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

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

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

The retirement benefits recognised in the balance sheet represent the actual deficit or surplus in the company's defined benefit plans. Any Surplus resulting from this calculation is limited to the present value of any economic benefit available in the form of reduction in future contributions.

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

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

3.5 Research and development

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

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

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

3.6 Foreign Currency Transactions

The Company's financial statements are presented in INR, which is also the company's functional currency. In preparing the financial statements of the Company, transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.



3 Significant Accounting Policies (Contd.)

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

3.7 Taxation

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

Current Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future profits will allow the deferred tax assets to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Tax relating to items recognized outside statement of profit and loss is recognized outside statement of profit and loss (either in OCI or equity).

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

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

3.8 Revenue recognition

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

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

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



3 Significant Accounting Policies (Contd.)

Warranty obligations

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

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

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

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures.

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

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

Contract balances

Contract Assets

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

Trade Receivables

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

Contract Liabilities

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

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

3.9 Impairment of non-financial assets

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

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



3 Significant Accounting Policies (Contd.)

3.9 Impairment of non-financial assets (Contd.)

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use is determined by applying assumptions specific to the company's continued use and cannot take into account future development.

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

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

3.10 Current and Non- Current Classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

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

Based on the nature of products/ activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

3.11 Exceptional Items

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

3.12 Provisions, contingent liabilities and contingent assets

A provisions is recognised when the company has a present obligation as a result of past event and it is probable that an outflow of its sources will be required to settle the obligation in respect of which reliable estimate can be made. When a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.



3 Significant Accounting Policies (Contd.)

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

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

3.13 Financial instruments

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

A. Investment in subsidiary, joint venture and associates

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

B. Other Financial Instruments

(i) Initial recognition & measurement

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

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

(ii) Classification & Subsequent measurement

(a) Financial Assets

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

Debt instrument at amortised cost

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

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

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

Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

(b) Financial Liabilities

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amount approximates fair value due to short maturity.



3 Significant Accounting Policies (Contd.)

(iii) Impairment of financial assets

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

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

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

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

(iv) Derecognition of financial assets and financial liability

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

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

(v) Offsetting of financial instruments

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

(vi) Derivative financial instruments

Initial recognition and subsequent measurement

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

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

(vii) Convertible Instruments:

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

3.14 Leases

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

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



3 Significant Accounting Policies (Contd.)

Right-of-use assets

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

Lease Liabilities

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

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

Short-term leases and leases of low-value assets

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

3.15 Earning Per Share

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

3.16 Cash and Cash Equivalents

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

3.17

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

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



3 Significant Accounting Policies (Contd.)

3.18 Applicable of new and amended standards

(A) New and amended standards

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after April 1, 2021. The Company has not early adopted any other standard or amendment that has been issued but is not yet effective:

(i) Interest Rate Benchmark Reform – Phase 2: Amendments to Ind AS 109, Ind AS 107, Ind AS 104 and Ind AS 116

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

(ii) Conceptual framework for financial reporting under Ind AS issued by ICAI

The Framework is not a Standard and it does not override any specific standard. Therefore, this does not form part of a set of standards pronounced by the standard setters. While, the Framework is primarily meant for the standard setter for formulating the standards, it has relevance to the preparers in certain situations such as to develop consistent accounting policies for areas that are not covered by a standard or where there is choice of accounting policy, and to assist all parties to understand and interpret the Standards.

The amendments made in following standards due to Conceptual Framework for Financial Reporting under Ind AS includes amendment of the footnote to the definition of an equity instrument in Ind AS 102- Share Based Payments, footnote to be added for definition of liability i.e. definition of liability is not revised on account of revision of definition in conceptual framework in case of Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets etc.

The MCA has notified the Amendments to Ind AS consequential to Conceptual Framework under Ind AS vide notification dated June 18, 2021, applicable for annual periods beginning on or after April 1, 2021. Accordingly, the Conceptual Framework is applicable for preparers for accounting periods beginning on or after April 1, 2021.

These amendments had no impact on the financial statements of the Company.

(iii) Ind AS 116: COVID-19 related rent concessions

MCA issued an amendment to Ind AS 116 Covid-19-Related Rent Concessions beyond June 30, 2021 to update the condition for lessees to apply the relief to a reduction in lease payments originally due on or before June 30, 2022 from June 30, 2021. The amendment applies to annual reporting periods beginning on or after April 1, 2021. In case a lessee has not yet approved the financial statements for issue before the issuance of this amendment, then the same may be applied for annual reporting periods beginning on or after April 1, 2020.

These amendments had no impact on the financial statements of the Company.



Hero Electric Vehicles Private Limited

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

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

3 Significant Accounting Policies (Contd.)

(iv) Ind AS 103: Business combination

The amendment states that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Framework for the Preparation and Presentation of Financial Statements in accordance with Indian Accounting Standards* issued by the Institute of Chartered Accountants of India at the acquisition date. Therefore, the acquirer does not recognise those costs as part of applying the acquisition method. Instead, the acquirer recognises those costs in its post-combination financial statements in accordance with other Ind AS.

These amendments had no impact on the financial statements of the Company.

(v) Amendment to Ind AS 105, Ind AS 16 and Ind AS 28

The definition of "Recoverable amount" is amended such that the words "the higher of an asset's fair value less costs to sell and its value in use" are replaced with "higher of an asset's fair value less costs of disposal and its value in use". The consequential amendments are made in Ind AS 105, Ind AS 16 and Ind AS 28.

These amendments had no impact on the financial statements of the company.

(B) Standards notified but not yet effective

There are no new standards that are notified, but not yet effective, upto the date of issuance of the Company's financial statements.

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

4(i) Property, Plant & Equipment

Particulars	Rs. in Lakhs							
	Buildings	Plant & Machinery	Furniture & Fixtures	Office Equipments	Vehicles	Leasehold Improvements	Computer	Capital work in Progress*
Gross Block								
As At April 1, 2020	609.14	286.50	129.34	109.56	319.03	851.77	72.68	2,380.02
Additions	-	50.66	7.04	8.70	62.10	-	29.23	157.74
As At March 31, 2021	609.14	339.16	136.39	118.26	381.13	851.77	101.92	2,537.76
Additions	4.93	150.53	7.91	16.71	73.37	-	85.21	338.66
As At March 31, 2022	614.07	489.69	144.29	134.97	454.50	851.77	187.13	2,876.42
Accumulated Depreciation, Depletion, Amortisation And Impairment								
As At April 1, 2020	129.31	128.12	38.29	36.98	38.25	29.95	39.92	440.82
Charge for the year	19.25	22.42	12.65	17.81	42.99	89.86	14.51	219.49
As At March 31, 2021	148.56	150.53	50.94	54.79	81.23	119.82	54.43	660.31
Charge for the year	19.28	32.78	12.81	19.39	45.48	89.86	28.27	247.86
As At March 31, 2022	167.84	183.31	63.75	74.18	126.71	209.68	82.70	908.17
Net Book Value as at April 1, 2020	479.83	160.38	91.05	72.58	280.78	821.82	32.76	1,939.20
Net Book Value as at April 1, 2021	460.57	188.63	85.44	63.47	299.90	731.96	47.49	1,877.45
Net Book Value as at April 1, 2022	446.23	306.38	80.54	60.79	327.79	642.10	104.43	1,968.25

4(ii) Intangible Asset

Particulars	Rs. in Lakhs		
	Software & Licences	Intangible Assets Under Development*	Total
Gross Block			
As At April 1, 2020	39.23	-	39.23
Additions	37.74	120.86	158.60
Sale/ Write off / Adjustment	-	-	-
As At March 31, 2021	76.97	120.86	197.83
Additions	163.90	129.66	293.56
Sale/ Write off / Adjustment	-	-	-
As At March 31, 2022	240.87	250.52	491.39
Accumulated Amortisation And Impairment			
As At April 1, 2020	18.50	-	18.50
Charge for the year	4.67	-	4.67
As At March 31, 2021	23.17	-	23.17
Charge for the year	12.10	-	12.10
As At March 31, 2022	35.27	-	35.27
Net Book Value as at April 1, 2020	20.72	-	20.72
Net Book Value as at April 1, 2021	53.80	120.86	174.66
Net Book Value as at April 1, 2022	205.60	250.52	456.11

