

FINANCIAL HIGHLIGHTS AND KEY RATIO

Financial Highlights

(Rupees in crores)

	2005-06	2006-07	2007-08	2008-09	2009-10
Sales (Nos.)	3,000,751	3,336,756	3,337,142	3,722,000	4600130
Growth in sales (nos.) - %	14.5	11.2	0.01	11.53	23.59
Total net income	8,870	10,090	10,517	12,565	16,099
Growth in Total income - %	17.4	13.7	4.2	19.5	28.1
Profit before tax	1,412	1,246	1,410	1,781	2,832
Profit after tax	971	858	968	1,282	2,232
Share capital	39.94	39.94	39.94	39.94	39.94
Reserves and Surplus	1969	2430	2946	3761	3425
Total debt	186	165	132	78	66
Net fixed assets	994	1,355	1,549	1,694	1,707
Total assets (net)	2,195	2,635	3,118	3,879	3,531
Market capitalisation	17,781	13,753	13,869	21,390	38,827
EVA	641	485	575	835	1723

Key Ratios

(Rupees in crores)

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
Long term debt/Equity	Nil	Nil	Nil	Nil	Nil
OPBDIT*/Income from operations-%	16.0	12.2	13.3	14.1	17.4
OPBT**/Income from operations-%	14.6	10.8	11.8	12.7	16.2
Profit after tax/ Income from operations-%	11.1	8.6	9.3	10.4	14.1
Return on average equity- %	55.5	38.3	35.5	37.8	61.4
Return on average capital employed- %	72.3	51.6	49.0	50.9	76.4
EVA/Capital employed-%	32.9	20.1	20.0	23.9	46.5
Dividend per share (Rs.)	20.0	17.0	19.0	20.0	30.0
Dividend Payout- %	46.88	46.29	45.86	36.45	31.3
Earning per share (Rs.)	48.6	43.0	48.5	64.2	111.8
Market value/book value (times)	8.8	5.6	4.6	5.6	11.2

Notes:

* OPBDIT: Operating Profit before Depreciation, Interest and Tax

** OPBT: PBT before Other income

ECONOMIC VALUE ADDED (EVA) STATEMENT

(Rupees in crores)

	2005-06	2006-07	2007-08	2008-09	2009-10
Avg Cap Employed	1,945	2,415	2,877	3,499	3,705
Avg Debt/Avg Capital (%)	1.3	1.1	1.1	0.6	0.2
Avg Equity/Avg Capital (%)	98.7	98.9	98.9	99.4	99.8
Cost of Debt (% post-tax)	1.0	0.6	0.9	1.6	1.9
Cost of Equity					
Beta	0.98	0.75	0.59	0.59	0.63
Cost of Risk Free Debt (%)	7.52	8.15	7.94	6.99	7.50
Market Premium (%)	10	10	10	10	10
Cost Of Equity (%)	17.32	15.65	13.83	12.85	13.80
EVA					
Profit after Tax	971.34	857.89	967.88	1,281.76	2,231.83
Add: Interest*(1-tax rate)	1.85	1.02	1.32	1.67	1.39
NOPAT=PAT + Interest*(1-t)	973	859	969	1283	2233
Cost of Capital	333	374	394	448	510
EVA	641	485	575	835	1723
Return on Capital Employed (%)	50.0	35.6	33.7	36.7	60.3
Weighted Average Cost of Capital (%)	17.1	15.5	13.7	12.8	13.8
EVA/Capital employed (%)	32.9	20.1	20.0	23.9	46.5
ENTERPRISE VALUE					
Market Capitalisation	17781	13753	13869	21390	38827
Add: Debt	186	165	132	78.49	66.03
Less: Financial Assets	2221	2010	2698	3,588	5833
EV (Enterprise Value)	15746	11909	11303	17880	33060
EV/Yr. End Capital Employed (Times)	5.9	4.5	3.6	4.6	9.4

DIRECTORS' REPORT

Dear Members,

We the Directors of Hero Honda Motors Limited feel elated to present the 27th Annual Report for the financial year 2009-10. The Report is being presented along with the Audited Statement of Accounts for the financial year ended March 31, 2010.

FINANCIAL RESULTS

(Rupees in crores)

	For the year ended	
	March 31, 2010	March 31, 2009
Gross Sales	16,780.62	13,543.09
Net Sales and other Income	16,098.79	12,565.21
Profit before Interest and Depreciation	3,002.58	1,930.44
Less: Interest (net)	(20.62)	(31.68)
Depreciation	191.47	180.66
Profit before tax (PBT)	2,831.73	1,781.46
Less: Provision for taxation		
- Current	591.58	475.65
- Deferred	8.32	19.06
- Fringe Benefit	-	4.99
Profit after tax (PAT)	2,231.83	1,281.76
Add: Balance of profit brought forward	2,707.28	2,021.77
Balance available for appropriation	4,939.11	3,303.53
Appropriations		
Dividend		
- Interim (Silver Jubilee Special Dividend)	1,597.50	-
- Proposed Final	599.06	399.38
Tax on Dividend	371.00	67.87
Transfer to General Reserve	225.00	129.00
Balance carried to Balance Sheet	2,146.55	2,707.28
Dividend (%)	5500	1000
Basic and Diluted Earnings Per Share (EPS)(Rs.)	111.77	64.19

BUSINESS PERFORMANCE

During the year under review, your Company, the world's largest two-wheeler manufacturer for the past nine years in a row recorded its highest-ever annual revenue, operating income and earnings per share. The Company reported a consolidated turnover (Net sales and other income) of Rs. 16,098.79 crores, a whopping growth of 28.12 per cent over the consolidated turnover recorded in the previous financial year, i.e. Rs. 12,565.21 crores. For the year under review, the Company has recorded an EBITDA margin of 17.45 per cent as compared to 14.13 per cent in the financial year 2008-09.

The year under review was also a witness to significant milestones in the history of your Company. During the year, your Company achieved the significant landmark of recording total cumulative sales of 30 million two-wheelers, with the milestone surpassed in the month of March, 2010. Also, the Company recorded a million units sales in each quarter of fiscal '10, capping the year with the highest-ever quarter sales of 11,86,536 two-wheelers in the fourth quarter.

Further, during the year, nine new models were launched by your Company across various segments. It is heartening to note that the sales of Hero Honda Pleasure (the 100 cc scooter) has surpassed the threshold of 20,000 units per month and further looks promising.

DIVIDEND

Your Directors, celebrating the strength of its operations and the resulting strong financial position, declared and paid an Interim Silver Jubilee Special Dividend of 4,000% i.e. Rs. 80 per Equity Share of the face value of Rs. 2 each, aggregating to Rs. 1,597.5 crores (exclusive of Tax on Dividend). The dividend, in percentage terms, is the highest pay out by an Indian company till date.

Further, following the policy laid down by the Company in regard to funds which, if not re-invested for capital investments, should be optimally distributed to shareholders, your Directors are pleased to recommend a final Dividend of 1,500% i.e. Rs. 30 per Equity Share of the face value of Rs. 2 per share, aggregating to Rs. 599.06 crores (exclusive of Tax on Dividend), for the financial year ended March 31, 2010 for your approval. The final dividend, if approved, will be paid to the eligible members well within the stipulated period.

TRANSFER TO GENERAL RESERVE

Reaffirming the financial strength of the Company, a sum of Rs. 225 crores has been transferred to the General Reserve of the Company for the financial year 2009-10.

MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments affecting the financial position of the Company have occurred between April 1, 2010 and the date of this Report.

BOARD OF DIRECTORS

During the period under review, Mr. Arun Nath Maira resigned from the Directorship of the Company w.e.f. July 23, 2009. Mr. Ravi Nath and Dr. Anand C. Burman were appointed as Additional Directors in the category of Non-Executive and Independent Directors with effect from October 14, 2009 and January 13, 2010 respectively.

During the current financial year, Mr. Satoshi Matsuzawa, Alternate Director to Mr. Takashi Nagai, resigned from the Board of Directors with effect from April 1, 2010. Further Mr. Masahiro Takedagawa also resigned from the Directorship of the Company w.e.f. April 1, 2010. Also, Mr. O. P. Munjal has resigned from the Board of Directors of the Company w.e.f. July 29, 2010. The Board appreciated and expressed gratitude for the valuable contribution made by Mr. Satoshi Matsuzawa, Mr. Masahiro Takedagawa and Mr. Om Prakash Munjal during their fruitful tenure as Directors of the Company and wished them all the best for their future endeavours. Subsequently, Mr. Yuji Shiga has been appointed as a Director w.e.f. April 19, 2010 consequent to the casual vacancy caused due to resignation of Mr. Masahiro Takedagawa. Also, Mr. Suman Kant Munjal has been appointed as an Additional Director of the Company w.e.f. July 29, 2010.

The Directors extend their warm welcome to the new members on the Board and wish them a successful and fruitful tenure with the Company.

In terms of the provisions of the Companies Act, 1956 & the Articles of Association of the Company, Mr. Analjit Singh, Dr. Pritam Singh, Mr. Sumihisa Fukuda and Mr. M. Damodaran Directors, will retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Brief resume/details of the Directors, who are to be appointed/re-appointed as mentioned herein above has been furnished along with the Explanatory Statement to the Notice of the ensuing Annual General Meeting.

Your Directors recommend their re-appointment at the ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 217(2AA) of the Companies Act, 1956:

1. that in the preparation of the annual accounts for the year ended March 31, 2010, the applicable accounting standards have been followed;
2. that appropriate accounting policies have been selected and applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs as at March 31, 2010 and of the Profit of the Company for the financial year ended March 31, 2010;
3. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. that the annual accounts for the financial year ended March 31, 2010 have been prepared on a going concern basis.

MANAGEMENT DISCUSSION & ANALYSIS

Pursuant to Clause 49 of the Listing Agreement, a detailed section on 'Management Discussion and Analysis' (MDA), forms an integral part of the Annual Report.

CORPORATE SOCIAL RESPONSIBILITY

At Hero Honda, Corporate Social Responsibility (CSR) encompasses much more than social outreach programs and is an integral part of the way the Company conducts its business. Detailed information on the initiatives of the Company towards CSR activities is provided in the Corporate Social Responsibility section of the MDA.

CORPORATE GOVERNANCE

Hero Honda believes that the essence of Corporate Governance lies in the phrase 'Your Company'. It is 'Your' Company because it belongs to 'You' - the shareholders. The Chairman and the Directors are 'Your' fiduciaries and trustees. Their objective is to take the business forward in such a way that it maximises 'Your' long-term value.

Your Company is committed to benchmark itself with global standards for practicing good Corporate Governance and has put in place an effective Corporate Governance System which ensures that the provisions of Clause 49 of the Listing Agreement are duly complied with.

The Board has also evolved and adopted a Code of Conduct (Code) based on the principles of Good Corporate Governance and best management practices being followed globally. The Code is available on the website of the Company - www.herohonda.com. A Report on Corporate Governance, along with the Auditors' Certificate on its compliance is annexed hereto as Annexure - I.

The Ministry of Corporate Affairs has issued Corporate Governance Voluntary Guidelines 2009 ("Guidelines") for voluntary adoption of the same by the Companies, which are in addition to the mandatory requirements of Clause 49 of the Listing Agreement.

The Guidelines broadly outline a framework for corporate sector on important parameters like appointment of Directors (including Independent Directors), guiding principles to remunerate Directors, responsibilities of the Board, risk management, the enhanced role of Audit Committee, rotation of audit partners and firms and conduct of secretarial audit.

The Board of Directors of the Company discussed and reviewed the same at its meeting held on April 19, 2010. Your Company while already complying with a major part of these various requirements has already initiated appropriate action for compliance.

INTERNAL CONTROL SYSTEMS

Hero Honda has a proper, efficient & adequate system of internal control. This ensures that all assets are safeguarded and protected against loss from unauthorised use or disposition and the transactions are authorised, recorded and reported correctly.

An extensive programme of internal audit and management review supplements the process of internal control. Properly documented policies, guidelines and procedures are laid down for this purpose. The internal control system has been designed so as to ensure that the financial and other records of the Company are reliable for preparing the financial and other statements and for maintaining accountability of assets of the Company.

The Company has also appointed an Audit Committee, comprising of four Independent, Non-Executive and professionally qualified Directors, who regularly interact with the Statutory Auditors, Internal Auditors, Cost Auditors and Auditees in dealing with matters specified within its terms of reference. The Committee mainly deals with accounting matters, financial reporting and internal controls. During the year under review, the Committee met seven times. A detailed synopsis of the functioning and role of the Audit Committee, its composition and the details of attendance of its members at various meetings of the Committee held during the year has been substantiated in the Report on Corporate Governance annexed alongwith this Report as Annexure-I.

AUDIT COMMITTEE RECOMMENDATION

During the year under review there was no such recommendation of the Audit Committee which was not accepted by the Board. Hence, there is no need for disclosure of the same in this Report.

RISK MANAGEMENT SYSTEM

Your Company follows a comprehensive & effective system of Risk Management. The Company has adopted a procedure for risk assessment and its minimization. It ensures that all the Risks are timely identified and mitigated in accordance with the well structured Risk Management Process. The Board of Directors & the Audit Committee periodically review the Risk Management System.

RATINGS

ICRA Limited, a leading rating agency has reviewed and reaffirmed the rating assigned to the Company for its Non-Convertible Debenture Programme and Fund Based Limits from Bank as "LAAA" [pronounced "L triple A"] indicating the highest credit quality and "A1+" [pronounced "A one Plus"] for its Non-fund based facilities and "LAAA" [pronounced "L triple A with"] to Fund based facilities indicating the highest credit quality rating carrying lowest credit risk.

During the year under review, rating agency CRISIL assigned the bank loan ratings of "AAA/Stable" and "P1+" to the Cash Credit Limit & Letter of Credit Limit Facility respectively to your Company.

FIXED DEPOSITS

During the year under review, the Company has not accepted any deposit under Sections 58A and 58AA of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

AUDITORS

M/s. A. F. Ferguson & Co., Chartered Accountants, New Delhi, Auditors of the Company will retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received a certificate from the auditors to the effect that their re-appointment, if made, at the ensuing Annual General Meeting would be in accordance with Section 224(1B) of the Companies Act, 1956. Further, the Auditors have represented that they hold a valid Peer Review Certificate issued by the 'Peer Review Board' of ICAI.

The Board accordingly recommends their re-appointment.

AUDITORS' REPORT

The observations of Auditors in their report, read with the relevant notes to accounts are self explanatory and therefore do not require further explanation.

COST AUDITORS

The Board has re-appointed M/s. Ramanath Iyer & Co., Cost Accountants, New Delhi, as the Cost Auditors of the Company under Section 233B of the Companies Act, 1956 for the financial year 2010-11 and the necessary approval in regard to appointment of M/s. Ramanath Iyer & Co. as the Cost Auditors, has been granted by the Central Government vide its letter dated May 26, 2010. The Cost Auditors' Report for 2009-10 will be forwarded to the Central Government in pursuance of the provisions of the Companies Act, 1956.

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

Information required under Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given as per Annexure - II and forms an integral part of this Report.

LISTING

The shares of your Company are listed on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). The delisting application filed with the Calcutta Stock Exchange Association Limited (CSE) was approved by the Committee of the exchange vide its letter dated December 7, 2009.

PERSONNEL

As on March 31, 2010 the total number of employees on the records of the Company was 4,751.

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

A detailed note is given in the chapter "Human Resource Management" of Management Discussion & Analysis, which forms a part of this Annual Report.

PARTICULARS OF EMPLOYEES

Particulars of Employees as required under Section 217(2A) of the Companies Act, 1956 read with The Companies (Particulars of Employees) Rules, 1975 forms an integral part of this Report. In terms of the proviso to Section 219(1) of the Companies Act, 1956 the Report and Accounts are being sent to the shareholders of the Company excluding the statement of particulars of employees under Section 217(2A) of the Companies Act, 1956. Any member

interested in obtaining a copy of such statement may write to the Sr. G.M. Legal & Company Secretary at the Registered Office of the Company.

ACKNOWLEDGEMENT

It is our strong belief that caring for our business constituents has ensured our success in the past and will do so in future. The Directors acknowledge with sincere gratitude the co-operation and assistance extended by the Central Government, State Government(s), Financial Institution(s), Bank(s), Customers, Dealers, Vendors and Ancillary Undertakings. The Directors also place on record their appreciation for the valuable assistance and guidance extended to the Company by Hero Cycles Ltd. and Honda Motor Co., Ltd., Japan and for the encouragement and assurance, which our collaborator has given for the growth and development of the Company.

The Board also takes this opportunity to express its deep gratitude for the continued co-operation and support received from its valued shareholders.

For and on behalf of the Board



Brijmohan Lall Munjal
Chairman

New Delhi
July 29, 2010

ANEXURE-I TO DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

Philosophy on 'Code of Corporate Governance'

Hero Honda's philosophy of Corporate Governance stems from a belief that the Company's business strategy and plans should be consistent with the welfare of all its stakeholders, including shareholders. Good Corporate Governance practices enable a Company to attract financial and human capital. In turn, these resources are leveraged to maximize long-term shareholder value, while preserving the interests of multiple stakeholders, including the society at large.

Corporate Governance rests upon the four pillars of transparency, full disclosure, independent monitoring and fairness to all, especially to minority shareholders. Hero Honda has always strived to promote Good Governance practices, which ensure that:

- A competent management team is at the helm of affairs;
- The Board is strong with an optimum combination of Executive and Non-Executive (including Independent) Directors, who represent the interest of all stakeholders;
- The Board is effective in monitoring and controlling the Company's affairs;
- The Board is concerned about the Company's shareholders; and
- The Management and Employees have a stable environment.

We believe that the essence of Corporate Governance lies in the phrase "Your Company". It is "Your" Company because it belongs to 'You' - the shareholders. The Chairman and Directors are "Your" fiduciaries and trustees. Their objective is to take the business forward to maximise "Your" long-term value.

The Securities and Exchange Board of India (SEBI) has specified certain mandatory governance practices, which are incorporated in Clause 49 of the Listing Agreement of Stock Exchanges.

Hero Honda is committed to benchmarking itself with the best standards of Corporate Governance, not only in form but also in spirit. This section, along with the section on 'Management Discussion & Analysis' and 'General Shareholders' Information', constitute Hero Honda's compliance with Clause 49 of the Listing Agreement, entered into by the Company with the Stock Exchanges.

BOARD OF DIRECTORS

Composition of the Board

As on March 31, 2010, the Company's Board of Directors comprised of Sixteen Directors. Four Directors, including the Chairman, are Executive; four are Non-Executive and eight are Non-Executive and Independent. Fifty per cent of the Board consists of Independent Directors, therefore the composition of the Board is in consonance with Clause 49 of the Listing Agreement. Details of the composition of the Board, number of meetings held during their tenure and attended by them etc., are given in Table 1.