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

4(iii) Right of Use Asset

Particulars	Rs. in Lakhs	
	Right of Use Asset	Total
Gross Block		
As At April 1, 2020	926.56	926.56
Additions	23.94	23.94
Sale/ Write off / Adj	186.11	186.11
As At March 31, 2021	764.40	764.40
Additions	886.49	886.49
Sale/ Write off / Adj	21.40	21.40
As At March 31, 2022	1,672.30	1,672.30
Accumulated Depreciation, Depletion, Amortisation And Impairment		
As At April 1, 2020	121.05	121.05
Charge for the year	100.57	100.57
Sale/ Write off / Adj	26.25	26.25
As At March 31, 2021	195.37	195.37
Charge for the year	133.59	133.59
Sale/ Write off / Adj	(6.14)	(6.14)
As At March 31, 2022	335.10	335.10
NET VALUE 01.04.2018	-	-
Net value 01.04.2019	-	-
Net Book Value as at April 1, 2020	805.52	805.52
Net Book Value as at April 1, 2021	569.03	569.03
Net Book Value as at April 1, 2022	1,337.20	1,337.20

Reconciliation of Depreciation, Depletion, Amortisation And Impairment

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Depreciation, Depletion, Amortisation And Impairment		
Property, Plant & Equipment	247.86	219.49
Intangible Asset	12.10	4.67
Right of Use Asset	133.59	100.57
TOTAL	393.56	324.73

Movement in Lease Liabilities

Particulars	As At March 31, 2022	As At March 31, 2021
Opening Balance	767.83	849.53
Additions	886.49	23.94
Accretion of Interest	106.97	71.51
Deletion/Amendment	(39.56)	(78.04)
Payment of Lease Liabilities and finance cost accrued during the period	(185.20)	(59.10)
Closing Balance	1,536.53	767.81



5 Financial Assets- Investments

Particulars	Units As on March 31, 2022	Units As on March 31, 2021	As at March 31, 2022	As at March 31, 2021
Unquoted (Fully Paid up Equity Shares) Equity instrument at cost Face value of US \$1 per share Hero Eco Ltd.-BVI (Fully Owned Subsidiary Co.), Less: Provision of investment in related party	1 1	1 1	0.00 (0.00)	0.00 (0.00)
Total	-	-	-	-

6 Financial Assets- Loans

Particulars	As at March 31, 2022	As at March 31, 2021
Non- current Unsecured, Considered Good *Loan to Related Party-Hero Eco Ltd. BVI (Subsidiary Company) (Refer Note 32) Unsecured, Considered Credit Impaired *Loan to Related Party-Hero Eco Ltd. BVI (Subsidiary Company) Less: Provision on loan receivable from related parties (Refer Note No:42(F)) (A) Total Non Current Loan & Advances	 18,636.55 (18,636.55) -	 18,636.55 (18,636.55) -
Current Loan and Advance to Employees (B) Total Current Loan & Advances TOTAL (A)+(B)	 108.65 108.65 108.65	 54.10 54.10 54.10

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

7 Other Financial Assets

Particulars	As at March 31, 2022	As at March 31, 2021
Non- current Security Deposits (A) Total Non Current Loan & Advances	 172.92 172.92	 107.87 107.87
CURRENT Advance to Related Parties Subsidy Receivable* Insurance Claim Receivable (B) Total Current Loan & Advances TOTAL (A)+(B)	 458.12 6,126.94 6,585.06 6,757.98	 628.16 942.53 356.43 1,927.12 2,034.99

*Vide notification dated March 8, 2019, Government of India has notified FAME India Scheme- Phase-II ('scheme'), per the scheme certain Electric two wheeler (2W) were eligible for subsidy. Few models of electric 2W sold by the Company are also eligible for subsidy under the scheme subject to fulfilment of certain criteria's/ requirements. The Company continues to avail subsidy on models which are eligible under the aforesaid scheme and there has been no communication from authorities challenging the eligibility thereof.

8 Deferred Tax Asset (Net)

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

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred Tax Assets - Accrued Expenses deductible on payment - Unabsorbed losses & others - MAT Credit Entitlement Less:- Deferred Tax Liabilities - Property, Plant and Equipment & Intangible Asset - Financial Asset carried at fair value through profit or loss Total Deferred Tax Assets (Net)	 28.71 2,680.19 44.32 96.57 339.47 2,317.19	 146.59 1,320.23 44.32 68.13 201.79 1,741.21

9 Other Non Current Assets

Particulars	As at March 31, 2022	As at March 31, 2021
Capital Advances Total Other Non Current Assets	 484.89 484.89	 124.70 124.70

10 Inventories

Particulars	As at March 31, 2022	As at March 31, 2021
Raw Material and Components (at lower of cost and Net Realisable Value) Goods in Transit- Raw Material & Components Finished Goods (at Cost) Goods in Transit- Finished Goods Stores, Spare Parts & Tools etc. Scrap Total Inventories	 21,072.75 978.32 972.24 - 380.13 0.08 23,403.52	 10,941.45 23.52 614.87 43.78 536.81 15.90 12,176.33

For method of Valuation for each class of Inventories, refer Note: 3.3



11 (i) Investments					Rs. In Lakhs
Particulars	Units As on March 31, 2022	Units As on March 31, 2021	As at March 31, 2022	As at March 31, 2021	
At Fair Value through Profit and Loss					
Mirae Asset Cash Management Fund	-	-	-	-	-
ICICI Prudential Focused Blue-chip Equity Fund - Regular Plan -Growth	2,49,019.19	2,49,019.19	163.31	133.55	
Birla Sun Life Front life Equity Fund Growth Reg	1,02,516.73	1,02,516.73	345.87	287.96	
Mirae Asset Emerging Blue-chip Regular Plan G	3,40,749.79	3,40,749.79	324.05	267.65	
Mirae Asset India Opportunities Fun	3,57,461.29	3,57,461.29	276.71	234.15	
HDFC Midcap Opportunities Fund	1,03,004.39	1,03,004.39	93.52	75.61	
HDFC Overnight fund Collection	30,585.80	30,585.80	959.17	929.90	
Punjab National Bank-8.98% BOND	50.00	-	534.36	-	
Union Bank Of India-9.10% BONDS	-	-	-	-	
Total Investments	31,83,296.29	11,83,346.28	4,759.46	1,929.19	

12 Financial Assets-Trade Receivable				Rs. In Lakhs
Particulars		As at March 31, 2022	As at March 31, 2021	
Unsecured, Considered Good		1,824.77	384.83	
Unsecured, Considered Credit Impaired		11.07	49.53	
Provision for Expected Credit Loss		(11.07)	(49.53)	
TOTAL		1,824.77	384.83	

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

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

For Ageing of Trade Receivables refer Note No.: 35

Ageing of Trade Receivables as on March 31, 2022							Rs. In Lakhs
Particulars	Outstanding from due date of Payment						
	Less Than 6 Months	6 Months -1 Year	1-2 Years	2-3 Years	More than 3 years	Grand Total	
Undisputed Trade Receivables Considered good	1,730.59	92.10	2.07	-	-	1,824.77	
Undisputed Trade Receivables Credit Impaired	-	11.07	-	-	-	11.07	
Disputed Trade Receivables Credit Impaired	-	-	-	-	-	-	
TOTAL	1,730.59	103.17	2.07	-	-	1,835.84	