TABLE 1: DETAILS ABOUT COMPANY'S BOARD OF DIRECTORS

ATTENDANCE RECORD DURING FINANCIAL YEAR 2009-10				DIRECTORSHIP/MEMBERSHIP ON MARCH 31, 2010		
Name of Director	Number of Board Meetings held during his/her tenure and attended by him/her		Attendance at last AGM	Number of Committee Memberships (including Chairmanships) held	Number of Committee Chairmanships held	Number of outside Directorships held
	Held	Attended		(excluding Private Companies, Foreign Companies & Section 25 Companies)		
Executive Directors						
Mr. Brijmohan Lall Munjal	6	6	Yes	None	None	7
Mr. Pawan Munjal	6	6	Yes	None	None	1
Mr. Toshiaki Nakagawa	6	6	Yes	None	None	1
Mr. Sumihisa Fukuda	6	6	Yes	None	None	1
Non-Executive Directors						
Mr. Om Prakash Munjal	6	Nil	No	None	None	10
Mr. Sunil Kant Munjal	6	5	No	None	None	13
Mr. Masahiro Takedagawa	6	1	No	1	None	2
Mr. Satoshi Matsuzawa (Alternate Director to Mr. T. Nagai)	6	4	No	None	None	None
Non-Executive and Independent Directors						
Mr. Pradeep Dinodia	6	6	Yes	8	4	8
Gen. (Retd.) Ved Prakash Malik	6	6	No	4	None	3
Mr. Analjit Singh	6	2	No	None	None	13
Dr. Pritam Singh	6	5	Yes	2	1	5
Mrs. Shobhana Bhartia	6	2	No	1	1	14
Mr. Sunil Bharti Mittal ¹	1	1	Not applicable	2	2	7
Mr. M. Damodaran	6	6	No	2	1	5
Mr. Arun Nath Maira ²	3	1	Not applicable	1	1	5
Mr. Ravi Nath ³	3	3	Not applicable	2	1	3
Dr. Anand C. Burman ⁴	2	2	Not applicable	2	None	8

Notes:

1. Mr. Sunil Bharti Mittal resigned from the Board of Directors w.e.f. April 21, 2009.
2. Mr. Arun Nath Maira resigned from the Board of Directors w.e.f. July 23, 2009.
3. Mr. Ravi Nath was appointed as an Additional Director on the Board w.e.f. October 14, 2009.
4. Dr. Anand C. Burman was appointed as an Additional Director on the Board w.e.f. January 13, 2010.
Mr. Brijmohan Lall Munjal is the father of Mr. Pawan Munjal and Mr. Sunil Kant Munjal and the brother of Mr. Om Prakash Munjal

Four Directors namely Mr. Brijmohan Lall Munjal (Executive Chairman in the Whole-time employment of the Company), Mr. Pawan Munjal (Managing Director & CEO), Mr. Om Prakash Munjal (Non-Executive Director) and Mr. Sunil Kant Munjal (Non-Executive Director) belong to the promoter family of the Hero Group, which owns 26 per cent equity in the Company. Four Directors namely Mr. Toshiaki Nakagawa (Joint Managing Director), Mr. Sumihisa Fukuda (Technical Director in the Whole-time employment of the Company), Mr. Masahiro Takedagawa (Non-Executive Director) and Mr. Takashi Nagai (Non-Executive Director) are nominees of Honda Motor Co. Ltd., Japan, which too, owns 26 per cent equity in the Company. Apart from these, the rest of the Board comprises of Non-Executive and Independent Directors.

Board Meetings

During 2009-10, the Board of Directors met 6 (six) times on April 21, 2009; June 10, 2009; July 29, 2009; October 21, 2009; January 25, 2010 and March 30, 2010.

The period between any two consecutive meetings of the Board of Directors of the Company was not more than 4 months.

Directors' Attendance Record and Directorships/ Committee Memberships

Details are given in Table 1.

Pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchange(s), an Independent Director means a Non-Executive Director who:

- apart from receiving Director's remuneration, does not have any material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its senior management, its holding Company, its subsidiaries or associates which may affect independence of the Director;
- is not related to Promoters or persons occupying management positions at the Board level or at one level below the Board;
- has not been an executive of the Company in the immediately preceding three financial years;
- is not a partner or an executive of the statutory audit firm or the internal audit firm that is associated with the Company and has not been a partner or an executive of any such firm for the last three years and the legal firm(s) and consulting firm(s) that have a material association with the Company;

- is not a material supplier, service provider or customer or a lessor or lessee of the Company, which may affect independence of the Director;
- is not a substantial shareholder of the Company i.e. owning two percent or more of the block of voting shares;
- is not less than 21 years of age.

None of the Director on the Board holds the office of Director in more than 15 companies nor are they members in Committees of the Board in more than 10 Committees or Chairman of more than 5 Committees. Further, there are no pecuniary relationships or transactions between the Independent Directors and the Company, except for the sitting fees drawn by the Non-executive Directors and sitting fees and commission drawn by the Non-executive and Independent Directors for attending the meeting of the Board and its Committee(s) thereof.

Shareholding of Non-Executive Directors, as on March 31, 2010

Name of the Director	Category	No. of shares held
Mr. Om Prakash Munjal	Non-Executive Director	25,000
Mr. Sunil Kant Munjal	Non-Executive Director	32,500

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

Information Supplied to the Board

Board members are given agenda papers along with necessary documents and information in advance of each meeting of the Board and Committee(s). However, in case of business exigencies or urgencies, the resolutions are passed by way of circulation. In addition to the regular business items, the following items/ information are regularly placed before the Board to the extent applicable:

- Annual operating plans and budgets, capital budgets and updates;
- Purchase and disposal of major fixed assets;
- Quarterly and half yearly results of the Company;
- Minutes of the Audit Committee, Shareholders' Grievance Committee, Remuneration Committee and Committee of Directors' meetings;

- Information on recruitment and remuneration of senior management just below the Board level including appointment or removal of the Chief Financial Officer and the Company Secretary;
- Any material defaults in financial obligations to and by the Company or substantial non-payments for goods sold by the Company;
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property;
- Materially important show cause, demand, prosecution and penalty notices;
- Details of quarterly foreign exchange exposures and steps taken by the management to limit the risks of adverse exchange rate movement;
- Sale of material nature of investments and assets, which are not in the normal course of business;
- Details of Joint Ventures and Agreements or variations thereof;
- Quarterly Statutory Compliance Report;
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholder's service such as non-payment of dividend, delay in share transfer etc.;
- Investments strategy/plan;
- Any issue which involves possible public or product liability claims of substantial nature, including any judgment or order which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company; and
- Significant labour problems and their proposed solutions. Also, any significant development in Human Resources/Industrial Relations front like signing of Wage Agreement, implementation of Voluntary Retirement Schemes etc.

Code of Conduct

We at Hero Honda have laid down a code of conduct for all Board members and senior management of the Company. The code of conduct is available on the website of the Company i.e. www.herohonda.com. The code has been circulated to all the members of the Board and senior management and they have affirmed compliance with the code of conduct. A declaration signed by the Chief Executive

Officer (CEO) and the Chief Financial Officer (CFO) to this effect is attached to the Annual Report.

Risk Management

We at Hero Honda have established effective risk assessment and minimization procedures, which are reviewed by the Board periodically. The procedures comprises of an in-house exercise on Risk Management, carried out periodically by the Company, including the functioning of a structure to identify and mitigate various risks faced by the Company from time to time. The structure also comprises of risk identification and assessment by the concerned departments, identification of controls in place/mitigation process in place, updation of Risk registers by various departments and the consolidation and presentation of the risk reports by the Chief Risk Officer (CRO) before the Board of Directors of the Company.

BOARD LEVEL COMMITTEES

AUDIT COMMITTEE

The genesis of Hero Honda's Audit Committee can be traced back to the Audit Sub-Committee, constituted in 1987. Since then it has been dealing with matters prescribed by the Board of Directors on a case to case basis. In general, the primary role/objective of the Audit Committee is to review the financial statements of the Company, strengthen internal controls & look into all transactions that have monetary implications on the functioning of the Company. The nomenclature, constitution and terms of reference of the Committee were revised on January 16, 2001 and an Audit Committee was set up in accordance with the provisions of Section 292A of the Companies Act, 1956 and clause 49 of the Listing Agreement of the Stock Exchange(s).

As on March 31, 2010, the Committee comprised of four Non-Executive and Independent Directors in accordance with the prescribed guidelines. Mr. Pradeep Dinodia, a leading Chartered Accountant, is the Chairman of the Committee. The other members are Dr. Pritam Singh, Gen.(Retd.) V. P. Malik and Mr. M. Damodaran; all learned personalities in their respective fields. The members of the Committee have adequate knowledge in the field of finance, accounting and law. The role and "terms of reference" of the Audit Committee includes the following:

- Overseeing
 - the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.

- **Recommending**
 - the appointment, re-appointment, replacement and removal of the statutory auditor, fixation of audit fees and approving payments for any other services.
- **Reviewing**
 - the annual financial statements with the management with primary focus on matters required to be included in the Directors' Responsibility Statement, changes, if any in accounting policies and practices and reasons thereof, compliance with accounting standards and guidelines of stock exchange(s), major accounting entries & related party transactions.
 - the quarterly financial statements with the management before submission to the board for approval.
 - the adequacy of internal control systems and the internal audit function and reviewing the Company's financial and risk management policies.
 - the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 - the reports furnished by the internal auditors, discussions with internal auditors on any significant findings and ensuring suitable follow up thereon.
 - Directors' overseas travelling expenses and Foreign exchange exposure.
- **Complying**
 - with the provisions of Listing Agreement laid down by the Stock Exchange(s) and legal requirements concerning financial statements.
- **Discussing**
 - with external auditors before the audit commences, the nature and scope of audit. Also post audit discussion to ascertain any area of concern.
- **Looking**
 - into the reasons for substantial defaults in the payments to the shareholders (in the case of non-payment of declared dividends) and creditors.

- **Approving**
 - the appointment of the CFO before finalization of the same by the management. Further while approving the appointment, it shall assess the qualifications, experience & background etc. of the candidate.

The Sr. Vice President & CFO, Internal Auditors, Statutory Auditors and Cost Auditors attend the meetings of the Committee on the invitation of the Chairman. Mr Ilam C. Kamboj, Sr. G.M. Legal & Company Secretary acts as the Secretary of the Committee.

During the year, 7 (seven) meetings of the Audit Committee were held on April 21, 2009; May 04, 2009; July 29, 2009; October 21, 2009; January 25, 2010; March 11, 2010 and March 30, 2010 in due compliance with the stipulated provisions. The attendance record of members of the Audit Committee is given in Table 2.

TABLE 2: DETAILS OF THE AUDIT COMMITTEE

Name of Committee Member	Position held	No. of meetings held during his tenure	No. of meetings Attended
Mr. Pradeep Dinodia	Chairman	7	7
Gen. (Retd.) V.P. Malik	Member	7	7
Dr. Pritam Singh	Member	7	5
Mr. Arun Nath Maira ¹	Member	1	Nil
Mr. M. Damodaran ²	Member	4	3

1. Mr. Arun Nath Maira was appointed as a member of the Committee w.e.f. April 21, 2009. However, he resigned from the Board of Directors of the Company on July 23, 2009 and as a result, ceased to be a member of the Committee.

2. Mr. M. Damodaran was appointed as a member of the Committee w.e.f. July 29, 2009

REMUNERATION COMMITTEE

The Company had set up a Remuneration Committee on January 16, 2001 to review and recommend the payment of annual salaries, commission and finalise service agreements and other employment conditions of Executive Directors. The Committee takes into consideration the best remuneration practices being followed in the industry while fixing appropriate remuneration packages.

As on March 31, 2010, the Committee had three Non-Executive and Independent Directors as its members in accordance with the prescribed guidelines. Gen. (Retd.) Ved Prakash Malik is the Chairman of the Committee and Mr. Pradeep Dinodia and Mr. Ravi Nath are the members of the Committee. Mr. Nath was appointed as a member of the Committee w.e.f. January 25, 2010. Mr. Ilam C. Kamboj, Sr. G.M. Legal & Company Secretary acts as the Secretary of the Committee.

During the year, no meeting of the Remuneration Committee was held as there was no business to transact.

REMUNERATION POLICY

Remuneration paid to Executive Director

The remuneration paid to Executive Directors is recommended by the Remuneration Committee and approved by the Board of Directors in the Board meeting, subject to the subsequent approval by the shareholders at the general meeting and such other authorities, as the case may be.

At the Board meeting, only the Non-Executive and Independent Directors participate in approving the remuneration paid to the Executive Directors. The remuneration is fixed considering various factors such as qualification, experience, expertise, prevailing remuneration in the industry and the financial position of

the Company. The remuneration structure comprises of Basic Salary, Commission, Perquisites and Allowances, Contribution to provident fund and other funds. Besides these, fixed commission @ 1 per cent of the net profit, computed in accordance with Section 198 of the Companies Act, 1956, is paid as per the terms of appointment.

As of now, the Company does not have any Employee Stock Options Plans (ESOPs). The term of appointment of Executive Directors is 5 (five) years. Further, no notice period and severance fee is applicable for the above-mentioned Executive Directors.

Remuneration paid to Non-Executive Directors

The Non-Executive Directors of the Company are paid sitting fees of Rs.16,500 for each meeting of the Board, Audit Committee, Remuneration Committee and Shareholders' Grievance Committee attended by them.

However, in addition to the sitting fees, Non-Executive and Independent Directors shall be entitled to remuneration by way of commission aggregating upto 0.10 per cent of profits of the Company.

Tables 4 and 5 gives details of remuneration paid to Directors. During 2009-10, the Company did not advance any loans to any of its Directors.

TABLE 4: REMUNERATION TO EXECUTIVE DIRECTORS

(Amount in Rs.)

Name of the Directors	Salary*	Commission (Fixed) **	Total
Mr. Brijmohan Lall Munjal	1,13,84,073	29,50,00,000	30,63,84,073
Mr. Pawan Munjal	1,38,11,534	29,50,00,000	30,88,11,534
Mr. Toshiaki Nakagawa	53,35,691	29,50,00,000	30,03,35,691
Mr. Sumihisa Fukuda	41,49,632	29,50,00,000	29,91,49,632

Notes:

* Salary includes Basic Salary, Perquisites and Allowances, Contribution to provident fund and other funds.

** Total Commission is calculated @ 1% of the net profit calculated in accordance with Section 198 of the Companies Act, 1956.

TABLE 5: REMUNERATION TO NON-EXECUTIVE DIRECTORS

(Amount in Rs.)

Name of the Directors	Sitting fees	Commission	Total
Mr. Pradeep Dinodia	3,13,500	25,93,750	29,07,250
Gen.(Retd.) V.P. Malik	2,31,000	18,25,000	20,56,000
Dr. Pritam Singh	2,31,000	18,25,000	20,56,000
Mr. M. Damodaran	2,14,500	14,06,250	16,20,750
Mr. Sunil Kant Munjal	82,500	Not applicable	82,500
Mr. Masahiro Takedagawa	Nil [#]	Not applicable	Nil
Mr. Satoshi Matsuzawa	Nil [#]	Not applicable	Nil
Mr. Analjit Singh	49,500	2,50,000	2,99,500
Ms. Shobhana Bhartia	33,000	2,50,000	2,83,000
Mr. Arun Nath Maira ¹	16,500	1,25,000	1,41,500
Mr. Sunil Bharti Mittal ²	Nil [#]	Nil	Nil
Mr. Ravi Nath ³	49,500	3,75,000	4,24,500
Dr. Anand C. Burman ⁴	33,000	2,50,000	2,83,000

No sitting fee was paid to Mr. Om Prakash Munjal as he did not attend any of the meetings of the Board held during the financial year 2009-10.

Mr. Sunil Bharti Mittal, Mr. Masahiro Takedagawa and Mr. Satoshi Matsuzawa (Alternate Director to Mr. Takashi Nagai), have opted not to receive sitting fees or commission which were accrued to them on account of attending the meetings of the Board.

1. Mr. Sunil Bharti Mittal resigned from the Directorship on April 21, 2009.
2. Mr. Arun Nath Maira resigned from the Directorship on July 23, 2009.
3. Mr. Ravi Nath was appointed as an Additional Director on the Board w.e.f. October 14, 2009.
4. Dr. Anand C. Burman was appointed as an Additional Director on the Board w.e.f. January 13, 2010.

SHAREHOLDERS' GRIEVANCE COMMITTEE

This Committee, constituted on January 16, 2001, specifically looks into shareholders' and investors' grievances arising out of issues regarding share transfers, dividends, dematerialisation and related matters and takes requisite action(s) to redress the same. As on March 31, 2010, the Committee had three Non-Executive and Independent Directors as its members, in accordance with the prescribed guidelines. Dr. Pritam Singh is the Chairman of the Committee. The other members of the Committee are Mr. Pradeep Dinodia and Mr M. Damodaran. Mr. Ilam C. Kamboj, Sr. G.M. Legal & Company Secretary, acts as the Secretary of the Committee.

The Company has an efficient system of dealing with investors' grievances. The Chairman and the Managing Director & CEO of the Company take personal interest in all matters of concern for investors as and when necessary. The Company Secretary, being the Compliance Officer, carefully looks into each issue and reports the same to the Shareholders' Grievance Committee. In the meetings of the Committee the status of all shareholders' complaints, requests, queries etc. along with letters received from all statutory authorities are reviewed.

During the year, 4 (four) meetings of the Shareholders' Grievance Committee were held on May 4, 2009; July 29, 2009; October 21, 2009 and January 25, 2010.

Details of shareholders' complaints and their status are given in the section on "General Shareholders' Information". The attendance record of members of the Shareholders' Grievance Committee is given in Table 6.

TABLE 6: DETAILS OF SHAREHOLDERS' GRIEVANCE COMMITTEE

Name of Committee Member	Position held	No. of meetings held during his tenure	No. of meetings Attended
Dr. Pritam Singh	Chairman	4	4
Mr. Pradeep Dinodia	Member	4	4
Mr. M. Damodaran ¹	Member	4	3

1. Mr. M. Damodaran was appointed as a member of the Committee w.e.f. April 21, 2009.

COMMITTEE OF DIRECTORS

Apart from these Committees, the Company also has a Committee of Directors. As on March 31, 2010, the Committee comprised of Mr. Brijmohan Lall Munjal, Chairman; Mr. Pawan Munjal, Managing Director & CEO; Mr. Toshiaki Nakagawa, Joint Managing Director; Mr. Sumihisa Fukuda, Technical Director in the whole-time employment of the Company; Mr. Ravi Sud, Sr. Vice President & CFO and Mr. Ilam C. Kamboj, Sr. G.M. Legal & Company Secretary as its members.

Constituted in 1985, the Committee deals with matters delegated by the Board from time to time.

The meeting of the committee is convened as per requirement. During the year under review 8 (eight) meetings of the Committee were held.

SHARE TRANSFER COMMITTEE

This Committee was constituted on January 31, 2007 as a measure of Good Corporate Governance practice and to streamline the work related to share transfer etc. which was earlier approved by the Committee of Directors. Mr. Ravi Sud, Sr. Vice President & CFO and Mr. Ilam C. Kamboj, Sr. G.M. Legal & Company Secretary are its members. The meeting of the committee is convened as per requirement. During the year under review 24 (twenty four) meetings of the Committee were held.

DISCLOSURES

Related Party Transactions

The Company follows the following policy in regard to disclosure of the related party transactions to the Audit Committee:

- A Statement in the Summary form of transactions with related parties in the ordinary course of business is placed periodically before the Audit Committee.
- There are no material individual transactions with related parties, which are not in the normal course of business and which are not on an arm's length basis.

Disclosures on materially significant related party transactions that may have potential conflict with the interest of the company at large.

There are no materially significant transactions made by the Company with its Promoters, Directors or Management or relatives etc. that may have potential conflict with the interest of the Company at large.

Accounting Treatment in preparation of Financial Statements

The guidelines/accounting standards laid down by the Institute of Chartered Accountants of India (ICAI) and notified by the Companies (Accounting Standards) Rules, 2006 have been followed in preparation of the financial statements of the Company.

Compliances by the Company

There has neither been any non-compliance of any legal provision of applicable law, nor any penalty, stricture imposed by the stock exchanges or SEBI or any other authority, on any matter related to capital market during the last three years.

Insider Trading

In compliance with the SEBI regulation on prevention of insider trading, the Company has instituted a comprehensive code of conduct for its management, staff and relevant business associates. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of the Company and cautioning them on consequences of non-compliances.

CEO & CFO CERTIFICATION

Certificate from Mr. Pawan Munjal, Managing Director & CEO and Mr. Ravi Sud, Sr. Vice President & CFO pursuant to provisions of Clause 49(V) of the Listing Agreement, for the year under review was placed before the Board of Directors of the Company in its meeting held on April 19, 2010. A copy of the certificate on the financial statements for the financial year ended March 31, 2010 and the Code of Conduct is annexed along with this Report.

APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS

Mr. Analjit Singh, Dr. Pritam Singh, Mr. Sumihisa Fukuda and Mr. M. Damodaran, Directors of the Company, shall retire by rotation at the ensuing Annual General Meeting (AGM) and being eligible, offer themselves for re-appointment.

Further, since the last AGM, Mr. Ravi Nath, Dr. Anand C. Burman and Mr. Suman Kant Munjal were appointed as Additional Directors on the Board of the Company and have been recommended by the Board of Directors to be appointed as Directors of the Company at the ensuing AGM of the Company.

Brief resume of the said Directors proposed to be appointed and re-appointed have been provided along with the Notice of the AGM, annexed along with the Annual Report.

MEANS OF COMMUNICATION

Pursuant to Clause 41(l)(f) of the Listing Agreement, the Company has regularly furnished, both by post as well as by fax (within 15 minutes of closure of the Board meeting) the annual audited as well as quarterly un-audited results to both the Stock exchanges, BSE & NSE, post approval and adoption of the same by the Board of Directors of the Company.

The Company's half yearly results (period ended September 30, 2009), annual results (year ended March 31, 2010) and the results for the quarters ended June 30, 2009 and December 31, 2009 have been published in English, Hindi and other Regional newspapers (viz. The Economic Times, Financial Times, Business Standard, Dainik Bhaskar, Deccan Chronicle, Financial Chronicle, Financial Express, Jansatta, Hindustan, The Hindu, Business Line, Hindustan Times, Mint and The Times of India). Results for each quarter, half year and annual results for the year ended March 31, 2010 are also regularly updated and are thus displayed on the Company's website : www.herohonda.com. The website also displays official news releases and distribution schedule, as required under the terms of Clause 35 of the Listing Agreement.

Moreover, pursuant to Clause 52 of the Listing Agreement, financial information like annual, half yearly and the quarterly financial statements and shareholding pattern etc. are available on the SEBI web-site www.corpfiling.co.in. The Company Secretary being the Compliance Officer ensures the correctness and authenticity of the information filed with the said website.

During the year ended March 31, 2010, various presentations were made to analysts and institutional investors. Further, the Management Discussion & Analysis (MDA) Report, highlighting the operational & business performance, financial and the other important aspects of the Company's functioning, forms an integral part of this Annual Report.

GENERAL BODY MEETINGS

Details of Annual General Meeting (AGM)

Location, date and time of general meetings held during the last three years and Ordinary and Special resolutions passed thereat are given in Table 7.

There was no matter required to be dealt by the Company through postal ballot, as required pursuant to Section 192A of the Companies Act, 1956,

TABLE 7: DETAILS OF AGM'S

Year	Time, Day, Date & Location	Summary of Resolutions Passed in regard to Special Business
2008-09	04:30 P.M. Tuesday, September 22, 2009, Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi 110003	None
2007-08	11:00 A.M. Thursday, September 25, 2008, Airforce Auditorium, Subroto Park, Dhaura Kuan, New Delhi 110010	Ordinary Resolutions <ul style="list-style-type: none"> • Appointment of Mr. Sumihisa Fukuda as Technical Director in the Whole-time employment of the Company. • Appointment of Mr. M. Damodaran as Director of the Company.
2006-07	10:30 A.M. Tuesday, July 24, 2007, Airforce Auditorium, Subroto Park, Dhaura Kuan, New Delhi 110010	Ordinary Resolutions <ul style="list-style-type: none"> • Appointment of Mr. Yutaka Kudo as Director and Whole-time Director. • Appointment of Mr. Takashi Nagai as Director. Special Resolution <ul style="list-style-type: none"> • Payment of commission to Non-Executive Independent Director(s).

GENERAL SHAREHOLDER'S INFORMATION

Details of Annual General Meeting (AGM)

Annual General Meeting	27 th
Date:	September 20, 2010
Day:	Monday
Time:	10:30 AM
Venue:	Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi 110003

Financial Calendar

Financial year: April 1 to March 31

For the financial year 2009 - 10 results were announced on:

First quarter ended June 30, 2009	July 29, 2009
Second quarter and half year ended September 30, 2009	October 21, 2009
Third quarter & nine months ended December 31, 2009	January 25, 2010
Fourth quarter and year ended March 31, 2010	April 19, 2010

For the financial year 2010 - 11, results are likely to be announced on: (Tentative and subject to change)

First quarter ending June 30, 2010	July, 2010 (3 rd week)
Second quarter and half year ending September 30, 2010	October, 2010 (3 rd week)
Third quarter & nine months ending December 31, 2010	January, 2011 (3 rd week)
Fourth quarter and year ending March 31, 2011	April, 2011 (3 rd week)

Book closure

The dates of book closure shall be from Wednesday, September 1, 2010 to Friday, September 3, 2010 (both days inclusive).

Dividend payment

The Board of Directors have declared an Interim Silver Jubilee Special Dividend @ 4,000 per cent. The dividend has been paid to those shareholders whose names appeared on the Register of Members as on Thursday, April 15, 2010.

The Board of Directors has also recommended a Final Dividend @ 1,500 per cent for the financial year 2009-10. The dividend, if approved by shareholders at the ensuing AGM shall be paid to those shareholders whose names appear on the Register of Members as on Friday, September 3, 2010. In respect of shares held in electronic form, the dividend will be payable to the beneficial owners of the shares as on the closing hours of business on Tuesday, August 31, 2010 as per details furnished by the Depositories for this purpose.

Listing on Stock Exchange

As on March 31, 2010, the securities of the Company are listed on the following exchanges:

1. Bombay Stock Exchange Limited, (BSE) based at Phiroz Jeejeebhoy Towers, 25th Floor, Dalal Street, Mumbai 400001; &
2. National Stock Exchange of India Limited, (NSE) based at Exchange Plaza, Plot No. C/1 G Block, Bandra Kurla Complex, Bandra East, Mumbai 400 051.

Further, the delisting application filed with Calcutta Stock Exchange Limited (CSE), approved by the Board of Directors earlier, was approved by the CSE Committee vide their letter dated December 7, 2009. Consequently, the shares of the Company now stands delisted from CSE.

Listing Fees

Listing fees for the year 2010-11 has been paid to the stock exchanges, wherein the equity shares of the Company are listed (i.e. BSE & NSE) within the stipulated time.

Stock Codes

The Company's stock codes at the primary exchanges are:

	Stock Code	Reuters Code	Bloomberg
BSE	500182	HROH.BO	HH IN
NSE	HEROHONDA	HROH.NS	NHH IN

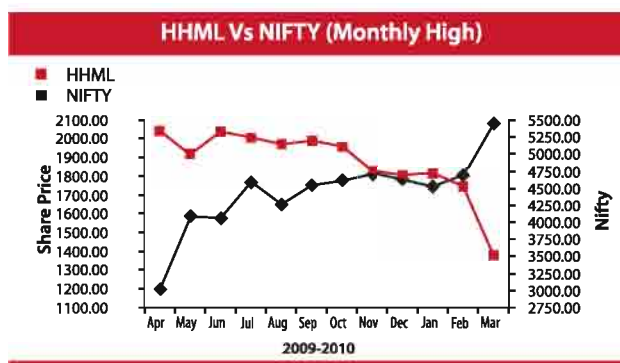
Stock Market Data

The Company's market capitalisation is included in the computation of the BSE -100, BSE- 200, BSE- 500, BSE Sectoral Indices, S&P CNX Nifty, S&P CNX 500 and CNX 100. Monthly high and low quotations as well as the volume of shares traded at the National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE) is given in Table 8.

TABLE 8: SHARE PRICE DATA FOR 2009-10 (SHARES OF THE PAID UP VALUE OF RS. 2 EACH)
National Stock Exchange of India Limited, Mumbai (NSE)

Month	Total Volume	High	Date	Volume on that date	Low	Date	Volume on that date
	Quantity	(In Rs.)		Quantity	(In Rs.)		Quantity
April'09	1,36,07,480	1,199.00	29-Apr-09	5,76,627	1,015.25	2-Apr-09	10,40,776
May'09	1,11,99,791	1,587.80	19-May-09	17,28,704	1,163.00	12-May-09	8,84,586
June'09	1,20,37,226	1,574.70	11-Jun-09	2,12,191	1,332.50	5-Jun-09	3,96,946
July'09	1,42,21,281	1,765.00	27-Jul-09	11,98,518	1,311.70	6-Jul-09	2,89,507
August'09	1,33,00,237	1,648.85	4-Aug-09	4,09,521	1,344.00	19-Aug-09	11,96,421
September'09	82,31,758	1,748.45	22-Sep-09	3,79,686	1,502.30	1-Sep-09	8,17,209
October'09	75,29,842	1,774.70	7-Oct-09	5,55,314	1,535.00	29-Oct-09	3,37,488
November'09	1,00,38,945	1,808.70	26-Nov-09	12,35,974	1,460.50	4-Nov-09	3,57,350
December '09	79,12,339	1,777.10	29-Dec-09	4,11,794	1,640.00	17-Dec-09	1,89,783
January'10	84,92,511	1,738.50	4-Jan-10	3,33,481	1,495.00	29-Jan-10	4,32,901
February'10	82,95,645	1,800.00	26-Feb-10	4,14,280	1,522.65	5-Feb-10	2,89,159
March'10	1,02,66,074	2,079.65	26-Mar-10	12,04,017	1,780.00	2-Mar-10	4,07,909

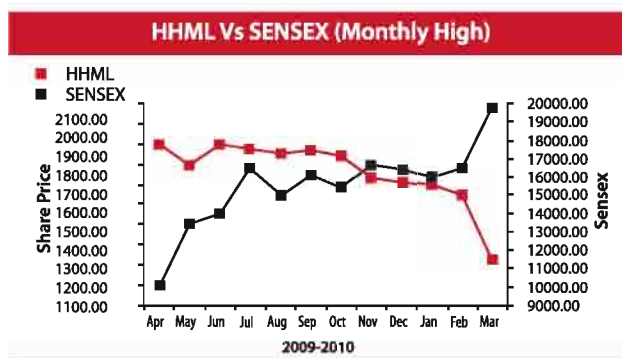
HERO HONDA'S SHARE PRICE MOVEMENT VIS A VIS NIFTY HHML Vs NIFTY (Monthly)



Bombay Stock Exchange Limited, Mumbai (BSE)

Month	Total Volume	High	Date	Volume on that date	Low	Date	Volume on that date
	Quantity	(In Rs.)		Quantity	(In Rs.)		Quantity
April'09	24,15,238	1,198.00	29-Apr-09	95,538	1,011.00	2-Apr-09	1,44,804
May'09	12,66,616	1,500.00	19-May-09	90,431	1,164.00	12-May-09	2,92,315
June'09	10,61,328	1,550.10	12-Jun-09	1,38,314	1,346.00	1-Jun-09	1,67,866
July'09	15,93,268	1,780.00	27-Jul-09	63,348	1,301.15	6-Jul-09	20,814
August'09	18,31,488	1,641.00	4-Aug-09	37,017	1,345.10	19-Aug-09	1,79,473
September'09	13,08,280	1,746.00	22-Sep-09	86,190	1,504.00	1-Sep-09	1,56,081
October'09	9,25,915	1,687.00	1-Oct-09	34,290	1,534.00	29-Oct-09	23,298
November'09	12,01,168	1,797.80	26-Nov-09	1,41,184	1,452.00	4-Nov-09	41,771
December '09	18,63,153	1,776.00	29-Dec-09	52,620	1,644.00	16-Dec-09	18,522
January' 10	22,89,418	1,739.00	4-Jan-10	64,897	1,497.00	29-Jan-10	33,846
February'10	8,25,007	1,782.00	26-Feb-10	79,935	1,535.00	1-Feb-10	38,189
March' 10	14,58,368	2,077.70	26-Mar-10	2,05,510	1,779.20	4-Mar-10	23,444

HERO HONDA'S SHARE PRICE MOVEMENT VIS A VIS SENSEX
HHML Vs NIFTY (Monthly)



Distribution of Shareholding by Size

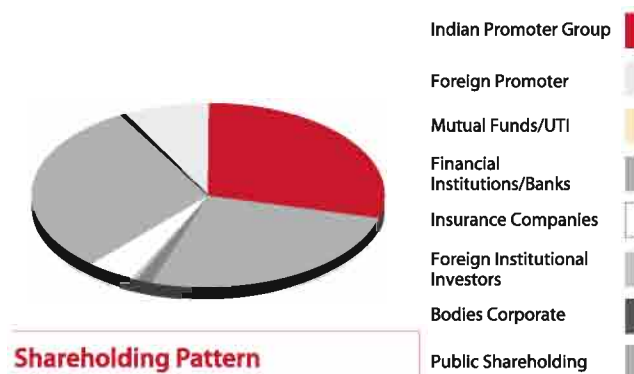
Table 9 lists the distribution of Shareholding by number of shares held and Shareholding Pattern in percentage (pursuant to Clause 35 of the Listing Agreement) as on March 31, 2010.

TABLE 9

No. of shares held (Rs. 2/- paid up)	Folios		Shares of Rs. 2 paid up	
	Numbers	%	Numbers	%
Upto 500	47,333	83.29	39,23,336	01.96
501 - 1000	6,941	12.22	52,39,231	02.62
1001-5000	1,832	03.22	36,09,525	01.81
5001-10000	199	00.35	14,41,100	00.72
10001-50000	291	00.51	74,99,072	03.76
50001 and above	233	00.41	1,779,75,236	89.13
TOTAL	56,829	100.00	19,96,87,500	100.00

Shareholding Pattern

Sl. No.	CATEGORY	No. of Holders	No. of Shares Held	No. of Shares Dematerialised	Percentage
A	PROMOTERS				
1	Indian	67	5,78,30,555	5,25,27,445	28.96
2	Foreign	1	5,19,18,750	0	26.00
B	PUBLIC SHAREHOLDING				
1	Mutual Funds / UTI	139	42,21,004	41,48,889	02.11
2	Financial Institutions / Banks	22	43,921	25,216	00.02
3	Insurance Companies	53	91,96,924	91,96,924	04.61
4	Foreign Institutional Investors	517	5,98,19,423	5,97,81,223	29.96
5	Bodies Corporate	1,065	9,29,225	8,95,824	00.47
6	Indian Public	53,771	1,40,62,827	90,20,174	07.04
7	Trusts	16	11,90,990	11,90,990	00.60
8	Clearing Members	170	2,67,285	2,67,285	00.13
9	Non Resident Indians	1008	2,06,596	2,06,526	00.10
	Grand Total	56,829	1,996,87,500	13,72,60,496	100.00



Consolidated Shareholding Pattern as on March 31, 2010

Category	No. of Holder	% to Total Holder	Total Shares Numbers	% to Equity
Physical	8,761	15.42	62,427,004	31.26
NSDL	34,455	60.63	135,557,558	67.89
CDSL	13,613	23.95	1,702,938	00.85
TOTAL	56,829	100.00	199,687,500	100.00



Dematerialisation of Shares and Liquidity

The shares of the Company are traded in compulsory demat segment.

As on March 31, 2010, 68.79 per cent of the total share capital is held in dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL). During the year under review, share certificates involving 4,06,052 shares of Rs. 2 each, were dematerialised by the shareholders, however share certificates involving 2,471 shares of Rs. 2 each, were rematerialised. The net dematerialisation represents 0.20 percent of the total share capital of the Company.

Outstanding GDR's/ADR's/Warrants or any Convertible Instruments Conversion Date and likely impact on equity

Not applicable

Details of Public Funding Obtained in the last three years

The Company has not obtained any public funding in the last three years.

Registrar & Transfer Agents

All work related to Share Registry, both in physical form and electronic form, is handled by the Company's Registrar and Share Transfer Agents, M/s. Karvy Computershare Private Limited. The communication address of the Registrar and Transfer Agents is given hereunder.

Karvy Computershare Pvt.Ltd.
(Unit: Hero Honda Motors Limited)
Plot No. 17-24, Vittal Rao Nagar,
Madhapur, Hyderabad-500081,
Tel No : 040-4465 5116, Fax : 040-2342 0814/2342 0859
E-mail: einward.ris@karvy.com

Share Transfer System

The Share Transfers (pertaining to shares in physical mode) are approved by the Share Transfer Committee which meets regularly whenever required. The total number of shares transferred during the financial year 2009-10 were 48,934 which were completed in the prescribed period. Shares under objection were returned within two weeks time.

Confirmations in respect of the requests for dematerialisation of shares are being sent to the respective depositories i.e. NSDL & CDSL expeditiously.

Investors' Services

The Company has Board Level Committees dealing with investor issues, which have been discussed in detail earlier. Table 10 lists the complaints/requests/queries received and redressed during 2009-10. During the financial year, the Company has attended to most of the investors' grievances/correspondence within a period of 10-15 days from the date of receipt of the same.

TABLE 10: COMPLAINTS/REQUESTS RECEIVED AND REDRESSED DURING 2009-10

Sl. No	Nature of Complaints/ Requests	Opening	Received	Cleared	Pending
1.	Non receipt of shares	0	83	83	0
2.	Request for issue of duplicate shares	0	211	211	0
3.	Non receipt of dividend warrant	0	305	305	0
4.	Change of address	0	402	402	0
5.	Mandate cases/bank description	0	65	65	0
6.	Miscellaneous (Shares)	0	2,897	2,897	0

COMPANY'S REGISTERED ADDRESS

34, Community Centre,
Basant Lok, Vasant Vihar,
New Delhi 110 057
Tel: 011-46044100, 2614 2451
Fax: 011-26143321, 26143198
Website: www.herohonda.com

PLANT LOCATIONS**Gurgaon Plant**

37 K.M. Stone Delhi-Jaipur Highway,
Sector 33, Gurgaon 122 001
Haryana
Tel: 0124 2894200, 2372123
Fax: 0124 2373141-42

Dharuhera Plant

69 K.M. Stone, Delhi-Jaipur Highway,
Dharuhera, Distt. Rewari 122 100
Haryana
Tel: 01274 264 000
Fax: 01274 267 018

Haridwar Plant

Plot No. 3, Sector 10,
I.I.E., SIDCUL, Roshanabad,
Haridwar 249 403 Uttarakhand
Tel: 01334 238500, 239514-16
Fax: 01334 239512-13

NON-MANDATORY REQUIREMENTS

The Company has not adopted the non-mandatory requirements as specified in Annexure - ID of the Listing Agreement except clause (2) relating to Remuneration Committee.

Investors' Correspondence may be addressed to

- Mr. Ilam C. Kamboj, Sr. G.M. Legal & Company Secretary & Compliance Officer,
e-mail: ickamboj@herohonda.com; or
- to the Registrar & Transfer Agents i.e. Karvy Computershare Pvt. Limited.
e-mail: einward@karvy.com or

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

- Mr. Ravi Sud, Sr. Vice President & CFO,
e-mail: ravisud@herohonda.com

For and on behalf of the Board

Brijmohan Lall Munjal
Chairman

New Delhi
July 29, 2010

CERTIFICATE

AUDITORS' CERTIFICATE ON THE COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

TO THE MEMBERS OF HERO HONDA MOTORS LIMITED

We have examined the compliance of conditions of Corporate Governance by Hero Honda Motors Limited for the year ended March 31, 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For A. F. Ferguson & Co.
Chartered Accountants
(Registration No. 112066W)



Manjula Banerji
Partner
(Membership No. 86423)

New Delhi
July 29, 2010

CERTIFICATE OF CEO & CFO

CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF THE COMPANY

We, Pawan Munjal, Managing Director & Chief Executive Officer (CEO) and Ravi Sud, Sr. Vice President & Chief Financial Officer (CFO) of Hero Honda Motors Limited, to the best of our knowledge and belief certify that:

1. We have reviewed the Balance Sheet and Profit and Loss Account of the Company for the year ended March 31, 2010 and all its schedule and notes to accounts, as well as the Cash Flow Statement.
2. To the best of our knowledge and information:
 - a. these statements do not contain any materially untrue statement or omit to state a material fact or figures or contain statement that might be misleading;
 - b. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. We also certify that based on our knowledge and the information provided to us, there are no transactions entered into by the Company, which are fraudulent, illegal or violate the company's code of conduct.
4. We are responsible for establishing and maintaining internal controls and procedures for the Company, and we have evaluated the effectiveness of the Company's internal controls and procedures.
5. We have disclosed, based on our most recent evaluation, wherever applicable, to the company's auditors and through them to the Audit Committee of the Company's Board of Directors:
 - a. Significant changes in internal control during the year;
 - b. Any fraud, which we have become aware of and that involves Management or other employees who have a significant role in the Company's internal control systems;
 - c. Significant changes in accounting policies during the year.
6. We further declare that all board members and senior management have affirmed compliance with the code of conduct for the year 2009-10.