Ageing of Trade Receivables as on March 31, 2021							Rs. In Lakhs
Particulars	Outstanding from due date of Payment						
	Less Than 6 Months	6 Months -1 Year	1-2 Years	2-3 Years	More than 3 years	Grand Total	
Undisputed Trade Receivables Considered good	240.17	1.78	7.26	0.15	135.48	384.83	
Undisputed Trade Receivables Credit Impaired	-	1.14	8.03	-	40.36	49.53	
Disputed Trade Receivables Credit Impaired	-	-	-	-	-	-	
TOTAL	240.17	2.92	15.29	0.15	175.84	434.36	

13 Current Financial Assets-Cash & Cash Equivalents				Rs. In Lakhs
Particulars		As at March 31, 2022	As at March 31, 2021	
a) Balances with Banks				
On Current Account		567.40	1,153.79	
On Cash Credit Account		-	141.83	
b) Cash in hand		17.45	13.20	
Total Cash and Cash Equivalents		584.85	1,308.82	

14 Current Financial Assets-Other Bank Balances				Rs. In Lakhs
Particulars		As at March 31, 2022	As at March 31, 2021	
Deposit with original Maturity for more than 3 months less than 12 Month*(Incl. interest accrued thereon)		16,329.83	10,253.87	
Total Other Bank Balances		16,329.83	10,253.87	
*Earmarked deposits against LC				
*Bank Deposits earn interest at fixed rate based on respective deposit rate.				

15 Other Current Assets				Rs. In Lakhs
Particulars		As at March 31, 2022	As at March 31, 2021	
Advance Recoverable in cash or Kind (Refer Note 34)		419.91	69.11	
Advance to Suppliers		612.19	147.82	
Warranty Claim Receivable		2,126.10	1,354.53	
Others		134.70	67.13	
Total Other Current Assets		15,654.48	8,419.23	

16 Current Tax Assets (Net)				Rs. In Lakhs
Particulars		As at March 31, 2022	As at March 31, 2021	
- Advance Income tax (Net of Provision)		89.12	22.78	
- Income Tax Refund Receivable		-	30.06	
Total Current Tax Assets		89.12	52.84	



17 Equity Share Capital

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
	Numbers (in Lakhs)			
Authorised Equity Share Capital				
Equity Shares of Rs.10 each with Voting rights	435.00	435.00	4,350.00	4,350.00
Total	435.00	435.00	4,350.00	4,350.00
Issued, Subscribed and fully paid up:				
Equity Shares of Rs.10 each with Voting rights	393.42	316.31	3,934.20	3,163.10
Total	393.42	316.31	3,934.20	3,163.10

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

Particulars	March 31, 2022		March 31, 2021	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	3,16,31,016	3,163.10	3,16,31,016	3,163.10
Add: Shares issued during the Period	77,11,029	771.10	-	-
Shares outstanding at the end of the year	3,93,42,045	3,934.20	3,16,31,016	3,163.10

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

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

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

Particulars	March 31, 2022		March 31, 2021	
	No. of shares held	% of Holding	No. of share held	% of Holding
Sh. Vijay Munjal	1,04,48,518	26.56%	1,04,48,518	33.03%
Sh. Naveen Munjal	1,00,45,881	25.53%	1,00,45,881	31.76%
Sh. Gaurav Munjal	1,03,03,262	26.19%	1,03,03,262	32.57%
Nominees of Oaks Assets Management Pvt. Ltd. (earlier Alpha Capitals)	50,26,966	12.78%	-	0.00%
V Ocean Investments Limited	26,84,073	6.82%	10	0.00%

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

Particulars	March 31, 2022		
	No. of shares held	% of Holding	% Change during the Year
Sh. Vijay Munjal	1,04,48,518	26.56%	-6.47%
Sh. Naveen Munjal	1,00,45,881	25.53%	-6.27%
Sh. Gaurav Munjal	1,03,03,262	26.19%	-6.38%
Munjal Investments Pvt. Ltd.	8,33,335	2.12%	-0.52%

e) Shares held by promoters at the end of the year March 31, 2021

Particulars	March 31, 2021		
	No. of share held	% of Holding	% Change during the Year
Sh. Vijay Munjal	1,04,48,518	33.03%	-
Sh. Naveen Munjal	1,00,45,881	31.76%	-
Sh. Gaurav Munjal	1,03,03,262	32.57%	-
Munjal Investments Pvt. Ltd.	8,33,335	2.63%	-

f) Employees Stock Option Plan (ESOP)

The Board noted that the Board in its meeting dated September 20, 2021 and the members in the Annual General Meeting dated November 30, 2021 has approved the 'Hero Electric - Employee Stock Option Plan 2021' ("ESOP 2021" / "Plan") of the Company and authorised the Board of Directors including its Committee, to administer, execute the Plan including modify or alter the Plan and to finalise the list of eligible employees and to issue grant letters for the said ESOP 2021.

The Board also noted that out of the total ESOP Pool of 1,45,24,60 (Fourteen Lakhs Fifty Two Thousand Four Hundred and Sixty only), it is proposed to grant 417,890 (Four Lakhs Seventeen Thousand Eight Hundred and Ninety only) Options (at an exercise price of INR 248 each) to 90 identified employees/ proposed grantees exercisable into not more than equal number of equity shares of the Company of face value of Rs. 10/- (Rupees Ten) each fully paid-up, subject to the terms of the grant and other terms as per the Plan (specifically paragraph 14 of the Plan which provides that the Options can only be exercised upon or in connection with the liquidity event and not otherwise).

The Board further noted that the above ESOP Pool is 3% and the proposed grant is 0.84% of the total paid - up equity share capital of the Company (fully diluted basis).

Subsequent to the year end, Board vide resolution by circulation dated August 4, 2022 has approved the grant of 417,890 (Four Lakhs Seventeen Thousand Eight Hundred and Ninety only) Options (at an exercise price of INR 248 each). Further, the Board has also revised the vesting period as was mentioned in ESOP Plan 2021 by reducing the vesting period from 4 years to 3 years.

18 Instruments Entirely Equity In Nature

Particulars	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
	Numbers (in Lakhs)			
Authorised Share Capital				
Compulsory Convertible Preference Shares of Rs.10 each	90.73	-	907.33	-
Total	90.73	-	907.33	-
Issued, Subscribed and fully paid up:				
Compulsory Convertible Preference Shares of Rs.10 each	90.73	-	907.33	-
Total	90.73	-	907.33	-



18 Instruments Entirely Equity In Nature (Contd.)

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

Rs. in Lakhs

Particulars	March 31, 2022		March 31, 2021	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	-	-	-	-
Add: Shares issued during the Period	90,73,317	907.33	-	-
Shares outstanding at the end of the year	90,73,317	907.33	-	-

b) Rights, Preferences and Restrictions attached to Shares:

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

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

Particulars	March 31, 2022		March 31, 2021	
	No. of shares held	% of Holding	No. of share held	% of Holding
V' Ocean Investments Limited	46,37,478	51.11%	-	0.00%
Camil Investments Ltd.	44,35,839	48.89%	-	0.00%

19 Other Equity (Refer Statement Of Changes in Equity)

Purpose of Different Reserves:

(a) Securities Premium Reserve

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

(b) Other Comprehensive Income

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

(c) Equity Component of compound financial instrument

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

(d) Retained Earnings

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

20 Financial Liabilities- Borrowings

(A) Non-Current Borrowings

Rs. in Lakhs

Particulars	As at March 31, 2022		As at March 31, 2021	
	Current	Non-Current	Current	Non-Current
Secured				
Vehicle Loans	73.10	118.34	65.18	136.76
Term Loans from Banks	182.10	674.57	11.11	188.89
Term Loans from Financial Institutions	4,000.00	-	-	4,000.00
Inter-Corporate Deposits	1,500.00	-	-	-
	5,755.20	792.91	76.29	4,325.65
Less: Current maturity shown under Current Borrowings	5,755.20	-	76.29	-
Total Non-Current Borrowings	-	792.91	-	4,325.65