For Hero Honda Motors Limited



Pawan Munjal
Managing Director & CEO

New Delhi
April 19, 2010

For Hero Honda Motors Limited



Ravi Sud
Sr. Vice President & CFO

ANNEXURE - II TO DIRECTORS' REPORT

Information Under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended March 31, 2010;

I. CONSERVATION OF ENERGY

- a) **Techno-economic viability of few energy saving proposals is being carried out and few proposals have been already implemented.**

Energy conservation measures taken and their impact:

- Installation of heat recovery unit from incinerator for hot water, saving around 48,000 KG fuel per annum;
- FA DOL and dispatch area lighting connected with lighting transformer for power, saving around 24,000 KWH power per annum;
- Standardization of Air conditioning temperature by 25 degree centigrade throughout the plant, saving approximately 12,000 KWH power per annum;
- Power saving in air compressor by optimizing air pressure to plant, saving approximately 1,20,000 KWH per annum;
- Improvement in Lighting circuits & control;
- Installation of additional power saving circuits; &
- Controlling of idle running of machines and equipments.

- b) **Additional Investments and Proposals being implemented for reduction of consumption of energy**

The company is exploring more projects to minimize the energy consumption and technical details in regard to the same are being evaluated. The same are enumerated below:

- BIO MASS Gasified Power generating set;
- Vapor absorption machine for chillers;
- Heat Recovery from Incinerator;
- Heat Recovery from DG sets; &
- Alternate power i.e. wheeling power from Electrical grid.

- c) **Impact of measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods.**

It is difficult to quantify the impact of individual projects on production as no. of equipments are being added during the year.

- d) **Total energy consumption and energy consumption per unit of production as per Form - A is given in Table - A.**

II. PARTICULARS AS PER FORM B

(A) RESEARCH & DEVELOPMENT(R&D)

- (a) **Specific areas in which R&D carried out by the Company**

- New Model Technology;
- Indigenisation of CKD Parts;
- Multi Source Approval to support Production level;
- Meeting Legislative Norms (BS - III most stringent emission norms); &
- Active Participation in deciding the needs of future Automobile Regulations in India.

- (b) **Benefits derived as a result of the above R&D activities**

- Launched Karizma ZMR - FI (233cc - 4 stroke), HUNK - New Aesthetics, Splendor+ Special Edition, Splendor NXG (BS-III Compliance), Passion Pro (Digital Meter + MF Batt + BS-III compliance), Glamour (New Aesthetics + MF Battery + BS-III Compliance), CD-DLX / Dawn, Pleasure - New Aesthetics and Splendor + (BS-III Compliance) Special Edition;
- 299 Multi source Components and 2 new sources added for existing models;
- Indigenisation of 8 items was done during the year; &
- Compliance to the following Regulations :
 - ◆ T.A & COP for Safety Critical Components - Phase-II (AIS-037: Rear view mirrors, bulbs) and Phase III (AIS-037: Lighting and signaling division, Reflex reflector, fuel tank);
 - ◆ E-10 Compliance (on-going);
 - ◆ BS-III Compliance; &
 - ◆ EMC Compliance.

- c) **Future plan of action**

- New Model Launch;
- Indigenisation plan, 9 more items to be localized;
- Participation at different Forums for formation of two wheeler Regulations in India & GTRs; &
- Compliance Plan for the following future regulations :-
 - ◆ Mass Emission Norms (BS-IV);
 - ◆ EMC;

- ◆ Tell tales, symbols & controls;
- ◆ Safety Related Standards;
- ◆ E-10 Compliance (on-going);
- ◆ Spray Suppression;
- ◆ Brake GTR; &
- ◆ Noise.

4. Expenditure on R & D

(Rupees in crores)

	Year Ended March 31, 2010	Year Ended March 31, 2009
i) Capital	3.15	8.59
ii) Recurring	27.16	23.71
iii) Total R & D expenditure as a percentage of sale (as per P & L A/c) (%)	0.19	0.26

B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

(a) Efforts, in brief, made towards technology absorption, adaptation and innovation

More parts development approval in India

(b) Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution

- ◆ New Model Development to increase market share;
- ◆ Supply capacities and quality of bought out parts (BOP) increased with Multi Source Development to support the increasing production;
- ◆ Indigenisation - to meet Cost Challenge; &
- ◆ Compliance to Latest Regulations.

Further, in last five years the Company, its ancillaries and Vendors have imported technologies regarding Digital Speedometer, Gear Primary Driven (Forging), Cast Wheel, CV Carburetor, Fuel Injection, RTMI (Real Time Mileage Indicator), Non-Asbestos Brake Shoe & Gaskets, Migration from Hexachrome to Trichrome, Low Friction High F.E Engine Technology, LED Lighting Device, Self Sealing - Puncture Resistance Wheel Tube, Rear Cushion with Reservoir Tank, Emission Devices - Low Cost Catalytic Converter, Rear Disk Brake, Oil Temp. Sensor / O2 Sensor, Honda Intelligent Ignition System, MF Battery and Bank Angle Sensor.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

(A) EXPORT ACTIVITIES / INITIATIVES TO INCREASE EXPORTS / DEVELOPMENT OF NEW EXPORT MARKETS / EXPORT PLANS

EXPORT INITIATIVES DURING 2009-10

During the year under review, your Company exported 97,699 Two Wheelers (20% growth over the previous year) and Spare Parts worth Rs. 17.60 crores (23% growth). Further launched successfully New Models in Srilanka, Bangladesh & Columbia, which led to overall growth in the export Business. Exhaustive Training on Sales and Technology was imparted to the Overseas Training Managers. The Company has established training centres in all export markets. CD Deluxe model has been supplied to SriLankan Army. The after sale service concepts have been strengthened in Bangladesh- with automated workshops.

EXPORT PLAN FOR 2010-11

- Launch new models in all Export markets successfully for growth;
- Enhance Brand building efforts through more ground level activities;
- Strengthen position in premium segment with ZMR;
- Training on Spare Parts Management and Safety for overseas Managers; &
- Focus on After Sale Service.

(B) EARNINGS & OUTGO

Foreign exchange earnings during the period under report was Rs. 337.59 crores, compared to Rs. 248.11 crores in the previous year, a growth of 36.06%.

On account of Royalty, Technical Guidance Fee, Model Fee, Export Commission, Travel and other accounts, Advertisement and Publicity, the foreign exchange outgo was Rs. 485.46 crores, compared to Rs. 377.80 crores in the previous year, an increase of 28.50%.

The foreign exchange outgo on account of Dividend was Rs. 103.84 crores compared to Rs. 98.65 crores in the previous year.

Foreign exchange outgo for import of components, spare parts, raw materials and capital goods was Rs. 624.73 crores compared to Rs. 476.05 crores in the previous year.

TABLE A
TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION AS PER FORM A FOR GURGAON, DHARUHERA AND HARIDWAR PLANT(S) OF THE COMPANY.

Particulars	Gurgaon Plant		Dharuhera Plant		Haridwar Plant	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
A Power and Fuel consumption per unit of Production						
Product Unit (Two Wheeler)	15,92,463	15,58,928	15,99,454	15,33,141	14,04,327	6,29,775
1. Electricity						
(a) Purchased Units (KWH)	Nil	Nil	50,65,988	67,10,089	2,06,03,625	150,93,925
Total Amount (Rs.)	Nil	Nil	2,22,64,222	2,92,33,697	8,09,67,950	6,15,43,296
Rate/unit (Rs.)	Nil	Nil	4.39	4.36	3.93	4.08
(b) Own generation Through Diesel Generator Units						
Self (KWH)	5,88,76,342	5,58,83,492	4,62,55,864	4,09,98,530	37,00,260	4,14,700
Hired (KWH)	Nil	Nil	Nil	Nil	Nil	Nil
Unit per ltr. of Diesel Oil Cost/Unit						
Self (KWH / Ltr.)	3.96	4.02	4.20	4.19	3.60	3.66
Hired (KWH / Ltr.)	Nil	Nil	Nil	Nil	Nil	Nil
2. Furnace Oil, HSD etc.		**		*		**
Quantity (K.ltrs)	210.15	109.95	1,608.18	1,765.06	585.09	171.48
Total Amount (Rs)	71,49,406	27,58,011	3,62,32,460	4,34,50,167	1,69,22,602	51,08,834
Average Rate/ Ltrs. (Rs.)	34.02	25.08	22.53	24.62	28.92	29.79
B Consumption per unit of Production.						
Electricity (KWH / Veh.)	36.97	35.85	32.09	31.12	17.31	24.63
Furnance Oil, HSD etc.(Ltr./ Veh.)	0.13	0.07	1.01	1.15	0.42	0.27

* fuels (Furnace Oil/HSD) used in Boiler for direct production of two wheeler only

** fuels (Furnace Oil/HSD) used in Hot Water Generator for direct production of two wheeler only

DETAILS OF DIRECTORS OF HERO HONDA MOTORS LIMITED

Name of Director / DIN	Status	Type of Company	Directorship held	Committee	
				Membership	Chairmanship
Mr. Brijmohan Lall Munjal 00004134	EC	L	Hero Honda Motors Limited	-	-
		L	Munjal Showa Limited	-	-
		L	Shivam Autotech Limited	-	-
		UL	Easy Bill Limited	-	-
		UL	Hero Honda Finlease Limited	-	-
		UL	Rockman Industries Limited	-	-
		P	BCM Energies (P) Limited	-	-
		P	BML Investments (P) Limited	-	-
Mr. Pawan Munjal 00004223	MD & CEO	L	Hero Honda Motors Limited	-	-
		UL	Hero Honda Finlease Limited	-	-
		UL	Hero Investments Pvt. Limited	-	-
		UL	Rockman Industries Limited	-	-
		P	Bahadur Chand Investments (P) Limited	-	-
		P	Puja Investments (P) Limited	-	-
Mr. Toshiaki Nakagawa 00034882	ED	L	Hero Honda Motors Limited	-	-
		UL	Hero Honda Finlease Limited	-	-
Mr. Sumihisa Fukuda 02189947	TD	L	Hero Honda Motors Limited	-	-
		UL	Hero Honda Finlease Limited	-	-
Mr. Sunil Kant Munjal 00003902	NED	L	DCM Shriram Consolidated Limited	-	-
		L	Hero Honda Motors Limited	-	-
		L	Shivam Autotech Limited	-	-
		UL	Abhayuday Manufacturing & Automotive Limited	-	-
		UL	Arrow Infra Limited	-	-
		UL	Easy Bill Limited	-	-
		UL	Hero Corporate Services Limited	-	-
		UL	Hero Life Insurance Co. Limited	-	-
		UL	Hero Management Services Limited	-	-
		UL	Hero Mindmine Institute Limited	-	-
		UL	Hero Realty & Infra Limited	-	-
		UL	Hero Steels Limited	-	-
		UL	Rockman Industries Limited	-	-
		UL	Satyam Auto Components Limited	-	-
		UL	Weave Engineering and Design Limited	-	-
		P	Bahadur Chand Investments (P) Limited	-	-
		P	BML Investments (P) Limited	-	-
		P	Thakurdevi Hydro (P) Limited	-	-
		P	Hero Investments (P) Limited	-	-
		P	Puja Investments (P) Limited	-	-
Mr. Suman Kant Munjal 00002803	NED	L	Hero Honda Motors Limited	-	-
		UL	Rockman Industries Limited	Audit	-
		UL	Survam Infrastructure Limited	-	-
		UL	Hero Corporate Services Limited	-	-
		UL	Munjal Acme Packaging Systems Limited	-	-
		P	Bahadur Chand Investments (P) Limited	-	-
		P	Puja Investments (P) Limited	-	-
		P	Hero Investments (P) Limited	-	-
		P	Rockman Auto (P) Limited	-	-
		P	BCM Energies (P) Limited	-	-
		P	Thakurdevi Hydro (P) Limited	-	-
		P	Survam Investments (P) Limited	-	-
		P	Survam Real Estate (P) Limited	-	-

Name of Director / DIN	Status	Type of Company	Directorship held	Committee	
				Membership	Chairmanship
Mr. Takashi Nagai 01493933	NED	L	Hero Honda Motors Limited	-	-
		L	Honda Siel Powers Products Limited	-	-
		UL	Honda Siel Cars India Limited	-	-
		P	Honda Motorcycle & Scooters India Pvt. Limited	-	-
		P	Honda Motors India Pvt. Limited	-	-
Mr. Yuji Shiga 03043452	NED	L	Hero Honda Motors Limited	-	-
Gen. (Retd.) V.P. Malik 00006628	NEID	L	Hero Honda Motors Limited	Audit	-
		L	Reliance Infrastructure Limited	Audit	-
		UL	BSES Rajdhani Power Limited	Audit	-
		UL	BSES Yamuna Power Limited	Audit	-
Mr. Pradeep Dinodia 00027995	NEID	L	DCM Shriram Consolidated Limited	Audit	Shareholders' Grievance
		L	DFM Foods Limited	-	Audit
		L	Hero Honda Motors Limited	Shareholders' Grievance	Audit
		L	J K Lakshmi Cement Limited	-	-
		L	Shriram Pistons & Rings Limited	Audit	-
				Shareholders' Grievance	-
		UL	Hero Corporate Services Limited	-	Audit
		UL	Micromatic Grinding Technologies Limited	-	-
		UL	SPR International Auto Exports Limited	-	-
Dr.Pritam Singh 00057377	NEID	UL	Ultima Finvest Limited	-	-
		L	Dish TV India Limited	Audit	-
		L	Hero Honda Motors Limited	Audit	Shareholders' Grievance
		L	Parsvnath Developers Limited	-	-
		L	Dena Bank Limited	-	-
Mr.Analjit Singh 00029641	NEID	UL	Godrej Properties Limited	-	-
		L	Hero Honda Motors Limited	-	-
		L	IDBI Bank Limited	-	-
		L	Max India Limited	-	-
		L	Tata Beverages Limited	-	-
		L	Dabur India Limited	-	-
		UL	Indus Towers Limited	-	-
		UL	Malsi Hotels Limited	-	-
		UL	Malsi Estates Limited	-	-
		UL	Malsi Holdings Limited	-	-
		UL	Max Healthcare Institute Limited	-	-
		UL	Max Neeman Medical International Limited	-	-
		UL	Vodafone Essar Limited	-	-
		UL	Max Bupa Health Insurance Company Limited	-	-
		UL	Max New York Life Insurance Company Limited	-	-
		P	Boom Investments Pvt. Limited	-	-
		P	Capricorn Hospitality Services Private Limited	-	-
		P	Capricorn Health Services Pvt. Limited	-	-

Name of Director / DIN	Status	Type of Company	Directorship held	Committee	
				Membership	Chairmanship
		P	Delhi Guest Houses Private Limited	-	-
		P	Doon Holiday Resorts Pvt. Limited	-	-
		P	Dynavest India Pvt. Limited	-	-
		P	Leo Retailing and Health Services Private Limited	-	-
		P	Mohair Investments and Trading Co. (P) Ltd	-	-
		P	Nurture Health Services Private Limited	-	-
		P	Scorpios Beverages Pvt. Limited	-	-
		P	Terra Planet Estates Private Limited	-	-
		P	Trophy Holdings Private Limited	-	-
		P	Urban Space Consultants Private Limited	-	-
		P	Veer Health Services Private Limited	-	-
		P	Vitasta Estates Private Limited	-	-
		P	BAS Enterprises Private Limited	-	-
		P	Trophy Estates Private Limited	-	-
Ms.Shobhana Bhartia 00020648	NEID	L	Britex (India) Ltd.	-	-
		L	Hero Honda Motors Limited	-	-
		L	HT Media Limited	-	-
		L	Udit (India) Limited	-	-
		L	Usha Flowell Limited	-	-
		L	The Hindustan Times Limited	-	Audit
		UL	Air Travel Bureau Limited	-	-
		UL	Firefly e-Ventures Limited	-	-
		UL	Goldmerry Investment & Trading Co. Limited	-	-
		UL	HTL Investment & Trading Co. Limited	-	-
		UL	Nilgiri Plantation Limited	-	-
		UL	Ronson Traders Limited	-	-
		UL	Shradhanjali Investment & Trading Co. Limited	-	-
		UL	Yashovardhan Investment & Trading Co. Limited	-	-
		UL	Hindustan Media Ventures Limited	-	-
		P	Earthstone Holding Private Limited	-	-
		P	Earthstone Holding (One) Private Limited	-	-
		P	Earthstone Holding (Two) Private Limited	-	-
		P	Earthstone Holding (Three) Private Limited	-	-
Mr. M. Damodaran 02106990	NEID	L	Tech Mahindra Limited	-	Audit
		L	Hero Honda Motors Limited	-	-
				Audit	-
				Shareholders' Grievance	-
		L	Satyam Computer Services Limited	Audit	-
		L	Sobha Developers Limited	-	-
		UL	SREI Sahaj e-Village Limited	-	-
		UL	ING Vysya Bank Limited	-	-
		UL	Dedicated Freight Corridor Corporation of India Limited	-	-
		P	ING Investment Management India Pvt. Limited	-	-

Name of Director / DIN	Status	Type of Company	Directorship held	Committee	
				Membership	Chairmanship
Mr. Ravi Nath 00062186	NEID	L	Hero Honda Motors Limited	-	-
		L	Kanoria Chemicals & Industries Limited	-	-
		L	Somany Ceramics Limited	-	-
		L	Voith Paper Fabrics India Limited	Audit	Shareholders' Grievance
		P	Areva India Pvt. Limited	-	-
		P	Citron Holdings Pvt. Limited	-	-
		P	Kadimi Constructions Private Limited	-	-
		P	Rajinder Narain & Co. Consultatnts Private Limited	-	-
		P	SIPA India Pvt. Limited	-	-
Dr. Anand C. Burman 00056216	NEID	L	Dabur India Limited	-	-
		L	Fresenius Kabi Oncology Limited	Audit	-
				Shareholders' Grievance	-
		L	Hero Honda Motors Limited	-	-
		L	Hindustan Motors Limited	-	-
		UL	Althea Lifesciences Limited	-	-
		UL	Aviva Life Insurance Co. India Limited	-	-
		UL	Dabur Overseas Limited	-	-
		UL	Dabur Pharmaceuticals Limited	-	-
		UL	H&B Stores Limited	-	-
		P	B.A. Holdings Pvt. Limited	-	-
		P	Excellent (India) Pvt. Limited	-	-
		P	IMB Infrastructures Pvt. Limited	-	-
		P	Interx Laboratories Pvt. Limited	-	-
		P	KBC India Pvt. Limited	-	-
		P	M.B. Finmart Pvt. Limited	-	-
		P	Milky Investment and Trading Co.	-	-
		P	Moon Light Ranch Pvt. Limited	-	-
		P	Puran Associates Pvt. Limited	-	-
		P	Vansh Holdings Pvt. Limited	-	-
		P	VIC Enterprises Pvt. Limited	-	-
		P	Windy Investments Pvt. Limited	-	-

Details as on July 29, 2010.

AUDITORS' REPORT

TO THE MEMBERS OF HERO HONDA MOTORS LIMITED

1. We have audited the attached Balance Sheet of Hero Honda Motors Limited ("the Company") as at March 31, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and;
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on March 31, 2010 and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For A. F. Ferguson & Co.
Chartered Accountants
(Registration No. 112066W)

Manjula Banerji
Partner
(Membership No. 86423)

Place : New Delhi
Date : April 19, 2010

ANNEXURE TO THE AUDITORS' REPORT (Referred to in paragraph 3 of our report of even date)

Having regard to the nature of the Company's business/ activities/result, clauses 4 (x) and (xiii) of Companies (Auditor's Report) Order, 2003 (hereinafter referred to as the Order) are not applicable.

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) As explained to us, the Company has a programme of physically verifying all of its fixed assets over a period of three years and in accordance therewith, physical verification of certain fixed assets of the Company was carried out during the year. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (ii) (a) During the year, the inventories have been physically verified by the management except for inventory lying with third parties at the end of the year for which confirmations have been obtained in most of the cases. In our opinion, the frequency of the verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventories, we are of the opinion that, the Company has maintained proper records of inventories. The discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.
- (iii) (a) According to the information and explanations given to us, the Company has, during the year, not granted any loan, secured or unsecured to companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956, other than unsecured loans aggregating Rs. 100 crores granted to a company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount due during the year was Rs.35 crores and the year end balance of loans granted was Rs. Nil.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of the loans granted by the Company, as referred to in paragraph 4(iii) (a) above, are, prima-facie, not prejudicial to the interest of the Company.
- (c) According to the information and explanations given to us, the party, to whom the loans have been granted by the Company, as referred to in paragraph 4(iii)(a) above, have been regular in repayment of principal amount as stipulated and have been regular in payment of interest.
- (d) According to the information and explanations given to us, there are no overdue amounts in respect of the loans granted as referred to in paragraph 4(iii)(a) above and interest thereon.
- (e) According to the information and explanations given to us, the Company has, during the year, not taken any loans, secured or unsecured, from companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraph 4(iii) (f) and (g) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.

- (b) Where each of such transaction is in excess of Rs.5 lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time except in respect of certain purchases for which comparable quotations are not available and in respect of which we are unable to comment.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the internal audit function carried out during the year by firms of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that, prima-facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (ix) (a) According to the information and explanations given to us and the records of the Company examined by us, the Company has been regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess, value added tax, Haryana local area development tax and other material statutory dues applicable to it with the appropriate authorities. We are informed that there are no undisputed statutory dues as at the year end outstanding for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no disputed dues in respect of sales tax, wealth tax, customs duty and cess, which have not been deposited. The following are the particulars of excise duty, service tax and income-tax dues not deposited/ deposited under protest by the Company on account of disputes as at March 31, 2010:-

Name of the statute	Nature of the dues	Amount* (Rs. in crores)	Amount paid under protest (Rs. in crores)	Period to which amount relates	Forum where dispute is pending
Central excise laws	Excise duty	14.31	1.05	2000-01 and 2002 to 2008	CESTAT
		1.21	-	2002-03 to 2005-06	Commissioner (Appeals)
	Service tax	1.93	0.45	2003-04 to 2005-06	CESTAT
Income-tax Act	Income tax	136.91	54.40 **	2002-03 to 2004-05	Commissioner (Appeals)

* Amount as per demand orders including interest and penalty wherever quantified in the order.

** Balance of unpaid amount has been stayed.

The following matters have been decided in favour of the Company, although the department has preferred appeals at higher levels:

Name of the statute	Nature of the dues	Amount (Rs. in crores)	Period to which amount relates	Forum where dispute is pending
Central excise laws	Excise duty	2.57	1986-87 to 1990-91	Supreme Court
		0.03	2005-06 to 2008-09	CESTAT
	Service tax	0.03	2005	High Court
Income-tax Act	Income tax	8.39	1987-88, 1989-90, 1992-93, 1993-94, 1995-96 to 1998-99, 2000-01	High Court
		12.30	1999-00, 2001-02	Income Tax Appellate Tribunal

- | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>(x) According to the records of the Company examined by us and on the basis of information and explanations given to us, the Company has not defaulted in repayment of dues to banks during the year. The Company has not taken any loans from financial institutions and has not issued debentures during the year.</p> <p>(xi) In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances during the year on the basis of security by way of pledge of shares, debentures and other securities.</p> <p>(xii) In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.</p> <p>(xiii) According to the information and explanations given to us, the Company has not given any guarantees during the year for loans taken by others from banks or financial institutions.</p> <p>(xiv) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.</p> <p>(xv) According to the information and explanations given to us and on an overall examination of the balance</p> | <p>sheet of the Company, we report that short term funds have not been used to finance long term investments.</p> <p>(xvi) The Company has not made any preferential allotment of shares during the year.</p> <p>(xvii) The Company has not issued any debentures during the year.</p> <p>(xviii) The Company has not raised any money by way of public issue during the year.</p> <p>(xix) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.</p> <p>For A. F. Ferguson & Co.
Chartered Accountants
(Registration No. 112066W)</p> <p>Manjula Banerji
Partner
(Membership No. 86423)</p> <p>Place : New Delhi
Date : April 19, 2010</p> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

BALANCE SHEET

as at March 31, 2010

HERO HONDA MOTORS LIMITED

(Rupees in crores)

	Schedule No.	As at March 31, 2010	As at March 31, 2009
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1	39.94	39.94
Reserves and surplus	2	3,425.08	3,760.81
		3,465.02	3,800.75
LOAN FUNDS	3		
Unsecured		66.03	78.49
		66.03	78.49
DEFERRED TAX LIABILITIES	8	160.63	153.08
TOTAL		3,691.68	4032.32
APPLICATION OF FUNDS			
FIXED ASSETS	4		
Gross block		2,750.98	2516.27
Less: Depreciation		1,092.20	942.56
Net block		1,658.78	1573.71
Capital work in progress		48.14	120.54
		1,706.92	1694.25
INVESTMENTS	5	3,925.71	3368.75
DEFERRED TAX ASSETS	8	7.88	8.65
CURRENT ASSETS, LOANS AND ADVANCES	6		
Inventories		436.40	326.83
Sundry debtors		108.39	149.94
Cash and bank balances		1,907.21	219.57
Other current assets		24.82	5.89
Loans and advances		405.76	311.26
		2,882.58	1013.49
Less: CURRENT LIABILITIES AND PROVISIONS	7		
Current liabilities		3,805.06	1525.85
Provisions		1,026.35	526.97
		4,831.41	2052.82
Net current assets		(1,948.83)	(1,039.33)
TOTAL		3,691.68	4032.32
Notes to the accounts	12		

In terms of our report attached

For A.F. FERGUSON & CO.
Chartered Accountants

MANJULA BANERJI
Partner
Membership no. 86423

Place : New Delhi
Date : April 19, 2010

For and on behalf of the Board of Directors

BRIJMOHAN LALL MUNJAL Chairman

PAWAN MUNJAL Managing Director & CEO

PRADEEP DINODIA Director

RAVISUD Sr. Vice President & CFO

ILAM C. KAMBOJ Sr. G. M. Legal & Company Secretary

PROFIT AND LOSS ACCOUNT

HERO HONDA MOTORS LIMITED

for the year ended March 31, 2010

(Rupees in crores)

	Schedule No.	Year ended March 31, 2010	Year ended March 31, 2009
INCOME			
Gross sales		16,780.62	13,543.09
Less: Excise duty		1,022.44	1,223.97
Net sales		15,758.18	12,319.12
Other income	9	340.61	246.09
		<u>16,098.79</u>	<u>12,565.21</u>
EXPENDITURE			
Manufacturing and other expenses	10	13,096.21	10,634.77
Depreciation	4	191.47	180.66
Interest (net)	11	(20.62)	(31.68)
		<u>13,267.06</u>	<u>10,783.75</u>
Profit for the year before tax		2,831.73	1,781.46
Provision for taxation			
- current		591.58	475.65
- deferred		8.32	19.06
- fringe benefit		-	4.99
Profit after tax		2,231.83	1,281.76
Balance of profit brought forward		2,707.28	2,021.77
Balance available for appropriation		4,939.11	3,303.53
APPROPRIATIONS			
Dividend			
- Interim		1,597.50	-
- Proposed final		599.06	399.38
Tax on dividend		371.00	67.87
Transfer to general reserve		225.00	129.00
Balance carried to balance sheet		<u>2,146.55</u>	<u>2,707.28</u>
		<u>4,939.11</u>	<u>3,303.53</u>
Basic and diluted earnings per share face value Rs. 2/-each (in rupees)		111.77	64.19
Notes to the accounts	12		

In terms of our report attached

For A.F.FERGUSON & CO.
Chartered AccountantsMANJULA BANERJI
Partner
Membership no. 86423Place : New Delhi
Date : April 19, 2010

For and on behalf of the Board of Directors

BRIJMOHAN LALL MUNJAL Chairman

PAWAN MUNJAL Managing Director & CEO

PRADEEP DINODIA Director

RAVI SUD Sr. Vice President & CFO

ILAM C. KAMBOJ Sr. G. M. Legal & Company Secretary

CASH FLOW STATEMENT

for The Year Ended March 31, 2010

HERO HONDA MOTORS LIMITED

(Rupees in crores)

		Year ended March 31, 2010	Year ended March 31, 2009
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before tax		2,831.73	1,781.46
Adjustments for:			
Add: Depreciation	191.47		180.66
Loss on fixed assets sold/discarded	6.18		3.57
Exchange differences	2.04		(0.64)
Loss on sale of non-trade current investments	11.80		38.89
Provision for diminution in value of investment:			
Current non trade investment	2.27		0.20
Long term non trade investment	0.38		12.49
Interest - others and financial charges	2.10		2.53
Provision for doubtful debts/written back	2.16		(0.75)
		218.40	236.95
Less: Interest on long term non-trade investments	35.13		22.04
Interest received on loans, deposits etc.	22.72		34.21
Profit on sale of fixed assets	0.23		0.19
Dividend income			
On current Investments - Non-trade	4.12		12.77
On long-term investments-Trade	2.72		2.72
Profit on sale of non-trade current investments	208.11		184.32
		273.03	256.25
Operating profit before working capital changes		2,777.10	1,762.16
Adjustments for:			
Add: Increase in trade payables	629.82		111.95
Increase in security deposits from dealers	1.05		0.89
		630.87	112.84
Less: Increase in trade and other receivables	36.71		4.60
Increase in inventories	109.57		9.74
		146.28	14.34
Cash generated from operations		3,261.69	1,860.66
Less: Direct taxes paid		575.05	501.63
Net cash from operating activities		2,686.64	1,359.03
B. CASH FLOW FROM INVESTING ACTIVITIES			
Sale of fixed assets	1.48		1.54
Sale of investments	22,771.48		18,042.65
Inter corporate deposits received back	100.00		545.50
Interest received on long term non-trade investments	16.20		21.84
Interest received on loans, deposits etc.	22.72		34.21
Dividend income			
On current investments-Non-trade	4.12		12.77
On long-term investments-Trade	2.72		2.72
		22,918.72	18,661.23
Less: Purchase of fixed assets	211.57		315.08
Inter corporate deposits paid	100.00		495.50
Purchase of investments	23,134.78		18,711.84
		23,446.35	19,522.42
Net cash (used) in investing activities		(527.63)	(861.19)

(Rupees in crores)

		Year ended March 31, 2010	Year ended March 31, 2009
C. CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid - others and financial charges	2.10		2.53
Dividend deposited in dividend current accounts	1,996.88		379.41
Tax on dividend	97.87		64.48
Repayment of long term borrowings	12.46		53.51
		2,109.31	499.93
Net cash (used) in financing activities		(2,109.31)	(499.93)
D. Increase/(decrease) in cash and cash equivalents (A+B+C)		49.70	(2.09)
Cash and cash equivalents at the beginning of the year		13.45	15.19
Cash and cash equivalents at the end of the year			
Cash and bank balances	62.61		13.45
Unrealised exchange loss/(gain)	0.54		(0.35)
		63.15	13.10
Notes to the accounts	12		

In terms of our report attached

For A.F.FERGUSON & CO.
Chartered Accountants

MANJULA BANERJI
Partner
Membership no. 86423

Place : New Delhi
Date : April 19, 2010

For and on behalf of the Board of Directors

BRIJMOHAN LALL MUNJAL

Chairman

PAWAN MUNJAL

Managing Director & CEO

PRADEEP DINODIA

Director

RAVISUD

Sr. Vice President & CFO

ILAM C. KAMBOJ

Sr. G. M. Legal & Company Secretary

SCHEDULES 1 to 12 ANNEXED

HERO HONDA MOTORS LIMITED

to and Forming Part of The Accounts

1) SHARE CAPITAL

(Rupees in crores)

	As at March 31, 2010	As at March 31, 2009
AUTHORISED		
25,00,00,000 (previous year 25,00,00,000) Equity shares of Rs. 2 each	50.00	50.00
4,00,000 (previous year 4,00,000) Cumulative convertible preference shares of Rs. 100 each	4.00	4.00
4,00,000 (previous year 4,00,000) Cumulative redeemable preference shares of Rs. 100 each	4.00	4.00
	58.00	58.00
ISSUED, SUBSCRIBED AND PAID UP		
19,96,87,500* (previous year 19,96,87,500) Equity shares of Rs. 2 each fully paid up	39.94	39.94
	39.94	39.94

* Of the above 11,98,12,500 (previous year 11,98,12,500) shares had been allotted as fully paid bonus shares by capitalisation of general reserve.

2) RESERVES AND SURPLUS

(Rupees in crores)

	As at March 31, 2009	Additions	Deductions	As at March 31, 2010
CAPITAL RESERVES				
On shares forfeited (#Rs. 4250)	#	-	-	#
Share premium account on forfeited shares reissued(##Rs. 25500)	##	-	-	##
REVENUE RESERVES				
General reserve	1,053.53	225.00	-	1,278.53
Surplus, being balance in profit and loss account	2,707.28	-	560.73	2,146.55
	<u>3,760.81</u>	<u>225.00</u>	<u>560.73</u>	<u>3,425.08</u>
Previous year	2,946.30	814.51	-	3,760.81

3) LOAN FUNDS

(Rupees in crores)

	As at March 31, 2010	As at March 31, 2009
UNSECURED LOANS		
Other loans and advances		
Sales tax deferment from the State Government of Haryana	66.03	78.49
[Include Rs. 33.32 crores (previous year Rs. 12.46 crores) due within one year]		
	66.03	78.49

4) FIXED ASSETS

(Rupees in crores)

	Gross block (at cost)				Depreciation				Net block	
	As at March 31, 2009	Additions	Deductions	As at March 31, 2010	As at March 31, 2009	For the year	On deductions	As at March 31, 2010	As at March 31, 2010	As at March 31, 2009
<u>Tangible assets</u>										
Land										
- Freehold	83.95	0.70	-	84.65	-	-	-	-	84.65	83.95
- Leasehold #	81.80	-	-	81.80	2.50	0.83	-	3.33	78.47	79.30
Buildings ##	415.57	26.54	2.09	440.02	47.91	13.95	0.94	60.92	379.10	367.66
Plant and machinery	1,617.22	173.73	38.66	1,752.29	701.74	128.02	34.32	795.44	956.85	915.48
Furniture, fixtures and office equipment	26.84	4.51	1.54	29.81	7.17	1.92	0.91	8.18	21.63	19.67
Vehicles	27.53	9.04	2.50	34.07	9.31	4.94	1.55	12.70	21.37	18.22
Computer and data processing machines	56.82	44.25	4.47	96.60	33.17	7.85	4.11	36.91	59.69	23.65
<u>Intangible assets</u>										
Model fee	206.54	25.20	-	231.74	140.76	33.96	-	174.72	57.02	65.78
Total	2,516.27	283.97	49.26	2,750.98	942.56	191.47	41.83	1,092.20	1,658.78	
Previous year	1,938.78	603.03	25.54	2,516.27	782.52	180.66	20.62	942.56		1,573.71
Capital work in progress (including capital advances Rs. 15.02 crores (previous year Rs. 37.21 crores))									48.14	120.54
									1,706.92	1,694.25

Note :

Include land at Haridwar pending registration in the name of the Company.

Include office building at Nagpur pending registration in the name of the Company.

5) INVESTMENTS

(Rupees in crores)

	Units as at March 31, 2010	Units as at March 31, 2009	As at March 31, 2010	As at March 31, 2009
CURRENT INVESTMENTS				
(Cost or fair value which ever is lower)				
Non-trade				
Unquoted				
In Mutual fund units:				
Debt fund				
(Units of the face value of Rs. 10 each)				
ICICI Prudential Mutual Fund				
FMP Series 41-Fourteen Months Plan Institutional Cumulative	-	25000000	-	25.00
FMP Series 43-Thirteen Months Plan B Institutional Growth	-	12500000	-	12.50
FMP Series 43-Thirteen Months Plan D Retail Growth	-	20000000	-	20.00
FMP Series 42-Fifteen Months Plan Institutional Growth	-	20000000	-	20.00
FMP Series 42-Thirteen Months Plan D Institutional Growth	-	15000000	-	15.00
FMP Series 44-One Year Plan A Institutional Growth	-	10000000	-	10.00
FMP Series 46-One Year Plan A Institutional Growth	-	10000000	-	10.00
FMP Series 49-1 Year Plan B Institutional Growth	50000000	-	50.00	-
FMP Series 50-19 Months Plan A Cumulative	15051469	-	15.05	-
FMP Series 51-15 Months Plan E Cumulative	10000000	-	10.00	-
Institutional Income Plan Growth	-	5480736	-	15.06
Floating Rate Plan D-Growth	-	58499249	-	75.55
Long Term Floating Rate Plan C-Growth	22894268	22894268	22.93	22.93
Income Opportunities Fund Institutional -Growth	-	8998489	-	9.05
Short Term Plan Cumulative Option	92082258	51430640	169.14	93.06
Ultra Short Term Plan Super Premium Growth	144298829	-	146.01	-
Banking and PSU Debt Fund Growth	49813669	-	50.01	-
Birla Sunlife Mutual Fund				
FTP-INSTL-Series AK-Growth	-	30000000	-	30.00
FTP-INSTL-Series AZ-Growth	-	10000000	-	10.00
HDFC Mutual Fund				
FMP 18M November 2007 (VI) Wholesale Plan- Growth	-	25000000	-	25.00
FMP 18M January 2008 (VII) Wholesale Plan- Growth	-	30000000	-	30.00
High Interest Fund -Short Term Plan-Growth	-	42046745	-	70.01
Short Term Plan-Growth	28447832	28447832	47.46	47.46
FMP 20M Sep 2009-Growth-Series-XI	20000000	-	20.00	-
IDFC MUTUAL FUND				
SSIF-ST-Plan D-Growth	-	17433600	-	20.00
Money Manager Fund -Treasury Plan	-	-	-	-
-Super Inst Plan C-Growth	117001180	157067324	121.08	161.03
Money Manager Fund -Investment Plan	-	-	-	-
-Inst Plan B-Growth	14976980	-	21.10	-

5) INVESTMENTS (contd.)