Note:

Rupee Term Loan	Terms of Repayment
(i) Vehicle loan has been taken from various bank and financial institutions carrying interest in the range of 7.20% to 9.40% per annum. These loans are secured by hypothecation of respective vehicles.	These loans are repayable in monthly instalment of 48 to 60 months.
(ii) Term Loan from banks is under Emergency Credit Line Guarantee Scheme (ECLGS) which carry floating interest rate calculated in accordance with the terms of the arrangement which is a specified benchmark rate (reset at periodic intervals), adjusted for agreed spread, the applicable interest rate on loan is 7.50% to 8.25% p.a. These loans are secured by second pari-passu hypothecation charge on all existing and future current assets and moving fixed assets of the company.	36 monthly instalments starting after moratorium of One Year from first Disbursement.
(iii) Term loan from financial institutions carries floating interest rate calculated in accordance with terms of the arrangement which is a specified benchmark rate (reset at periodic intervals), adjusted for agreed spread, the interest rate on loan was applicable 8.15% to 15% p.a. during the year ended March 31, 2022. These loans are secured by tangible and intangible fixed assets and present and future current assets of the company.	These loans are repayable between 2 to 4 year except for one loan which is repayable in November 2022.
(iv) Inter corporate deposits carries fixed interest @ 11.50% p.a. The loan is secured by first charge on Plant & Machinery and second charge on existing assets or assets purchased within deposit including inventory.	Payable by February 2023



20 Financial Liabilities- Borrowings (Cont.)

Rs. In Lakhs		
Particulars	As at March 31, 2022	As at March 31, 2021
Secured Short Term Borrowings:		
Working Capital Limits/Loans repayable on demand		
Loan from Banks	14,734.54	2,760.67
Current Maturities of Non- Current Borrowings refer Note No. 20(A) as above	5,755.20	76.29
Unsecured Loans repayable on demand		
Loan from Related Party	326.00	326.00
TOTAL	20,815.74	3,162.96

Detail of Securities :-

(i) Working Capital Limits from Banks are Secured against the first pari passu charge on the entire current assets (present & future) and moving fixed assets (present & future) of the company. These facilities are availed in Indian rupees which carry floating interest rate calculated in accordance with the terms of the arrangement which is a specified benchmark rate (reset at periodic intervals), adjusted for agreed spread. During the year ended March 31, 2022, the interest rate on short-term Indian currency loans range from 6% to 10% per annum

(ii) Unsecured Interest Free loans are borrowed from Related Party that are repayable on demand. Refer Note No. 34

Movement in Borrowings during the year is provided below:-

Rs. In Lakhs			
Particulars	Short term Borrowings	Long term Borrowing*	Total Debt
As at April 1, 2020	2,371.57	206.18	2,577.76
Cash Flow	715.10	4,195.74	4,910.84
Other non-cash changes			
As at April 1, 2021	3,086.67	4,401.93	7,488.59
Cash Flow	17,729.07	2,146.18	19,875.26
Other non-cash changes			
As at March 31, 2022	20,815.74	6,548.11	27,363.85

* including current Maturities of Long Term borrowing

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

Rs. In Lakhs			
Quarter ending	Value per books of account	Value per quarterly return/statement	Difference
June 30, 2021			
Inventory	14,001.00	14,131.00	(130.00)
Receivables	554.77	5,588.00	(5,033.23)
Other CA	23,903.95	18,708.00	5,195.95
Bank borrowing	8,895.00	8,569.00	326.00
Sundry Creditors	7,727.00	8,719.00	(992.00)
Other CL	12,932.00	12,267.00	665.00
Total			31.72
September 30, 2021			
Inventory	18,364.39	18,667.00	(302.61)
Receivables	1,193.73	7,800.00	(6,606.27)
Other CA	52,005.23	45,097.00	6,908.23
Bank borrowing	5,914.59	5,915.00	(0.41)
Sundry Creditors	22,333.78	15,951.00	6,382.78
Other CL	12,577.77	19,960.00	(6,382.23)
Total			(0.50)
March 31, 2022			
Inventory	23,404.00	23,284.00	120.00
Receivables	1,025.00	1,834.00	(9.00)
Other CA	44,111.00	44,766.00	(655.00)
Bank borrowing	20,815.74	9,615.00	11,200.74
Sundry Creditors	14,835.00	12,994.00	1,841.00
Other CL	8,883.08	21,330.00	(12,446.92)
Total			50.82

Differences mentioned above are primarily due to grouping followed for the purpose of returns/statements filed with Bank, which is different from the requirement of Ind-AS, which is also substantiated from the above table that in totality difference is not material.

21 Lease Liability

Rs. In Lakhs		
Particulars	As at March 31, 2022	As at March 31, 2021
Non- Current	1,402.40	646.31
Current	134.11	121.50
Total Lease Liability	1,536.51	767.81

22 Other Financial Liabilities

Rs. In Lakhs		
Particulars	As at March 31, 2022	As at March 31, 2021
CURRENT		
Security Deposits From Customers	1,314.93	1,121.51
Interest Accrued but not Due	27.76	-
Other Employee benefits payables	686.58	264.48
Total Other Financial Liabilities	2,029.27	1,385.99



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

23 Provisions		Rs. In Lakhs	
Particulars	As at March 31, 2022	As at March 31, 2021	
NON-CURRENT			
For Employee Benefits			
- Provision For Gratuity	51.99	18.26	
- Provision for Compensated absences	22.90	-	
For Others			
Provision For Warranty	136.91	523.40	
Total Non Current Provisions (A)	211.80	541.66	
CURRENT			
For Employee Benefits			
- Provision for Gratuity	-	-	
- Provision for Compensated absences	9.97	26.05	
For Others			
- Provision for Warranty	1,833.51	979.84	
Total Current Provisions (B)	1,843.48	1,005.89	
Total Provisions (A)+(B)	2,055.28	1,547.55	

24 Financial Liabilities-Trade Payables		Rs. In Lakhs	
Particulars	As at March 31, 2022	As at March 31, 2021	
Outstanding Dues to Micro, Small & Medium Enterprises # (Refer note 44)	499.85	120.76	
Outstanding Dues to Other than Micro, Small & Medium Enterprises*	14,336.12	15,223.76	
TOTAL	14,835.97	15,344.52	

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

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

Ageing of Trade Payables as on March 31, 2022

Particulars	Not Due	Less Than one Year	1-2 Years	2-3 Years	More than 3 years	Grand Total	Rs. In Lakhs
Micro, Small & Medium Enterprises		499.85	-	-	-	499.85	
Other than Micro, Small & Medium Enterprises	2,000.66	12,316.20	12.78	6.48	-	14,336.12	
Disputed Dues Micro, Small & Medium Enterprises	-	-	-	-	-	-	
Disputed Other than Micro, Small & Medium Enterprises	-	-	-	-	-	-	
Total	2,000.66	12,816.05	12.78	6.48	-	14,835.97	



24 Financial Liabilities-Trade Payables (Cont.)

Ageing of Trade Payables as on March 31, 2021							Rs. In Lakhs
Particulars	Not Due	Less Than one Year	1-2 Years	2-3 Years	More than 3 years	Grand Total	
Micro, Small & Medium Enterprises		120.76	-	-	-		120.76
Other than Micro, Small & Medium Enterprises	2,436.22	12,666.34	82.17	36.29	2.73		15,223.76
Disputed Dues Micro, Small & Medium Enterprises	-	-	-	-	-		-
Disputed Other than Micro, Small & Medium Enterprises	-	-	-	-	-		-
Total	2,436.22	12,787.10	82.17	36.29	2.73		15,344.52

25 Other Current Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021	Rs. In Lakhs
Advance from Customers	3,912.55		3,461.26
Deferred Revenue	-	-	-
Other payables	-	-	-
- Statutory Liabilities	747.49		277.72
- other Accruals	92.96		37.55
TOTAL	4,753.00		3,776.53

*Advance from customers are contract liabilities to be settled through delivery of goods. The amount of such balances as on April 1, 2021: Rs. 3461.26 Lakhs. During the current year, the company has refunded Rs. 357.43 Lakhs (FY

2020-21: Rs. Nil Lakhs) to customers and recognised/pending to be recognised revenue of Rs. 3,093.83 Lakhs (FY 2020-21: Rs. 2621.91 Lakhs) out of such opening balances.

26 Revenue From Operations

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021	Rs. In Lakhs
Sale of Product	84,100.47		30,271.16
Total Revenue from Operations	84,100.47		30,271.16

Detail of Revenue from operations

Sale of Product

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

Timing of Revenue Recognition

-Goods transferred at a point in time
-Services transferred over time

Total Revenue from Operations

84,100.47 30,271.16

Reconciliation of Revenue from sale of products with the contracted price

Contracted Price

86,014.60 31,862.89

Less: Trade discounts and volume Rebates

(1,914.13) (1,591.73)

Sale of products

84,100.47 30,271.16

27 Other Income

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021	Rs. In Lakhs
Interest Income			
- Bank Deposit	651.57		315.34
- Others	3.01		4.29
Net Gain on Fair valuation of Investments through Profit & Loss	311.91		453.71
Net Foreign Exchange Gain/(Loss)	41.70		319.91
Profit on sale of Investments	12.38		4.69
Provision for Doubtful Debts written back	-		19.20
Miscellaneous Income	118.24		19.14
Total Other Income	1,138.81		1,136.29

28 Cost Of Raw Materials And Components

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021	Rs. In Lakhs
Inventory at the beginning of the year	11,431.46		8,624.91
Add: Purchases	82,447.43		25,806.24
Less: Inventory at the Closing of the year	22,051.07		11,431.46
Cost of Raw Material and Components Consumed	71,827.82		22,999.69

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

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021	Rs. In Lakhs
Opening Inventories			
- Finished Goods	650.79		1,095.71
- Export Goods in Transit			-
- Finished Goods in transit	43.78		1,476.97
- Scrap	15.90		0.01
Sub Total : (a)	710.47		2,572.69
Closing Inventories			
- Finished Goods	972.24		650.79
- Finished Goods in transit			43.78
- Scrap	0.08		15.90
Sub Total : (b)	972.32		710.47
Total (a) - (b)	(261.85)		1,862.22



30 Employee Benefits Expense		Rs. In Lakhs	
Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021	
i) Salaries & Wages	3,976.12	1,748.45	
ii) Contribution to Provident funds and Gratuity etc.	180.62	122.77	
iii) Staff Welfare Expense	184.99	113.61	
Total Employee Benefit Expenses	4,341.73	1,984.83	

31 Finance Cost		Rs. In Lakhs	
Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021	
Interest Expenses			
- Banks and Other Financial Institutions	957.23	561.35	
- Lease Liability	106.97	71.51	
- Others	0.00	-	
Other Borrowing Costs	617.91	320.28	
Total Finance Cost	1,682.11	954.14	

32 Depreciation		Rs. In Lakhs	
Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021	
Depreciation on Tangible Assets	247.87	219.49	
Depreciation on Intangible Assets	12.10	4.67	
Depreciation on Right Of Use Assets	133.59	100.57	
Total Depreciation	393.56	324.73	

33 Other Expenses		Rs. In Lakhs	
Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021	
Power and Fuel	62.54	37.61	
Contract Labour	955.47	401.25	
Fabrication Expenses	21.71	8.94	
Rent	237.27	144.20	
Rates and Taxes	8.28	4.44	
Insurance	104.11	87.59	
Repair & Maintenance			
- Repairs to Machinery	8.50	10.25	
- Repairs to Buildings	8.46	0.29	
Auditors' Remunerations			
- Audit fee	17.00	10.50	
- Tax audit fee	1.50	1.50	
- Reimbursement of expenses	-	0.15	
Packing, Forwarding and freight	2,696.87	1,284.03	
Advertisement, Publicity & Sales Expenses	2,104.32	872.54	
Legal & Professional	1,903.94	517.94	
Travelling Expenses	312.90	123.33	
Warranty Expense (net of income)	1,669.88	893.61	
Provision for Doubtful Debts	11.07	-	
R & D Expenses	154.55	100.11	
Provision for Obsolete Stock	-	326.70	
Obsolete Stock written off	-	163.45	
Insurance claim written Off	356.43	-	
Miscellaneous Expenses	360.63	283.16	
Bad Debts Written Off	237.78	-	
Total Other Expenses	11,233.21	5,271.59	

34 A. Related Party Disclosures	
Particulars	
1 Key Management Personnel :	
- Sh. Vijay Munjal	Director
- Sh. Naveen Munjal	Director
- Sh. Gaurav Munjal	Director
- Sh. Dinmani Goswami (till May 31, 2022)	Company Secretary
- Ms. Akanksha Gupta (from August 11, 2022)	Company Secretary
2 Enterprises over which Key Management Personnel & their relatives are able to exercise significant Influence	
a) Companies	
- Hero Eco Tech Ltd.	
b) Firms :	
- Hero Exports	
- V.R. Holdings	
3 Subsidiary Companies	
- Hero Eco Ltd. (BVI)	
4 Step Down Subsidiary	
- Hero Eco Ltd. (UK)	
- Hero Eco Inc. (USA)	
* Sh. Dinmani Goswami, Company Secretary has resigned w.e.f. May 31, 2022.	



Hero Electric Vehicles Private Limited

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

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

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

Rs. in Lakhs

Sr. No.	Name of the Related Party	Particulars	Key Management Personnel (Inc. Independent Directors)		Enterprises over which KMP & their relatives are able to exercise significant influence		Subsidiary Companies and Step Down Subsidiary Companies	
			2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
1	Sh. Vijay Munjal	Loan Balance Loan Accepted Loan Repaid	276.00 - -	276.00 - -	 	 - - -	 	 - - -
2	Sh. Naveen Munjal	Remuneration Loan Balance Advances Given Advances Recoverable Loan Accepted Loan Repaid	151.65 50.00 253.74 253.74 - -	30.78 50.00 - - -	 	 - - - -	 	 -
3	Sh. Dinmani Goswami	Remuneration	13.37	7.37		-		-
4	Hero Eco Tech Ltd.	Purchase of Goods/Services Sales of Goods / Services Rent Paid Other Services Taken Security Deposit Paid Security Deposit Receivable Balance Payable	 	 	14.78 0.92 82.11 44.49 50.00 56.75 61.48	0.81 1.38 36.60 24.39 - 6.75 69.12	 	 - - - - - - -
5	Hero Eco Ltd. (BVI)	Balance Receivable Interest Received Balance Payable Loan Given	 	 	 	 	 - - - -	 - - - -
6	Hero Exports	Sales of Goods / Services Purchase of Goods/Services Purchase of License Other Services Taken Advance Given Balance Receivable	 	 	0.81 2.00 182.36 1.45 - 458.12	- 6.00 - - 302.14 628.16	 	
7	Hero Eco Ltd. (UK)	Purchase of Goods/Services Balance Payable	 	 	 	 	 - -	25.24 -
8	V R Holdings	Sales of Goods / Services Purchase of Goods/Services Balance Payable	 	 	 2.00 1.80	 6.00 5.55	 	



Hero Electric Vehicles Private Limited

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

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

35 Financial Instruments

A Capital Management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through efficient allocation of capital towards expansion of business, optimisation of working capital requirements and deployment of surplus funds into various investment options.

The management of the Company reviews the capital structure of the Company on regular basis. As part of this review, the Board considers the cost of capital and the risks associated with the movement in the working capital.