(Rupees in crores)

	Units as at March 31, 2010	Units as at March 31, 2009	As at March 31, 2010	As at March 31, 2009
Tata Mutual Fund				
Fixed Investment Plan -2 Scheme-A- Institutional Plan -Growth	-	19173646	-	19.17
Fixed Maturity Plan Series 25 Scheme A -Super High Invest Plan-Growth	25000000	-	25.00	-
Kotak Mutual Fund				
FMP 13M Series 5-Growth	15000000	15000000	15.00	15.00
Floater Long Term -Growth	-	94909187	-	130.54
Franklin Templeton Investments				
Fixed Horizon Fund Series VII -Plan D -Institutional -Growth	-	20000000	-	20.00
Fixed Horizon Fund Series IX -Plan B -Growth	-	20000000	-	20.00
HSBC Mutual Fund				
Floating Rate Fund -Long Term Plan-Institutional Option -Growth	-	60820129	-	83.02
Fortis Mutual Fund				
Money Plus Institutional -Growth	96278790	52684375	129.79	66.56
FTP Ser 10 Plan F Inst. Growth	-	15000000	-	15.00
FTP Ser 14 Plan C Inst. Growth	15000000	15000000	15.00	15.00
Deutsche Mutual Fund				
DWS Fixed Term Fund Series 52- Institutional Growth	-	70000000	-	70.00
DWS Treasury Fund Investment-Institutional Plan-Growth	19592377	-	20.00	-
Reliance Mutual Fund				
Annual Interval Fund -Series1-Institutional Growth Plan	-	23553564	-	25.00
Fixed Horizon Fund IV -Series 6-Institutional Growth Plan	-	25000150	-	28.09
Fixed Horizon Fund IV -Series 7-Institutional Growth Plan	-	29999911	-	33.51
Fixed Horizon Fund -IX -Series 1-Institutional Growth Plan	-	12500000	-	12.50
Fixed Horizon Fund VII -Series 5-Institutional Growth Plan	-	19999989	-	22.05
Fixed Horizon Fund XII -Series 3-Super Institutional Plan-Growth	40030230	40030230	40.03	40.03
Fixed Horizon Fund XII -Series 4-Super Institutional Growth	60045345	60045345	60.05	60.05
Income Fund -Retail Plan -Growth Plan -Growth Option	-	17904653	-	52.04
Fixed Horizon Fund -XIII-Series 1-Growth Plan	50000000	-	50.00	-
Fixed Horizon Fund -XIII-Series 4-Growth Plan	50000000	-	50.00	-
Fixed Horizon Fund -XIII-Series 2-Growth Plan	61673009	-	61.67	-
Fixed Horizon Fund -XIII-Series 3-Growth Plan	24047744	-	24.05	-
Fixed Horizon Fund -XIII-Series 6-Growth Plan	17779171	-	17.78	-
Quarterly Interval Fund -Series II-Institutional Growth Plan	24029332	-	30.00	-

5) INVESTMENTS (contd.)

(Rupees in crores)

	Units as at March 31, 2010	Units as at March 31, 2009	As at March 31, 2010	As at March 31, 2009
Quarterly Interval Fund -Series				
III-Institutional Growth Plan	41747895	-	51.43	-
Short Term Fund-Retail Plan-Growth Plan	20562256	-	34.74	-
Monthly Income Plan-Growth Plan	13111108	-	25.00	-
Religare Mutual Fund				
FMP-14 Months -Series II-Institutional Growth	-	20000000	-	20.00
FMP-14 Months -Series III-Institutional Growth	-	20000000	-	20.00
FMP-Series II-Plan B (15 Months)	25000000	-	25.00	-
Fidelity Mutual Fund				
Flexi Gilt Fund -Growth	-	5000000	-	5.00
Morgan Stanley Mutual Fund				
Short Term Bond Fund Institutional Plus Growth	20000000	-	20.00	-
Axis Mutual Fund				
Fixed Term Plan-Series 1(384 days)-Retail Growth	15267282	-	15.27	-
DSP BlackRock Mutual Fund				
FMP 13M Series 2-Growth	20172298	-	20.17	-
UTI Mutual Fund				
Fixed Maturity Plan-Yearly Series(YFMP 11/09)				
-Institutional Growth Plan	20000000	-	20.00	-
Fixed Term Income Fund Series VII-1(428 Days)				
-Growth Plan	10000000	-	10.00	-
Fixed Income Interval Fund -Quarterly Plan Series				
III-Institutional -Growth Plan	20542654	-	25.00	-
Short Term Income Fund Institutional				
-Growth Option	47845516	-	50.00	-
Taurus Mutual Fund				
Fixed Maturity Plan 15Months Series 1				
-Institutional Growth Plan	10000000	-	10.00	-
(Units of the face value of Rs. 100 each)				
Reliance Mutual Fund				
Gold ETF -Open Ended Scheme	35853	68781	3.65	7.00
ICICI Prudential Mutual Fund				
Flexible Income Plan Premium -Growth	47174242	-	795.81	-
(Units of the face value of Rs. 1000 each)				
Reliance Mutual Fund				
Money Manager Fund-Institutional Option-				
Growth Plan	6798280	-	833.88	-
Repurchase Price Rs. 3240.87 crores				
(previous year Rs. 1555.16 crores)			3,151.10	1,501.21

5) INVESTMENTS (contd.)

(Rupees in crores)

	Units as at March 31, 2010	Units as at March 31, 2009	As at March 31, 2010	As at March 31, 2009
Fund of Funds				
(Units of the face value of Rs. 10 each)				
DSP BlackRock Mutual Fund				
World Gold Fund -Growth	-	3690582	-	5.00
AIG Mutual Fund				
World Gold Fund Growth	-	5000000	-	5.00
			-	10.00
Less: Provision for diminution in Value			-	(0.91)
Repurchase Price Rs. Nil (previous year Rs. 9.09 crores)			-	9.09
Equity fund				
(Units of the face value of Rs. 10 each)				
Escorts Mutual Fund				
Opportunities Fund -Dividend	39101284	24888747	39.97	31.16
High Yeild Equity Plan-Dividend	1463414	2439024	1.50	2.50
Infrastructure Fund-Growth	2000000	2000000	2.00	2.00
ICICI Prudential Mutual Fund				
Equity & Derivatives Fund-Income Optimiser				
-Institutional Growth	41050903	60975610	46.92	66.47
Blended plan A-Growth	18413357	-	25.00	-
IDFC Mutual Fund				
Arbitrage Fund-Plan B-Growth	-	13304241	-	14.49
Arbitrage Fund-Plan B-Dividend	-	24488469	-	25.35
Arbitrage Plus Fund-Plan B-Growth	-	20764327	-	21.46
HDFC Mutual Fund				
Arbitrage Fund-Wholesale Plan-Growth	-	44409641	-	47.65
Repurchase Price Rs. 120.15 crores (previous year Rs. 214.94 crores)			115.39	211.08
Liquid fund				
(Units of the face value of Rs. 10 each)				
ICICI Prudential Mutual Fund				
Liquid SuperInstitutional Plan-Growth	-	212663052	-	275.13
Reliance Mutual Fund				
Liquidity Fund- Growth Option	10822823	211168475	15.00	279.50
Fortis Mutual Fund				
Overnight- Institutional Plus-Growth	-	93523069	-	102.00

5) INVESTMENTS (contd.)

(Rupees in crores)

	Units as at March 31, 2010	Units as at March 31, 2009		As at March 31, 2010	As at March 31, 2009
HDFC Mutual Fund					
Liquid Fund -Premium Plan -Growth	-	101578892	-		178.11
Principal Mutual Fund					
Cash Management Fund -Liquid Option Instl.Prem.Plan-Growth	-	14192863	-		19.50
(Units of the face value of Rs. 1000 each)					
Tata Mutual Fund					
Liquid Super High Inv. Fund- Appreciation	-	962567	-		155.82
Taurus Mutual Fund					
Liquid Fund-Super Institutional Growth	9984	-	1.00		-
Repurchase Price Rs. 16.00 crores (previous year Rs. 1013.20 crores)				16.00	1,010.06
Debentures					
Citi Financial Consumer Finance India Limited					
Debentures of Citi Financial -Redeemable Non Convertible Secured NCD Issue Series-326 of Rs 100000 each	-	500	-		5.00
Maturity Value Rs. Nil (previous year Rs. 5.00 crores)				-	5.00
Investments under Portfolio Management Services #					
In Mutual fund units:					
Debt Fund					
(Units of the face value of Rs.10 each)					
Escorts Mutual Fund					
Floating Rate Fund -Growth Option	14641	14641	0.02		0.02
Income Plan -Growth Option	320465	442612	0.80		1.10
Fixed Maturity Plan	-	400000	-		0.40
Income Bond Fund	372962	152373	0.85		0.35
Fortis Mutual Fund					
Flexi Debt Fund Regular Daily Div	-	27154982	-		26.28
Money Plus Fund IP Growth	-	6076810	-		8.00
Religare Mutual Fund					
Ultra Short Term Fund	2619246	-	3.20		-
UTI Mutual Fund					
Short Term Income Fund Institutional -Growth Plan	608605	-	0.63		-
(Units of the face value of Rs.1000 each)					
Reliance Mutual Fund					
Money Manager Treasury Plan Weekly Dividend	9713	-	0.97		-
Money Manager Fund-Institutional Plan Growth Option	52730	-	6.18		-

5) INVESTMENTS (contd.)

(Rupees in crores)

	Units as at March 31, 2010	Units as at March 31, 2009	As at March 31, 2010	As at March 31, 2009
UTI Mutual Fund				
Treasury Advantage Fund -Institutional Plan -Growth	7093	-	0.82	
Repurchase price Rs. 14.29 crores (previous year Rs. 36.33 crores)			13.47	36.15
Liquid Fund				
(Units of the face value of Rs.10 each)				
Escorts Mutual Fund				
Liquid Plan Growth	1424293	718478	1.91	0.88
HDFC Mutual Fund				
Cash Management Fund Savings Plan	-	220928	-	0.40
Birla Mutual Fund				
Savings Fund -Inst -Growth	-	21756507	-	36.07
(Units of the face value of Rs.100 each)				
ICICI Prudential Mutual Fund				
Liquid Super Institutional Plan-Growth	1139995	-	15.24	-
(Units of the face value of Rs.1000 each)				
Reliance Mutual Fund				
Liquid Plus Fund Instt -Growth Plan	-	258332	-	30.19
UTI Mutual Fund				
Treasury Advantage Fund -Institutional Plan -Growth	-	78241	-	9.00
Repurchase price Rs. 17.48 crores (previous year Rs. 77.56 crores)			17.15	76.54
Debentures / Bonds				
Face Value of Rs 10000000 each				
12.5% Deccan Chronicle Holdings Limited NCD 06JN12	10	-	10.96	-
Indian Infrastructure Equipment Receivables Trust, July 2009-Series A3B	53	-	53.21	-
Face Value of Rs 980000 each				
Citicorp finance NCD SR 187	-	50	-	4.90
Face Value of Rs 1000000 each				
Citi Financial Consumer Finance India Limited	600	-	50.15	-
Sky Deck Properties and Development Pvt. Limited ZCB 28.01.2013	350	-	35.00	-
Power Finance Corporation Limited 11 NCD 15SP18	-	50	-	5.91
9.20% Bank of Baroda RR Perpetual BD	50	-	5.15	-

5) INVESTMENTS (contd.)

(Rupees in crores)

	Units as at March 31, 2010	Units as at March 31, 2009	As at March 31, 2010	As at March 31, 2009
8.60% Sardar Sarovar Narmada Nigam Limited 09MR 15	150	-	15.23	-
8.60% Sardar Sarovar Narmada Nigam Limited 09MR 15	100	-	10.19	-
8.60% Sardar Sarovar Narmada Nigam Limited 09MR 15	10	-	1.02	-
Face Value of Rs 100000 each				
Non Convertible Debentures Emerald Wealth Management	-	18300	-	183.00
Asset Linked Portfolio -Accelerator-Series 2 -5000 - Debentures of Citi Financial Consumer Finance India Limited	-	5000	-	50.00
Asset Linked Portfolio -Accelerator-Series 5 -1500 - Debentures of Barclays Investment & Loans India Limited INR Equity Linked Principal Protected Debentures	-	1500	-	15.00
Asset Linked Portfolio -Accelerator-Series 2 -5000 Debentures of Citi Financial Consumer Finance India Limited	5000	-	50.00	-
11.50% Damodar Valley 11.5 BD 20SP10	300	-	3.14	-
8.95% Gujarat Urja Vikas Nigam Limited Sr-8 8.95 BD 21AP16	135	-	1.47	-
Face Value of Rs 65000 each				
Tamil Nadu Electricity Board Sr5/03-04 8 Bd 15SP11	500	-	3.39	-
Face Value of Rs. 100 each				
Reliance Blended Debt Plus -Hybrid Option -Series VII-1000000 - Debentures of DSP Merrill Lynch Capital Limited Series 2007/EQ	-	1000000	-	10.00
Reliance Blended Debt Plus -Hybrid Option -Series X-1000000 -Debentures of DSP Merrill Lynch Capital Limited Series 2008/AM	-	1000000	-	10.00
Reliance Blended Debt Plus -Hybrid Option -Series XII-1000000 - Debentures of CitiFinancial Consumer Finance India Limited Series 338	-	1000000	-	10.00
Reliance Blended Debt Plus -Hybrid Option -Series XIII-1000000 - Debentures of CitiFinancial Consumer Finance India Limited Series 359	-	1000000	-	10.00
Reliance Blended Debt Plus -Hybrid Option -Series XIV-1000000 - Debentures of CitiFinancial Consumer Finance India Limited Series 394	-	1000000	-	10.00
8.55% IRFC NCD	-	1000000	-	9.97
6.05% GOI 2019	-	5000000	-	48.43

5) INVESTMENTS (contd.)

(Rupees in crores)

	Units as at March 31, 2010	Units as at March 31, 2009	As at March 31, 2010	As at March 31, 2009
			238.91	367.21
Less: Provision for diminution in value			(0.90)	(1.44)
Maturity Value Rs. 246.60 crores (previous year Rs. 365.77 crores)			238.01	365.77
Commerical Paper				
Face Value of Rs. 500000 each				
Tata Capital Limited	-	100	-	4.54
Reliance Communications Limited	-	100	-	4.50
Birla Global Finance Co Limited	-	100	-	4.47
Maturity Value Rs. Nil (previous year Rs. 14.54 crores)			-	13.51
			268.63	491.97
# Investments have been made under the Discretionary Portfolio Management Agreements entered into between the Company and ICICI Prudential Asset Management Company Limited-PMS, Escorts Securities Limited, Reliance Capital Asset Management Limited (Portfolio Management Services), Fortis Investment Mangement and Birla Sunlife Asset Management Company Private Limited are being held in the name of the Portfolio Managers as envisaged in the aforesaid Agreements.				
Non-trade				
Equity Shares				
Quoted				
Face Value of Rs. 10 each				
Indian Oil Corporation Limited	517000	-	16.89	-
Crompton Greaves Limited	371250	-	9.51	-
			26.40	-
Less: Provision for diminution in value			(1.37)	-
Market value Rs. 25.03 crores (previous year Rs Nil)			25.03	-
LONG TERM INVESTMENTS				
Non-trade				
Equity Shares				
Quoted				
Face Value of Rs. 10 each				
Bharat Heavy Electricals Limited*	-	70331	-	8.98
Face Value of Rs. 2 each				
Siemens Limited*	-	172904	-	16.42
Larsen & Tubro Limited *	-	367200	-	50.02
			-	75.42
Less: Provision on reclassification of current investment			-	(12.42)
Market value Rs. Nil (previous year Rs 39.94 crores)			-	63.00
* During the previous year the company has reclassified				

5) INVESTMENTS (contd.)

(Rupees in crores)

	Units as at March 31, 2010	Units as at March 31, 2009	As at March 31, 2010	As at March 31, 2009
current investment into long term investment and has provided for loss on reclassification.				
Unquoted				
Face Value of Rs. 10 each				
National Stock Exchange Limited	75000	75000	26.26	26.26
Face Value of Rs. 1 each				
Bombay Stock Exchange Limited	140400	140400	5.94	5.94
			<u>32.20</u>	<u>32.20</u>
Non-trade				
Bonds/ Debentures				
Quoted				
Face Value of Rs. 100 each				
Unit Trust of India				
6.60% Tax free ARS Bonds	-	60903	-	0.63
Unquoted				
Face Value of Rs. 1000 each				
10.75% Shriram Transport NCD -Maturity-26.08.2012	52201	-	5.36	-
8.40% L&T Finance Limited-Maturity-08.03.2013	247377	-	24.74	-
Face Value of Rs. 100000 each				
12.00% Shriram Transport NCD -Maturity-18.07.2014	1300	-	13.85	-
6.85% India Infrastructure Finance Company Limited				
2014 Tax Free Bonds-Maturity 22.01.2014	10000	-	100.90	-
Face Value of Rs. 500000 each				
7.20% Fullerton India Credit Co. Limited-Maturity-10.11.2010	1000	-	47.40	-
Face Value of Rs. 1000000 each				
7.90% Rural Electrification Corporation -Maturity-06.10.2012	200	-	20.15	-
8.45% Rural Electrification Corporation -Maturity-19.02.2015	200	-	20.08	-
7.75% Indian Railway Finance Corporation Limited-				
Maturity-26.03.2011	250	-	25.70	-
7.65% HDFC Bonds-Maturity-15.12.2012	150	-	15.03	-
			<u>273.21</u>	<u>0.63</u>
Less: Provision for diminution in value			<u>(0.38)</u>	<u>(0.02)</u>
Maturity Value Rs 272.96 crores (previous year Rs 0.61 crores)			<u>272.83</u>	<u>(0.61)</u>
Non-trade				
Unquoted				
National Bank For Agriculture and Rural Development				

5) INVESTMENTS (contd.)