The following table summarizes the capital of the Company:

Particulars	As at March 31, 2022	As at March 31, 2021
Borrowings	21,608.65	7,488.60
Less: Cash and Cash equivalents	(16,914.67)	(11,562.69)
Net Debt (I)	4,693.98	(4,074.09)
Share Capital	3,934.20	3,163.10
Compulsory Convertible Preference Share Capital	907.33	-
Equity Reserves	24,447.08	7,127.15
Total Capital (II)	29,288.61	10,290.25
Capital and net debt (III = I+II)	33,982.59	6,216.17
Capital Gearing Ratio	13.81%	-65.54%

B Fair value measurements

The Company uses the following hierarchy for determining and/or disclosing the fair value of financial instruments by valuation techniques:

The following is the basis of categorising the financial instruments measured at fair value into Level 1 to Level 3:

Level 1: This level includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: This level includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: This level includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Fair value of the Company's financial assets that are measured at fair value on a recurring basis:

There are certain Company's financial assets which are measured at fair value at the end of each reporting period. Following table gives information about how the fair values of these financial assets are determined:

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



Hero Electric Vehicles Private Limited

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

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

35 Financial Instruments (Contd.)

Particulars	Fair value as at March 31, 2021		
	Level1	Level2	Level3
Financial assets at fair value through Profit & Loss			
Current			
Investments in mutual funds	1,929.19	-	-

The fair value of the financial assets and financial liabilities are included at the amount that would be received to sell an asset and paid to transfer a liability in an orderly transaction between the market participants. The following methods and assumptions were used to estimate the fair values:

- Investments traded in active markets are determined by reference to quotes from the financial institutions; for example: Net asset value (NAV) for investments in mutual funds declared by mutual fund house.

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

- Trade receivables, cash & cash equivalents, other bank balances, loans, other current financial assets, Trade payables and other current financial liabilities: Approximate their carrying amounts largely due to short-term maturities of these instruments.

- Management uses its best judgment in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Company could have realized or paid in sale transactions as of respective dates as such. The fair value of the financial instruments subsequent to the respective reporting dates may be different from the amounts reported at each year end.

C Financial risk management

Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. Financial instruments affected by market risk includes loans, borrowings, deposits and investments etc. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates risk/ liquidity which impact returns on investments.

Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

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

Particulars	March 31, 2021			Amount in Foreign Currency	
	USD	INR	EUR	INR	Net Exposure
Foreign currency exposure					
Loan Receivables	-	-	-	-	
Trade Payables	(163.38)	(12,048.38)	-	-	
Forward cover-Sold	-	-	-	-	
Forward cover-Bought	-	-	-	-	
					(12,048.38)



Hero Electric Vehicles Private Limited

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

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

35 Financial Instruments (Contd.)**Foreign Currency Sensitivity**

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

{+}{-}5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the strengthens {+}{-}5% against the relevant currency. For a 5% weakening of the Rs. against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be positive or negative.

Particulars	Currency	March 31, 2022		March 31, 2021	
		5% Increase	5% Decrease	5% Increase	5% Decrease
Trade Payables	USD	(339.21)	339.21	(602.42)	602.42
	EUR	-	-	-	-

D Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company's exposure and wherever appropriate, the credit worthiness of its counterparties are continuously monitored and spread amongst various counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management of the Company. Financial instruments that are subject to concentrations of credit risk, principally consist of balance with banks, investments in mutual funds, trade receivables, loans and advances.

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

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

Credit risk rating

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

A: Low credit risk on financial reporting date

B: Moderate credit risk

C: High credit risk

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

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



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

35 Financial Instruments (Contd.)

Asset group	Basis of categorisation	March 31, 2022	March 31, 2021
Low credit risk	Cash and cash equivalents, other bank balances, Security Deposits and other financial assets	23,672.65	13,597.69
High credit risk	Investments, Trade receivables & Loan	6,692.88	2,368.13

Credit risk exposure

March 31, 2022

Nature of financial asset	Estimated Gross Carrying Amount At Default	Expected Credit Losses	Carrying Amount Net of Impairment Provision
Cash and cash equivalents	584.85	-	584.85
Fixed deposits	16,329.83	-	16,329.83
Trade and other receivables	1,835.84	11.07	1,824.77
Loan (excluding security deposit)	18,745.20	18,636.55	108.65
Security deposit	172.92	-	172.92
Investment	4,759.46	-	4,759.46
Other financial assets	6,585.06	-	6,585.06

March 31, 2021

Nature of financial asset	Estimated Gross Carrying Amount At Default	Expected Credit Losses	Carrying Amount Net of Impairment Provision
Cash and cash equivalents	1,308.82	-	1,308.82
Fixed deposits	10,253.87	-	10,253.87
Trade and other receivables*	434.36	49.53	384.83
Loan (excluding security deposit)	18,690.65	18,636.55	54.10
Security deposit	107.87	-	107.87
Investment	1,929.19	-	1,929.19
Other financial assets	1,927.12	-	1,927.12

*For ageing of Trade Receivable refer Note No.12

Movement in the Expected Credit Loss Allowance of Financial Assets	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening Provision	18,686.08	18,705.28
Add: Provided during the year	-	-
Less: Reversal of provision	-	19.20
Less: Amount Written off	-	-
Closing Provision	18,686.08	18,686.08

Provision For Warranties and Free Service Coupons	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening Balance	1,503.24	426.64
Add: Provision made during the year	1,970.42	1,503.24
Less: Amount Written off	1,503.24	426.64
Closing Balance	1,970.42	1,503.24



Hero Electric Vehicles Private Limited

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

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

35 Financial Instruments (Contd.)

E Other Price Risks including Interest Rate Risk

The Company has deployed its surplus funds into financial instruments i.e. units of mutual funds. The Company is exposed to NAV (net asset value) price risks arising from investments in these funds. The value of these investments is impacted by movements in interest rates, liquidity and credit quality of underlying securities.

Interest Rate Risk

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

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

Exposure to Interest Rate Risk

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Total Borrowings	21,608.65	7,488.60
% of Borrowings out of above bearing variable rate of interest	94.82%	37.88%
Interest rate sensitivity	For the year ended March 31, 2022	For the year ended March 31, 2021
A change of 50 bps in interest rates would have following Impact on profit before tax		
50 bp increase would decrease the profit before tax by	102.45	14.18
50 bp decrease would Increase the profit before tax by	(102.45)	(14.18)

Liquidity Risk

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

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

Financing arrangements

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

Maturity patterns of borrowings and other Liabilities

Particulars	March 31, 2022		March 31, 2021	
	Within 1 Year	Beyond 1 Year	Within 1 Year	Beyond 1 Year
Long term borrowings (Including current maturity of long term debt)	5,755.20	792.91	76.29	4,325.65
Short term borrowings	15,060.54	-	3,086.67	-
Trade Payables	14,835.97	-	15,344.52	-
Other Financial liability (Current and Non Current)	2,029.27	-	1,385.99	-
Total	37,680.98	792.91	19,893.47	4,325.65



36 Tax Expense

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Current Tax	-	-
Current Tax on Profit for the Year	-	-
Tax with respect to earlier year	-	7.05
Total Current Tax (a)	-	7.05
Deferred Tax:		
Origination and reversal of temporary differences	(1,075.98)	(94.72)
Credit in respect of exceptional items	-	-
Total Deferred Tax (b)	(1,075.98)	(94.72)
Net tax charge/ (benefit) (a+b)	(1,075.98)	(87.67)
Profit/(Loss) before tax	(4,072.21)	(2,222.10)
Effective income tax rate (%)	26.42%	3.95%

Tax expense

PARTICULARS	For the year ended March 31, 2022	For the year ended March 31, 2021
Tax expense/(benefit) - others	(1,075.98)	(87.67)
Net tax charge/ (benefit)	(1,075.98)	(87.67)

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

PARTICULARS	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit/(Loss) before tax	(4,072.21)	(2,222.10)
Indian statutory income tax rate	31.20%	26.00%
Tax at statutory income tax rate	(1,270.53)	(577.75)
Deferred Tax on previous year losses de-recognised	577.98	481.65
Taxes in respect of previous years	-	7.05
Other differences	(383.43)	1.38
Total	(1,075.98)	(87.67)

The company has not fully recognised deferred tax asset on deductible temporary differences aggregating to Rs. 3,985.85 Lakhs (March 31, 2021 Rs. 3,985.85 Lakhs) on amount of Investment made in and loans given to Hero Eco Ltd. (BVI) as the realization of the same is not reasonably certain and has been provided for.

(c) Deferred Tax Assts /Liabilities

The company has accrued significant amounts of deferred Tax. The majority of the deferred tax liability represent accelerated tax relief for the depreciation of Property, plant and equipment, net of losses carried forward and Unused tax Credit in the form of MAT credits carried forward. Significant components of Deferred tax (assets)/Liabilities recognised in the balance sheet are as follows:
(Refer Note No. 8)

For the Year Ended March 31, 2022

Significant components of Deferred tax (assets) & liabilities	Opening Balance	Charged/(Credited) to statement of Profit & Loss	Charged/(Credited) to statement of Other Compre- hensive income	Closing Balance
Deferred tax Liabilities				
- Property, Plant and Equipment & Intangible Asset	68.13	28.43	-	96.57
- Fair value of Financial Assets	201.79	137.67	-	339.47
Less:- Deferred Tax Asset				-
- Other temporary differences	(146.59)	117.87	-	(28.71)
- Unabsorbed depreciation and tax losses	(1,320.23)	(1,359.95)	-	(2,680.19)
- Unused tax asset MAT Credit Entitlement	(44.32)	-	-	(44.32)
Total	(1,241.21)	(1,075.98)	-	(2,317.19)

For the Year Ended March 31, 2021

Significant components of Deferred tax (assets) & liabilities	Opening Balance	Charged/(Credited) to statement of Profit & Loss	Charged/(Credited) to statement of Other Compre- hensive income	Closing Balance
Deferred tax Liabilities				
- Property, Plant and Equipment & Intangible Asset	65.05	3.08	-	68.13
- Fair value of Financial Assets	94.03	107.76	-	201.79
Less:- Deferred Tax Asset				-
- Other temporary differences	(90.03)	(58.23)	1.67	(146.59)
- Unabsorbed depreciation and tax losses	(1,179.95)	(140.29)	-	(1,320.23)
- Unused tax asset MAT Credit Entitlement	(37.27)	(7.05)	-	(44.32)
Total	(1,148.16)	(94.72)	1.67	(1,241.21)



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

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

CWIP Ageing Schedule

As on 31.03.2022					
CWIP	Amount in CWIP for a period of				Total
Particulars	Less Than 1 Year	1-2 Year	2-3 Year	More Than 3 Years	
Projects in progress	31.00	-	-	-	31.00
Project temporarily suspended	-	-	-	-	-

Intangible Assets Under Development Ageing Schedule

As on 31.03.2022					
Intangible Assets Under Development	Amount in Intangible assets under development for a period of				Total
Particulars	Less Than 1 Year	1-2 Year	2-3 Year	More Than 3 Years	
Projects in progress	129.66	120.86	-	-	250.52
Project temporarily suspended	-	-	-	-	-

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

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

Particulars	Balance at the Beginning of the Year	Cash Flows (net)	Non- cash Transactions			Balance at the end of the Year
			Processing Cost	Others	Interest Accretion	
For the Year ended March 31, 2022						
Debentures and shares	3,959.43	882.11	-	-	-	4,841.54
Securities Premium (Net of Issue Expenses)	32,304.10	21,148.23	-	-	-	53,452.33
Long-term borrowings	4,325.65	(3,532.74)	-	-	-	792.91
Short-term borrowings	3,162.96	17,652.78	-	-	-	20,815.74
Interest Paid (includes paid on Lease Liability)	-	(1,575.14)	-	-	-	-
Lease Liabilities	767.81	(240.03)	-	-	-	1,536.51
Total	44,519.94	34,335.23	-	-	-	81,439.03
For the Year ended March 31, 2021						
Debentures and shares	3,959.43	-	-	-	-	3,959.43
Securities Premium	32,304.10	-	-	-	-	32,304.10
Long-term borrowings	129.88	4,195.76	-	-	-	4,325.65
Short-term borrowings	2,447.85	715.11	-	-	-	3,162.96
Interest Paid (includes paid on Lease Liability)	953.14	(953.14)	-	-	-	-
Lease Liabilities	866.92	(99.10)	-	-	-	767.81
Total	40,661.31	3,858.63	-	-	-	44,519.94

39 Earning per Share

PARTICULARS	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit / (Loss) after taxation attributable to Equity Shareholder (A)	(3,031.98)	(2,129.68)
Weighted Average number of Equity Shares for Basic and Diluted EPS (B)	4,53,37,745	3,92,59,387
Basic and Diluted (Loss)/Earning per share (Face Value Rs. 10 per Share) (A)/(B)	(6.69)	(5.42)

40 Segment Information

Business Segments

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

Geographical Segments

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

Information about major customers

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

41 CSR Expenditure

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



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

(A) Commitments

The company has a number of continuing operational and financial commitments in the normal course of business such as commitments for completion of the making/construction of certain assets amounting to Rs. 1,167.88 Lacs (March 31, 2021: 147.51 Lacs)

(B) Guarantees

PARTICULARS	March 31, 2022	March 31, 2021
i) Bank Guarantee	329.63	329.63
ii) First Loss Deficiency Guarantee	150.00	106.20
Total	479.63	435.83

(C) Contingent Liabilities

PARTICULARS	March 31, 2022	March 31, 2021
i) Outstanding LC with Bank	12,906.89	12,336.91

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

In March 31, 2021, the Company has Contingent liability amounting to Rs. 169.04 Lacs and the company has already paid Rs. 74.10 Lacs and booked the same as expense. As on March 31, 2022 the Contingent liability of the Company is amounting to Rs. 149.79 Lacs. Detail of the same provided below:

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

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

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

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

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



Hero Electric Vehicles Private Limited

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

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

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

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

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

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

Sr. No.	Particulars	As at March 31, 2022	As at March 31, 2021
a)	The Principle amount and interest (Previous year interest was Rs 2.88 Lacs) due thereon remaining unpaid to any supplier as at the end of each accounting year.	520.94	108.06
b)	The amount of interest paid by the buyer in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	14.90	2.88
c)	The amount of interest due and payable for the period of delay in making payment (which have been but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	-	-
d)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	21.09	6.19
e)	The amount of further interest remaining due and payable even in the succeeding years, until such date, when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	21.09	6.19

45 Figures have been rounded off to the nearest rupee lacs.

46 Gratuity and other Post Employment Benefit Plans:

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

(a) Gratuity

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

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

Particulars	March 31, 2022	March 31, 2021
Net Employee Benefit Expense recognised in the Statement of Profit and Loss		
Current service cost	32.62	23.72
Add: Interest cost on present value of defined benefit obligation as at the beginning of the year	10.81	9.46
Less: Expected return on plan assets	9.57	6.57
Net (Benefit)/Expense	33.87	26.61
Analysis of Amounts Recognised in Other Comprehensive (Income)/Loss at Period-End		
Amount recognized in OCI, Beginning of Period		
Remeasurements due to :		
Effect of experience adjustments	0.96	(1.45)
Gain/(Loss) on Curtailments/Settlements	(36.71)	7.86
Total remeasurements recognized in OCI at the end of Period	(35.75)	6.41
Details of Provision for gratuity recognised in the Balance Sheet		
Present value of defined benefit obligation at the end of year	235.23	158.77
Less: Fair value of plan assets at the end of year	183.24	140.50
Funded Status-Net Liability/(Asset)	51.99	18.27
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	158.77	137.49
Add: Interest cost	10.81	9.46
Add: Current service cost	32.62	23.72
Less: Benefits paid	3.69	4.04
Add: Actuarial (gain)/loss on obligation	36.71	(7.86)
Closing defined benefit obligation	235.23	158.77
Changes in the fair value of plan assets are as follows:		
Opening fair value of plan assets	140.50	95.45
Add: Expected return on plan assets	10.53	5.12
Add: Contributions by employer	35.89	43.97
Less: Benefits paid	3.69	4.04
Closing fair value of plan assets	183.24	140.50