(Rupees in crores)

	Units as at March 31, 2010	Units as at March 31, 2009	As at March 31, 2010	As at March 31, 2009
Bhavishya Nirman Bonds @ 8182 each A 10 Year Zero Coupen Bond of NABARD- maturity Rs. 20000.00 per bond	50200	50200	41.07	41.07
			<u>41.07</u>	<u>41.07</u>
Trade				
Unquoted				
Equity Shares				
Equity shares of Rs. 10 each fully paid up of Hero Honda Finlease Limited	2715000	2715000	3.46	3.46
			<u>3,925.71</u>	<u>3,368.75</u>

The following investments were purchased and sold during the year

At Cost
(Rupees in crores)

	Purchased Units	Amount	Sold Units	Amount
Mutual Funds				
Liquid Fund				
Units of the face value of Rs.10 each	6,823,723,031	9,805.47	7,446,026,558	10,644.72
Units of the face value of Rs.100 each	218,370,561	2,952.47	218,370,561	2,952.47
Units of the face value of Rs.1000 each	8,867,310	1,215.07	9,819,892	1,369.88
Debt Fund				
Units of the face value of Rs.10 each	2,624,101,856	3,554.12	2,553,230,416	3,530.57
Units of the face value of Rs.100 each	47,174,243	795.81	-	-
Units of the face value of Rs.1000 each	13,556,684	1,631.02	6,791,330	800.50
Fund of Funds				
Units of the face value of Rs.10 each	-	-	8,690,582	10.00
Equity Fund				
Units of the face value of Rs.10 each	173,856,184	197.50	265,097,284	293.18
Gilt Fund				
Units of the face value of Rs.10 each	12,016,444	37.77	12,016,444	37.77
Equity Shares				
Shares of Face value of Rs 1 each				
Tata Consultancy Services Limited	450,000	17.62	450,000	17.62
Shares of Face value of Rs 2 each				
Siemens Limited	-	-	172,904	16.42
Larsen & Tubro Limited	-	-	367,200	50.02
Crompton Greaves Limited	866,250	22.19	495,000	12.68
Shares of Face value of Rs 10 each				
Bharat Heavy Electricals Limited	-	-	70,331	8.98
Adani Power Limited	315,548	3.15	315,548	3.16
India Oil Corporation Limited	1,034,000	33.80	517,000	16.90
NHPC Limited	182,649	0.66	182,649	0.66
Oil India Limited	26,242	2.76	52,484	2.76
Bonds / Debentures				
Face Value of Rs. 100 each				
Unit Trust Of India -6.60% Tax Free ARS Bonds	-	-	60,903	0.61

(Rupees in crores)

	Purchased Units	Purchased Amount	Sold Units	Sold Amount
Face Value of Rs. 1000 each				
10.75% Shriram Transport NCD -Maturity-26.08.2012	52,201	5.36	-	-
8.40% L&T Finance Limited-Maturity-08.03.2013	247,377	24.74	-	-
Face Value of Rs. 100000 each				
Citi Financial Debentures -Redeemable Non Convertible Secured NCD Issue Series-326	-	-	500	5.00
6.85% India Infrastructure Finance Company Limited 2014 Tax Free Bonds-Maturity 22.01.2014	10,000	100.90	-	-
12.00% Shriram Transport NCD -Maturity-18.07.2014	1,300	13.85	-	-
Face Value of Rs. 500000 each				
7.20% Fullerton India Credit Co. Limited-Maturity-10.11.2010	1,000	47.40	-	-
Face Value of Rs. 1000000 each				
7.90% Rural Electrification Corporation -Maturity-06.10.2012	200	20.15	-	-
8.45% Rural Electrification Corporation -Maturity-19.02.2015	200	20.07	-	-
7.75% Indian Railway Finance Corporation Limited-Maturity-26.03.2011	250	25.70	-	-
7.65% HDFC Bonds-Maturity-15.12.2012	150	15.03	-	-
		20,542.61		19,773.90

The following investments were purchased and sold during the year under Portfolio Management Scheme At Cost
(Rupees in crores)

	Purchased Units	Purchased Amount	Sold Units	Sold Amount
Mutual Funds				
Liquid Funds				
Units of the face value of Rs.10 each	177,470,408	250.09	176,764,592	249.06
Units of the face value of Rs.100 each	1,151,198	15.39	11,202	0.15
Debt Funds				
Units of the face value of Rs.10 each	577,308,934	897.74	629,591,868	964.86
Units of the face value of Rs.1000 each	490,026	52.52	757,064	83.75
Debentures / Bonds				
Face Value of Rs. 100 each				
11.25% PFC 2018	3,000,000	36.17	3,000,000	36.17
6.05% GOI 2019	-	-	5,000,000	48.42
6.07% GOI 2014	9,000,000	88.08	9,000,000	88.08
6.35% GOI 2020	5,000,000	48.06	5,000,000	48.06
6.49% GOI 2015	9,000,000	90.00	9,000,000	90.00
8.55% IRFC 2019	-	-	1,000,000	9.97
7.94% GOI 2021	2,000,000	21.15	2,000,000	21.15
6.90% GOI 2019	39,000,000	380.84	39,000,000	380.84
7.40% GOI 2035	2,500,000	24.06	2,500,000	24.06
7.02% GOI 2016	5,000,000	48.96	5,000,000	48.96
6.49% GOI 2015	9,500,000	90.76	9,500,000	90.76
6.35% GOI 2015	1,000,000	9.07	1,000,000	9.07
7.02% GOI 2015	8,000,000	79.59	8,000,000	79.59

5) INVESTMENTS (contd.)

(Rupees in crores)

	Purchased Units	Amount	Sold Units	Amount
Reliance Blended Debt Plus -Hybrid Option -Series XII-Debentures of CitiFinancial Consumer Finance India Limited Series 338	-	-	1,000,000	10.00
Reliance Blended Debt Plus -Hybrid Option -Series XIIIB-Debentures of CitiFinancial Consumer Finance India Limited Series 359	-	-	1,000,000	10.00
Reliance Blended Debt Plus -Hybrid Option -Series XIVA-Debentures of CitiFinancial Consumer Finance India Limited Series 394	-	-	1,000,000	10.00
Reliance Blended Debt Plus -Hybrid Option -Series VII-1000000 - Debentures of DSP Merrill Lynch Capital Limited Series 2007/EQ	-	-	1,000,000	10.00
Reliance Blended Debt Plus -Hybrid Option -Series X-1000000- Debentures of DSP Merrill Lynch Capital Limited Series 2008/AM	-	-	1,000,000	10.00
Face Value of Rs. 500 each				
6% Non Convertible Debenture Bajaj Auto Finance	5,978	0.31	5,978	0.31
Face Value of Rs. 20000 each				
0% NABARD 2019	10,000,000	46.57	10,000,000	46.57
Face Value of Rs. 100000 each				
Emerald Wealth Management	21,435	214.35	39,735	397.35
Asset Linked Portfolio -Accelerator-Series 5 -1500 - Debentures of Barclays Investment & Loans India Limited	-	-	1,500	15.00
Tamil Nadu Electricity Board Sr5/03-04 8 Bd 15SP11	500	3.39	-	-
8.95% Gujarat Urja Vikas Nigam Limited Sr-8 8.95 BD 21AP16	135	1.48	-	-
11.50% Damodar Valley 11.5 BD 20SP10	300	3.29	-	0.15
Face Value of Rs. 980000 each				
Citicorp finance NCD SR 187	-	-	50	4.90
Face Value of Rs. 1000000 each				
CitiFinancial Consumer Finance India Limited	600	50.15	-	-
Sky Deck Properties and Development Pvt. Limited ZCB 28.01.2013	350	35.00	-	-
8.60% Sardar Sarovar Narmada Nigam Limited 09MR 15	10	1.02	-	-
Power Finance Corporation 11 NCD 15SP18	-	-	50	5.91
11.25% Power Finance Corporation 2018	50	6.16	50	6.16
9.20% Bank Of Baroda RR Perpetual BD	50	5.15	-	-
8.60% Sardar Sarovar Narmada Nigam Limited 09MR 15	150	15.23	-	-
8.60% Sardar Sarovar Narmada Nigam Limited 09MR 15	100	10.19	-	-
Face Value of Rs. 10000000 each				
12.5% Deccan Chronicle Holdings Limited NCD 06JN12	10	10.96	-	-
Indian Infrastructure Equipment Receivables Trust, July 2009-Series A3B	53	53.21	-	-

5) INVESTMENTS (contd.)

(Rupees in crores)

	Purchased		Sold	
	Units	Amount	Units	Amount
Commercial Papers				
Face Value of Rs. 500000 each				
Tata Capital Limited	-	-	100	4.55
Reliance Communication Limited	-	-	100	4.50
Birla Global Finance Co Limited	-	-	100	4.47
Equity Shares				
Shares of Face value of Rs 1 each				
Hindustan Unilever Limited	1,700	0.04	1,700	0.04
Marico Limited	4,700	0.03	4,700	0.03
Motilal Oswal Financial Services Limited	5,625	0.09	5,625	0.09
Zee News Limited	85,754	0.51	85,754	0.51
Shares of Face value of Rs 2 each				
Areva T & D India Limited	5,700	0.18	5,700	0.18
Shares of Face value of Rs 10 each				
Asian Hotels Limited	2,000	0.10	2,000	0.10
Canara Bank	800	0.03	800	0.03
Corporation Bank	1,900	0.08	1,900	0.08
ETC Networks Limited	18,414	0.37	18,414	0.36
Great Offshore Limited	10,000	0.50	10,000	0.51
Gujarat NRE Coke Limited	26,400	0.08	26,400	0.08
Geecee Ventures Limited	5,500	0.04	5,500	0.05
Indraprastha Gas Limited	5,150	0.07	5,150	0.07
HSBC Investdirect (India) Limited	4,200	0.10	4,200	0.10
Ispat Industries Limited	24,900	0.05	24,900	0.05
Kalyani Steels Limited	17,025	0.33	17,025	0.33
Micro Inks Limited	2,000	0.12	2,000	0.12
Oriental Bank Of Commerce	7,200	0.11	7,200	0.11
Punjab National Bank	1,550	0.06	1,550	0.06
Religare Enterprises Limited	20	0.00	20	0.00
Surana Industries Limited	11,475	0.31	11,475	0.31
Union Bank Of India	1,850	0.03	1,850	0.03
		2,592.17		2,816.06

	As at March 31, 2010		As at March 31, 2009	
	Book Value	Market Value	Book Value	Market Value
Aggregate value of				
Quoted investments -Long Term	-	-	63.61	40.55
Quoted investments-Current	25.03	25.03	-	-
Unquoted investments	3900.68	-	3305.14	-
	3,925.71		3,368.75	

6) CURRENT ASSETS, LOANS AND ADVANCES

(Rupees in crores)

	As at March 31, 2010	As at March 31, 2009
CURRENT ASSETS		
INVENTORIES #		
Stores and spares (at cost or under)	29.56	27.19
Loose tools (at cost or under)	13.02	14.51
Raw materials and components *	321.67	201.44
Finished goods *		
Two wheelers	19.68	28.52
Spare parts	22.67	32.49
Work in progress *	29.80	22.68
	<u>436.40</u>	<u>326.83</u>
* Lower of cost and net realisable value		
# Includes goods in transit Rs. 46.11 crores (previous year Rs. 18.33 crores)		
SUNDRY DEBTORS		
Debts outstanding for a period exceeding six months		
Secured -considered good	0.38	0.70
Unsecured -considered good	2.28	3.24
-considered doubtful	7.41	5.26
Other debts		
Secured -considered good	2.88	7.12
Unsecured - considered good	102.85	138.88
	<u>115.80</u>	<u>155.20</u>
Less: Provision for doubtful debts	7.41	5.26
	<u>108.39</u>	<u>149.94</u>
CASH AND BANK BALANCES		
Cash in hand	0.26	0.20
Cheques in hand	-	0.18
With scheduled banks:		
On current accounts	18.62	10.99
On deposit accounts	43.73	2.08
On dividend current accounts	1,844.60	206.12
	<u>1,907.21</u>	<u>219.57</u>
OTHER CURRENT ASSETS		
Interest accrued on investments	24.82	5.89
	<u>24.82</u>	<u>5.89</u>
LOANS AND ADVANCES		
(Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received	307.94	237.42
Income-tax recoverable	75.34	62.51
Income-tax deducted at source	18.22	11.16
Deposits with excise authorities on current account	4.26	0.17
	<u>405.76</u>	<u>311.26</u>

7) CURRENT LIABILITIES AND PROVISIONS

(Rupees in crores)

	As at March 31, 2010	As at March 31, 2009
CURRENT LIABILITIES		
Sundry creditors:#		
Total outstanding dues of creditors other than micro and small enterprises	1,111.44	703.03
Other liabilities ##	1,066.48	794.23
Security deposits from dealers	29.64	28.59
Interim dividend payable	1,597.50	-
	<u>3,805.06</u>	<u>1525.85</u>
PROVISIONS		
Proposed dividend	599.06	399.38
Provision for taxation less payments	44.48	8.06
Provision for tax on dividend	341.00	67.87
Employee benefit schemes	4.14	6.73
Warranties	37.67	44.93
	<u>1,026.35</u>	<u>526.97</u>

No due to micro and small enterprises (refer note - 12 of Schedule - 12)

Other liabilities do not include any amount outstanding as on March 31, 2010 which are required to be credited to the Investor Education and Protection Fund (Fund)

8) DEFERRED TAX ASSETS AND LIABILITIES

(Rupees in crores)

	As at March 31, 2010	As at March 31, 2009
DEFERRED TAX ASSETS		
Accrued expenses deductible on payment	1.38	2.29
Others	6.50	6.36
	<u>7.88</u>	<u>8.65</u>
DEFERRED TAX LIABILITIES		
Accumulated depreciation	159.49	153.08
Others	1.14	-
	<u>160.63</u>	<u>153.08</u>

9) OTHER INCOME

(Rupees in crores)

	Year ended March 31, 2010	Year ended March 31, 2009
Dividend income:		
On current investments - Non trade	4.12	12.77
On long term investments - Trade	2.72	2.72
	6.84	15.49
Interest on long term non trade investments	35.13	22.04
Profit on sale of non trade current investments*	196.31	145.43
Provision for doubtful debts written back	-	0.75
Profit on sale of fixed assets	0.23	0.19
Income from services rendered	63.81	38.20
Exchange difference	4.21	-
Miscellaneous income	34.08	23.99
	340.61	246.09

* After adjusting loss on sale of current investments aggregating Rs. 11.80 crores (previous year Rs. 38.89 crores)

10) MANUFACTURING AND OTHER EXPENSES

(Rupees in crores)

	Year ended March 31, 2010	Year ended March 31, 2009
MATERIALS CONSUMED		
Consumption of raw materials and components	11,334.53	9,369.28
Less: Sale of components to ancillaries on cost to cost basis	553.94	552.81
	10,780.59	8,816.47
Less: Cash discount	38.18	46.11
	10,742.41	8,770.36
Add: Opening stock		
Two wheelers	28.52	30.92
Spare parts	32.49	14.08
Work in progress	22.68	16.60
	83.69	61.60
Less: Excise duty on opening stock	11.66	7.78
Net opening stock	72.03	53.82
Less: Closing stock		
Two wheelers	19.68	28.52
Spare parts	22.67	32.49
Work in progress	29.80	22.68
	72.15	83.69
Less: Excise duty on closing stock	6.07	11.66
Net closing stock	66.08	72.03
Net consumption	10,748.36	8,752.15
Less: Scrap sales	12.00	10.14
	10,736.36	8,742.01

10)MANUFACTURING AND OTHER EXPENSES (contd.)

(Rupees in crores)

	Year ended March 31, 2010	Year ended March 31, 2009
OTHER EXPENSES#		
Payments to and provisions for employees:		
Salaries, wages, bonus, gratuity and leave encashment benefit	513.90	409.14
Contribution to provident and other funds	22.53	17.34
Staff welfare expenses	23.89	22.17
Expenses for manufacturing, administration and selling:		
Stores and tools consumed	80.58	71.78
Power and fuel	81.05	73.70
Rent	6.51	5.25
Repairs and maintenance:		
Plant and machinery	38.00	30.07
Buildings	5.21	3.58
Others	19.70	7.90
Insurance	20.67	16.44
Exchange fluctuation	-	13.74
Rates and taxes	37.93	30.32
Packing, forwarding, freight etc.	372.58	316.09
Royalty	416.36	324.01
Advertisement and publicity	364.97	249.60
Commission:		
Export	15.91	11.67
Others	6.95	4.80
	22.86	16.47
Donations	4.39	6.43
Lease rent	9.04	10.51
Other expenses	308.69	249.92
Provision for diminution in value of investments:		
Current non trade investment	2.27	12.49
Long term non trade investment	0.38	0.20
	2.65	12.69
Loss on sale of long term non trade investments	-	2.04
Doubtful debts written off	-	0.95
Less: Charged against provision for doubtful debts	-	0.95
	-	-
Provision for doubtful debts	2.16	-
Loss on fixed assets sold/discarded	6.18	3.57
	13,096.21	10,634.77

Research and development expenses of Rs. 27.16 crores (previous year Rs. 23.71 crores) have been charged to respective heads.

11) INTEREST (NET)

(Rupees in crores)

	Year ended March 31, 2010	Year ended March 31, 2009
Interest - others and financial charges	2.10	2.53
Less: Interest received on loans, deposits, etc.*	22.72	34.21
	(20.62)	(31.68)

* Income tax deducted at source Rs. 0.55 crore (previous year Rs. 1.87 crore)

12) NOTES TO THE ACCOUNTS

1) SIGNIFICANT ACCOUNTING POLICIES

i) Accounting convention

The financial statements are prepared under the historical cost convention, in accordance with applicable accounting standards and relevant presentational requirements of the Companies Act, 1956.

ii) Use of estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balance of assets and liabilities, revenues and expenses and disclosures relating to the contingent liabilities. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

iii) Fixed / Intangible assets and depreciation / amortisation

Fixed assets are stated at cost less accumulated depreciation. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses.

Depreciation is charged on a pro-rata basis at the straight line method rates prescribed in schedule XIV to the Companies Act, 1956. Assets covered under employee benefit schemes are amortised over a period of five years. Assets costing upto Rs. 5000 each are fully depreciated in the year of purchase.

Intangible assets, comprising of expenditure on model fee etc, incurred are amortised on a straight line method over a period of five years.

Leasehold land has been amortised over the period of lease.

iv) Investments

Current investments are stated at lower of cost and fair value computed categorywise. Long term investments are stated at cost less provision for permanent diminution, if any.

v) Inventories

Stores and spares and loose tools are stated at cost or under.

Raw materials and components, finished goods and work in progress are valued at cost or net realisable value, whichever is lower.

The basis of determining cost for various categories of inventories are as follows:-

Stores and spares, loose tools, raw materials and components	-	Weighted average cost
Materials in transit	-	Actual cost
Work in progress and finished goods	-	Material cost plus appropriate share of labour, manufacturing overheads and excise duty

vi) Employee benefits

a) Defined contribution plan

Provident fund, Superannuation fund and Employee' State Insurance Corporation (ESIC) are the defined contribution schemes offered by the Company. The contributions to these schemes are charged to the profit and loss account of the year in which contribution to such schemes becomes due.

b) Defined benefit plan and Long term Employee benefits

Gratuity liability and long term employee benefits, are provided on the basis of an actuarial valuation made at the end of each financial year as per projected unit credit method. Actuarial gains or loss arising from such valuation are charged to revenue in the year in which they arise.

vii) Foreign currency transactions

Exchange differences are dealt with as follows:-

Transactions in foreign currency are recorded at the exchange rate prevailing at the time of the transaction. All loss or gain on translation is charged to revenue in the year in which it is incurred.

Monetary assets and liabilities denominated in foreign currency are restated at the rate prevailing at the year end and resultant gain or loss is recognised.

In respect of forward contracts, the forward premium or discount is recognised as income or expense over the life of contract in the profit and loss account and the exchange difference between the exchange rate prevailing at the year end and the date of the inception of the forward exchange contract is recognised as income or expense in the profit and loss account.

viii) Sales

Sale of goods is recognised at the point of despatch of finished goods to the customers. Gross sales are inclusive of applicable excise duty and freight but are exclusive of sales tax. Services income is recognized when the services are rendered.

Scrap is accounted for on sale basis.

ix) Warranty claims

Warranty costs are provided on accrual basis on the total sales of two wheelers during the year, which are based on past experience of claims.

x) Research and development expenses

Research and development expenditure of a revenue nature is expensed out under the respective heads of account in the year in which it is incurred.

xi) Taxation

The provision for taxation is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income-tax Act, 1961.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

xii) Provisions and contingent liabilities

Provision involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an out flow of resources. Contingent liabilities are not recognized but are disclosed in the notes.

xiii) Derivatives

Foreign currency derivatives are used to hedge risk associated with foreign currency transactions. All open positions as at the close of the year are valued by marking them to the market and provision is made for losses, if any.

2. CONTINGENT LIABILITIES:

(Rupees in crores)

	As at March 31, 2010	As at March 31, 2009
i) In respect of excise matters	13.72	8.17

The above matters are subject to legal proceedings in the ordinary course of business. The legal proceedings when ultimately concluded will not in the opinion of management, have a material effect on the result of operations or the financial position of the Company.

- 3 Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 59.32 crores (previous year Rs. 92.37 crores).
- 4 The Company has entered into operating lease agreements for motor vehicles, dies and data processing machines. These lease arrangements are cancellable in nature and range between two to four years. The aggregate lease rentals under these arrangements amounting to Rs. 9.04 crores (previous year Rs. 10.51 crores) have been charged under "Lease rentals " in Schedule 10.
- 5 As the Company's business activity falls within a single primary business segment viz. "Two wheelers and its parts" and is a single geographical segment, the disclosure requirements of Accounting Standard (AS-17) "Segment Reporting", notified in the Companies (Accounting Standards) Rules, 2006 are not applicable.
- 6 Two wheeler sales are covered by a warranty period of two/three years. The details of provision for warranties are as under:

(Rupees in crores)

	This year	Previous Year
Provision at the beginning of the year	44.93	43.68
Additional provision made during the year	14.19	27.37
Amount utilised during the year	21.45	26.12
Provision as at the end of the year	37.67	44.93

7 Related party disclosures under Accounting Standard 18

- a) i) Parties in respect of which the Company is a joint venture.