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

Actual Return on Plan Assets		
Expected Return on Plan Assets	9.57	6.57
Add: Actuarial gain on Plan Assets	0.96	(1.45)
Actual Return on Plan Assets	10.53	5.12
The following payments are expected contributions to the defined benefit plan in future years		
Year ending 31st March,		
within the next 12 months (next annual reporting periods)	31.56	27.36
Year 2	4.16	2.57
Year 3	7.06	4.08
Year 4	5.18	5.05
Year 5	11.94	3.54
After 5th year	611.39	403.92
	671.29	446.51

Particulars	March 31, 2022	March 31, 2021
Sensitivity Analysis		
Impact on Defined Benefit Obligation		
- Discount Rate + 50 basis points	222.27	149.57
- Discount Rate - 50 basis points	249.38	168.89
- Salary Escalation Rate + 100 basis points	262.89	178.01
- Salary Escalation Rate - 100 basis points	211.64	142.44
- Withdrawal Rate + 1% increase	235.58	158.06
- Withdrawal Rate - 1% decrease	234.71	159.51
Reconciliation of Balance Sheet Amount		
Balance Sheet (Asset)/Liability, Beginning of Period	18.27	42.04
Total Charge/(Credit) Recognised in Profit and Loss	33.87	26.61
Total Remeasurements Recognised in OC (Income)/Loss	35.75	(6.41)
Actual Employer Contribution	(35.89)	(43.97)
Balance Sheet (Asset)/Liability, End of Period	51.99	18.27

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

The sensitivity analysis presented above may not be representative of actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined obligation has been calculated using the Projected Unit Credit Method at the end of the report period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

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

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

Particulars	March 31, 2022	March 31, 2021
	Funded	Funded
Insurer Managed Fund through Approved Trust	100%	100%
The principal assumptions used in determining gratuity for the Company's plans are shown below :		
Discount rate	7.28%	6.81%
Expected rate of return on plan assets	6.81%	6.88%
Salary escalation	7.00%	7.00%
Withdrawal Rate	1% - 3%	1% - 3%
Mortality Rate	IALM (2012-14) ULTIMATE	IALM (2012-14) ULTIMATE
Retirement Age	58 years	58 years
Method of Valuation	Projected Unit Credit	Projected Unit Credit
Promotion and other relevant factors, such as supply and demand in the employment market.	100%	100%

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



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

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

Particulars	March 31, 2022	March 31, 2021
	Funded	Funded
i) Current liability	29.72	25.81
ii) Non Current liability	205.51	132.97
Total Present Value of Obligation at the end of year	235.23	158.77

(b) Compensated Leave Benefit :

During the Year the company has recognised an expense of Rs. 32.87 Lakhs (previous Year Rs. 26.05 Lakhs). Out of Total Rs. 32.87 Lakhs, Rs. 28.98 Lakhs related with Accumulated Leaves valued as per Actuary valuations on the assumptions as given in Gratuity Valuations as above.

(c) Contribution to Defined Contribution Plans :

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Provident Fund	121.70	76.48
Superannuation Fund	6.82	5.83

47 Derivative Instruments

(a) Outstanding forward exchange contracts as at March 31, 2022 entered by the Company for the purpose of hedging its foreign currency exposures are Nil (Rs. Nil on March 31, 2021)

(b) Foreign currency exposures recognised by the Company that have not been hedged by a derivative instrument or otherwise as at March 31, 2022 and March 31, 2021 are as under:

As at	Particulars	Buy		Sell		Net	
		FC	INR	FC	INR	FC	INR
March 31, 2022	Trade Payable -USD	89.49	6,784.27	-	-	(89.49)	(6,784.27)
	Trade Receivable-USD			1.12	84.56	1.12	84.56
March 31, 2021	Trade Payable -USD	163.38	12,048.38	-	-	(163.38)	(12,048.38)

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

Particulars	All Parties	Promoter	Related Parties
Aggregate amount of loans/ advances in nature of loans			
- Repayable on demand	253.74	253.74	-
Percentage of loans/ advances in nature of loans to the total loans	100%	100%	0%

49 Previous year's figures have been regrouped, reclassified whenever necessary to correspond with current year classification/disclosure in accordance with revised schedule III of Companies Act, 2013

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50 Ratio Analysis and its elements

Following are analytical ratios for the year ended March 31, 2022 and March 31, 2021.

Ratio	Numerator	Denominator	March 31, 2022	March 31, 2021	% Variance	Reasons of Variance If more than 25%
Current ratio	Current assets	Current liabilities	1.56	1.47	6.05%	-
Debt equity ratio	Total Debt (including lease liabilities)	Shareholder's Equity	0.79	0.79	-0.50%	-
Debt service coverage ratio	Earnings available for debt service = Net profit after taxes + Depreciation + Finance cost+Non cash expenses-Non cash income.	Debt payments including lease payments during the year	(0.14)	(1.69)	-91.79%	Due to Increase in Borrowing cost
Return on equity	Net profit after taxes	Average shareholder's equity	(0.15)	(0.19)	-18.31%	-
Inventory turnover ratio	Cost of goods sold includes cost of raw material consumed, purchase of stock in trade and change in inventories of finished goods, stock in trade and work-in-progress	Average Inventory	4.03	2.16	86.77%	Due to increase in COGS by 186% from previous Year, Inventory Turnover Ratio increased.
Trade receivables turnover ratio	Sale of products + income from services	Average Trade receivables	76.12	2.64	2784.35%	Due to increase in Revenue from Operations by 168% from previous Year
Trade payables turnover ratio	Purchase of stock in trade + Purchase raw material and components - cash discount	Average Trade Payables	5.47	2.27	140.86%	Due to increase in COGS by 186% from previous Year
Net capital turnover ratio	Revenue from operations	Working capital (Current assets-current liabilities)	3.37	2.59	30.50%	Due to increase in Revenue from Operations by 168% from previous Year
Net profit ratio	Net profit after taxes	Net Sales	(0.04)	(0.07)	-48.76%	Due to increase in Revenue from Operations by 168% from previous Year
Return on capital employed (ROCE)	Earnings before interest and taxes	Capital employed = Tangible net worth + Total debt + deferred tax liability	(0.05)	(0.07)	-35.00%	-
Return on investment (ROI)	Income generated from investments and Fixed Deposits with Banks carried at FVTPL and amortised cost respectively	Investments and Fixed Deposits with Banks carried at FVTPL and amortised cost	0.05	0.06	-27.63%	Due to linking of MF Investments with the fall in the prices of Securities of Capital Market.

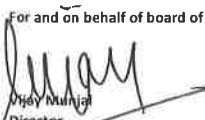
As per our report of even date


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


Pravin Tulsyan
Partner
Membership Number: 108044
Place : Gurugram
Date : 28-09-2022



For and on behalf of board of directors


Naveen Munjal
Director
DIN 00002782
Place : Ludhiana


Sohinder Singh
Chief Executive Officer
Place : Gurugram

Date : 28-09-2022


Naveen Munjal
Managing Director
DIN 00084789
Place : Gurugram


Hemant Kundavaram
Chief Financial Officer
Place : Gurugram




Akanksha Gupta
Company Secretary
M.No. ACS29443
Place : Gurugram