Honda Motor Co. Limited, Japan
Hero Cycles Limited
Bhadurchand Investments Private Limited
Hero Investments Private Limited

- ii) Associate of the Company

Hero Honda Finlease Limited

- b) Key management personnel

Mr. Brijmohan Lall Munjal	- Chairman
Mr. Pawan Munjal	- Managing Director & CEO
Mr. Toshiaki Nakagawa	- Joint Managing Director
Mr. Yutaka Kudo	- Whole time director (upto May 30, 2008)
Mr. Sumihisa Fukuda	- Whole time director (w.e.f. June 1, 2008)

- c) Enterprises over which key management personnel and their relatives are able to exercise significant influence:-
Brijmohan Lall Associates, A.G. Industries Private Limited, Hero Corporate Services Limited, Highway Industries Limited, Majestic Auto Limited, Munjal Auto Industries Limited, Munjal Showa Limited, Rockman Industries Limited, Sunbeam Auto Limited, Satyam Auto Components Limited, Hero Motors Limited, Shivam Autotech Limited, Cosmic Kitchen Private Limited, Easy Bill Limited, Hero Mindmine Institute Limited, Indian School of Business and Raman Kant Munjal Foundation.

Transactions with related parties during the year

a) Parties in respect of which the Company is a joint venture and associate of the Company

(Rupees in crores)

	This year	Previous Year
Honda Motor Co. Limited, Japan		
Dividend*	519.19	98.65
Royalty	416.36	324.01
Export commission	15.91	11.67
Model fees	15.91	32.54
Technical guidance fee	0.44	0.38
Purchase of raw materials, components and spares	34.39	15.36
Hero Cycles Limited		
Dividend*	173.06	32.88
Purchase of raw materials, components and spares	78.92	72.90
Hero Investments Private Limited		
Dividend*	173.06	32.88
Bhadurchand Investments Private Limited		
Dividend*	173.06	32.88
Hero Honda Finlease Limited		
Lease rental expenses	9.04	10.51
Dividend received	2.72	2.72
Intercompany deposits given	100.00	495.50
Intercompany deposits repaid	100.00	545.50
Interest received on Inter corporate deposits	0.08	3.63
Balance outstanding at the year end-Payables	10.49	8.82

*Exclude proposed dividend

b) Key management personnel

(Rupees in crores)

	This year	Previous Year
Managerial Remuneration		
Mr. Brijmohan Lall Munjal	30.64	19.79
Mr. Pawan Munjal	30.88	19.69
Mr. Toshiaki Nakagawa	30.03	19.08
Mr. Yutaka Kudo (upto May 30, 2008)	-	3.15
Mr. Sumihisa Fakuda (w.e.f June 1, 2008)	29.91	15.81
Balance outstanding at the year end -Payables (including commission)	118.45	74.80

c) Enterprises over which key management personnel and their relatives are able to exercise significant influence

(Rupees in crores)

	This year	Previous Year
Purchase of raw materials and components	3495.61	2622.86
Sale of components etc	8.83	2.82
Payment towards rent and other services	3.86	4.09
Donation	0.55	5.67
Balance outstanding as at the year end - Payables	342.72	233.28

Significant related party transactions included in the above are as under :-

(Rupees in crores)

	This year	Previous Year
Purchase of raw materials and components		
A .G. Industries Private Limited	423.78	278.51
Munjal Showa Limited	837.00	676.80
Sunbeam Auto Limited	410.26	437.72
Rockman Industries Limited	580.14	324.91
Satyam Auto Components Limited	390.79	267.35
Sale of components etc.		
A.G. Industries Private Limited	0.30	0.61
Majestic Auto Limited	-	0.50
Satyam Auto Components Limited	2.93	0.53
Munjal Auto Industries Limited	-	0.85
Rockman Industries Limited	5.33	0.01
Payment for services		
Hero Corporate Services Limited	3.20	3.20
Hero Mindmine Institute Limited	0.52	0.80
Donation		
Raman Kant Munjal Foundation	0.55	0.30
Indian School of Business	-	5.00

8 Earnings per share

	This year	Previous Year
Profit after taxation as per profit and loss account (Rupees in crores)	2231.83	1281.76
Weighted average number of equity shares outstanding	19,96,87,500	19,96,87,500
Basic and diluted earnings per share in rupees (face value -Rs.2 per share)	111.77	64.19

- 9 The Company has entered into Discretionary Portfolio Management Agreements, administered through ICICI Prudential Asset Management Company Limited-PMS, Escorts Securities Limited, Reliance Capital Asset Management Ltd, Fortis Investment Management, Birla Sunlife Asset Management Company Private Limited collectively called Portfolio Managers. In terms of the said agreements, the Portfolio Managers have dealt in mutual funds, debentures, bonds, government securities, equity shares, equity stock futures, equity stock options, equity index options and such other securities, made on behalf of the Company. However, there are no outstanding derivative contracts as at March 31, 2010.

10 Information pursuant to clause 4 (ix) (b) of the Companies (Auditor's Report) Order, 2003 in respect of disputed dues, not deposited as at March 31, 2010, pending with various authorities

(Amount Rupees in crores)

Name of the statute	Nature of the dues	Amount*	Amount paid under protest	Period to which amount relates	Forum where dispute is pending
Central excise laws	Excise duty	14.31	1.05	2000-01 and 2002 to 2008	CESTAT
		1.21	-	2002-03 to 2005-06	Commissioner (Appeals)
	Service tax	1.93	0.45	2003-04 to 2005-06	CESTAT
Income-tax Act	Income tax	136.91	54.40 **	2002-03 to 2004-05	Commissioner (Appeals)

* Amount as per demand orders including interest and penalty wherever quantified in the order.

** Balance of unpaid amount has been stayed.

The following matters have been decided in favour of the Company, although the department has preferred appeals at higher levels:

(Amount Rupees in crores)

Name of the statute	Nature of the dues	Amount	Period to which amount relates	Forum where dispute is pending
Central excise laws	Excise duty	2.57	1986-87 to 1990-91	Supreme Court
		0.03	2005-06 to 2008-09	CESTAT
	Service tax	0.03	2005	High Court
Income-tax Act	Income-tax	8.39	1987-88, 1989-90, 1992-93, 1993-94, 1995-96 to 1998-99, 2000-01	High Court
		12.30	1999-00, 2001-02	Income Tax Appellate Tribunal

11 The Company's borrowing facilities, comprising fund based and non fund based limits from various bankers, are secured by way of hypothecation of inventories, receivables, movable assets and other current assets.

12 The Company has identified parties covered under the "The Micro, Small and Medium Enterprises Development Act, 2006" on the basis of the confirmation received. There is no outstanding balance payable as at the close of the financial year to such parties. Further, no interest has been paid or payable to such parties under the said Act.

13 The categorywise derivative instruments outstanding as at March 31 are as under:

Foreign currency forward contracts

Purpose	This Year		Previous Year	
	Currency bought (in crores)	Currency sold (in crores)	Currency bought (in crores)	Currency sold (in crores)
Hedging	USD 0.40	USD 1.05	-	-

The unhedged of foreign currency exposures are as under:

Purpose	As at March 31, 2010		As at March 31, 2009	
	Amount of foreign currency (in crores)	Amount in Rupees (crores)	Amount of foreign currency (in crores)	Amount in Rupees (crores)
Receivables	USD 0.71	31.93	USD 0.64	32.74
Payables	JPY 26.02	12.50	JPY 13.81	7.08
	USD 1.21	55.03	USD 0.41	20.99
	EUR 0.09	5.73	-	-
	SGD 0.02	0.56		

14 Employee Benefits

Defined contribution plans

(Rupees in crores)

	This year	Previous Year
Employer's Contribution to Provident Fund	15.20	11.67
Employer's Contribution to Superannuation Fund	6.64	5.17
Employer's Contribution to ESIC	0.69	0.49

Defined benefit plans

In accordance with the Payment of Gratuity Act 1972, Company provides for gratuity, as defined benefit plan. The gratuity plan provides for a lumpsum payment to the employees at the time of separation from the service on completion of vested period of employment i.e five years. The liability of gratuity plan is provided based on actuarial valuation as at the end of each financial year based on which the Company contributes the ascertained liability to Life Insurance Corporation of India by whom the plan assets are maintained.

(Rupees in crores)

	Year ended March 31,		
	2010	2009	2008
Changes in the present value of the defined benefit obligation is as follows			
Present value of defined benefit obligation at the beginning of the year	40.78	32.23	25.41
Interest cost	2.85	2.26	2.03
Current service cost	3.42	2.77	2.15
Benefits paid	(0.87)	(1.14)	(0.95)
Actuarial (gain)/ loss on obligation	5.10	4.66	3.59
Present value of defined benefit obligation at the end of the year	51.28	40.78	32.23
Changes in the present value of the plan asset is as follows			
Fair value of plan asset at the beginning of the year	40.78	32.23	17.44
Return on plan asset	3.83	3.02	1.62
Contributions	7.56	6.67	14.12
Benefits paid	(0.87)	(1.14)	(0.95)
Actuarial (gain)/ loss on obligation	(0.02)	-	-
Fair value of plan asset at the end of the year	51.28	40.78	32.23

(Rupees in crores)

	Year ended March 31,		
	2010	2009	2008
Reconciliation of the present value of defined benefit obligation and the fair value of the plan assets			
Present value of defined benefit obligation at the end of the year	51.28	40.78	32.23
Fair value of plan asset at the end of the year	51.28	40.78	32.23
Net asset/(liability) as at the close of the year	-	-	-
Expenses recognised in the profit and loss account			
Current service cost	3.42	2.77	2.15
Interest cost	2.85	2.26	2.03
Return on plan assets	(3.83)	(3.02)	(1.62)
Net actuarial (gain) / loss	5.12	4.66	3.59
Expenses recognised in the profit and loss account			
Discount rate	7.00%	7.00%	8.00%
Expected Rate of return on plan assets	9.40%	9.40%	9.10%

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

15.ADDITIONAL INFORMATION

a) Details of capacity and production:

Class of goods	Units	Licensed capacity*		Installed capacity**		Actual Production***	
		This year	Previous year	As at March 31, 2010	As at March 31, 2009	This year	Previous year
Motorised two wheelers upto 350CC engine capacity	Nos.	200000	200000	5400000	5200000	4596244	3721844

* The Company's products are exempt from Licensing requirements under New Industrial Policy in terms of Notification no. S.O.477(E) dated 25th July, 1991.

** On multiple shift basis, as certified by the management and relied on by the auditors being a technical matter.

*** Includes 218 (previous year 220) two wheelers produced and capitalised during the year.

b) Particulars in respect of opening stock, sales and closing stock for each class of goods dealt with by the Company:

(Value Rupees in crores)

Class of goods	Units	Opening stock			
		This year		Previous year	
		Quantity	Value	Quantity	Value
Two wheelers	Nos.	10579	28.52	10955	30.92
Spares	-	*	32.49	*	14.08
			61.01		45.00

(Value Rupees in crores)

Class of goods	Units	Gross Sales			
		This year		Previous year	
		Quantity	Value	Quantity	Value
Two wheelers	Nos.	4600130+	15,718.45	3722000+	12,719.77
Spares	-	*	1,062.17	*	823.32
			16,780.62		13,543.09

(Value Rupees in crores)

Class of goods	Units	Closing Stock			
		This year		Previous year	
		Quantity	Value	Quantity	Value
Two wheelers	Nos.	6475	19.68	10579	28.52
Spares	-	*	22.67	*	32.49
			42.35		61.01

* It is not practicable to furnish quantitative information in view of the considerable number of items diverse in size and nature. These items in value individually account for less than 10% of the total value of the stocks and turnover of the aforesaid spares.

+ Excluding 218 (previous year 220) two wheelers capitalised.

c) Raw materials and components consumed:

(Value Rupees in crores)

Class of goods	Units	This year		Previous year	
		Quantity	Value	Quantity	Value
Steel sheets	MT	18426.95	102.50	5369.46	26.20
Components		*	10,678.09		8,790.27
			10,780.59 **		8,816.47**

* It is not practicable to furnish quantitative information of components consumed in view of the considerable number of items diverse in size and nature. These items in value individually account for less than 10% of the total value of components consumed, include processing charges.

** Excludes Rs. 0.62 crore (previous year Rs. 0.55 crore) for two wheelers produced and capitalised during the year.

d) CIF Value of imports:

(Rupees in crores)

Class of goods	This year	Previous year
Capital goods	44.83	48.51
Raw materials *	30.66	31.54
Components, spare parts and others *	549.24	396.00

* Includes items sold to ancillaries on cost to cost basis for assembling of components.

e) Value of imported and indigenous raw materials, components and spares consumed and percentage of each to the total consumption:

(Value Rupees in crores)

Class of Goods	This year		Previous year	
	Value	Percentage	Value	Percentage
Raw materials				
-Imported **	37.15	0.34	0.79	0.01
-Indigenous	65.35	0.61	25.41	0.30
Components				
-Imported **	142.13	1.32	69.28	0.79
-Indigenous	10,535.96	97.73	8,720.99	98.90
	10,780.59*	100.00	8,816.47 *	100.00
Spares consumed (charged to repairs and maintenance)				
-Imported	8.15	29.82	6.47	30.38
-Indigenous	19.18	70.18	14.83	69.62
	27.33	100.00	21.30	100.00

* Excludes Rs. 0.62 crore (previous year Rs 0.55 crore) for two wheelers produced and capitalised during the year.

** Excludes imported items sold and purchased as indigenous components.

f) Expenditure in foreign currency (on accrual basis):

(Rupees in crores)

	This year	Previous year
Royalty	416.36	324.01
Technical guidance fee	2.22	3.33
Model fee	15.91	30.78
Export commission	15.91	11.67
Travel and other accounts	6.97	3.78
Advertisement and Publicity	28.09	4.23

g) Earnings in foreign currency (on accrual basis):

(Rupees in crores)

	This year	Previous year
FOB value of exports	337.27	247.04
Freight and insurance	0.32	1.07

h) Managerial remuneration:

(Rupees in crores)

	This year	Previous year
Whole time Directors		
Remuneration*	3.47	3.14
Commission	118.00	74.39
	<u>121.47</u>	<u>77.53</u>
Non-Executive Independent Directors		
Commission	0.89	0.31
	<u>122.36</u>	<u>77.84</u>
Directors' sitting fee	0.13	0.10
	<u>122.49</u>	<u>77.94</u>

* Excludes incremental contribution for gratuity, as the contributions are determined for the Company as a whole.

Computation of net profit in accordance with section 198 of the Companies Act, 1956.

(Rupees in crores)

	This year	Previous year
Profit before taxation as per profit and loss account	2,831.73	1,781.46
Add:-		
Managerial remuneration	122.49	77.94
Provision for doubtful debts	2.16	-
Provision for diminution in value of investment long term	0.38	0.20
Loss on sales of long term non-trade investments	-	2.04
Net profit as per section 349 of the Companies Act, 1956	<u>2,956.76</u>	<u>1,861.64</u>
Maximum managerial remuneration to four whole time directors (including commission) at 10% of net profit	295.68	186.16
Maximum managerial remuneration to non whole time directors (including commission) at 1% of net profit	29.56	18.61
	<u>325.24</u>	<u>204.77</u>
Commission component of managerial remuneration to		
- Four whole time directors restricted to 1% of net profit (1% of net profit) per director. Restricted to	118.00	74.39
- Non-Executive Independent Directors 0.10% of net profit. Restricted to	0.89	0.31
Commission restricted to	<u>118.89</u>	<u>74.70</u>

i) Provision and/or payment in respect of Auditors' remuneration :

(Rupees in crores)

	This year	Previous year
a) As Statutory Auditors		
- Audit fee	0.45	0.38
- Limited Review of unaudited financial results	0.24	0.24
- Corporate Governance and other certification	0.05	0.02
b) In other capacity	0.15	-
c) Out of pocket expenses	#	#
# This year Rs 38,000 (previous year Rs 40,143)		

j) Amount remitted in foreign currencies towards dividends during the year:

(Rupees in crores)

	This year			Previous year		
	No. of Non-Resident shareholders	No of equity shares held	Dividend remitted	No. of Non-Resident shareholders	No of equity shares held	Dividend remitted
2007-2008 - Final			-	1	51918750	98.65
2008-2009 - Final	1	51918750	103.84			-
			103.84			98.65

16. Previous year's figures have been recast/regrouped wherever necessary.

17. Schedules 1 to 12 form an integral part of the accounts.

For and on behalf of the Board of Directors

BRIJMOHAN LALL MUNJAL Chairman

PAWAN MUNJAL Managing Director & CEO

PRADEEP DINODIA Director

RAVI SUD Sr. Vice President & CFO

ILAM C. KAMBOJ Sr. G. M. Legal & Company Secretary

Place : New Delhi
Date : April 19, 2010

PART IV OF SCHEDULE VI

HERO HONDA MOTORS LIMITED

TO THE COMPANIES ACT, 1956

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	17354
State Code	55
Balance Sheet Date	31.03.2010

II. Capital Raised during the year (Rupees in crores)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III. Position of Mobilisation and Deployment of Funds (Rupees in crores)

Total Liabilities	3531.05	Total Assets	3531.05
Sources of Funds		Application of Funds	
Paid-Up Capital	39.94	Net Fixed Assets	1706.92
Reserves & Surplus	3425.08	Investments	3925.71
Secured Loans	Nil	Net Current Assets*	(2101.58)
Unsecured Loans	66.03	Misc. Expenditure	Nil

*Includes Deferred Tax Liability (Net) Rs. 152.75 crores

IV. Performance of Company (Rupees in crores)

Turnover	16,098.79	Total Expenditure	13,267.06
Profit before tax	2,831.73	Profit after Tax	2,231.83
Earnings per share	Rs. 111.77	Dividend Rate	5500%

V. Generic names of Three Principal Products/ Services of Company (as per monetary terms)

Item Code No. (ITC Code)	87112003
Product Description	Motorised two wheelers upto 350cc engine capacity

For and on behalf of the Board of Directors

BRIJMOHAN LALL MUNJAL Chairman

PAWAN MUNJAL Managing Director & CEO

PRADEEP DINODIA Director

RAVISUD Sr. Vice President & CFO

ILAM C. KAMBOJ Sr. G. M. Legal & Company Secretary

Place : New Delhi
Date : April 19, 2010

Reconciliation of Net Income as per US GAAP Accounts and Audited Accounts as per Indian Companies Act 1956

(Rs. In millions)

	2010	2009	2008	2007	2006
Net Profit after tax for the year as per audited accounts	22,318.30	12,817.60	9,678.80	8,578.90	9,713.40
Add / (Less) : Profit / (Loss) of					
- income from investments (unrealised gain/loss)					
- affiliated company	15.13	2.62	12.16	10.67	30.60
- held to maturity securities	-	-	-	-	22.90
- Exchange fluctuations	-	-	-	11.30	(8.40)
- Depreciation effect of exchange fluctuations	2.41	0.68	0.68	5.37	18.26
- Depreciation on leased assets	-	-	-	-	(76.60)
- Lease rentals paid	-	-	-	-	135.58
- Interest portion of lease rentals	-	-	-	-	(9.90)
- Provision for deferred tax	(5.15)	(151.18)	180.33	(167.24)	(103.56)
Net Income as per US GAAP	22,330.69	12,669.72	9,871.97	8,439.00	9,722.28

Balance sheet as at March 31 (As per US GAAP)

(Rs. In millions)

	2010	2009	2008	2007	2006
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	19,072.12	2,195.72	1,310.92	357.82	1,587.22
Trade accounts receivables	1,083.88	1,499.38	2,974.38	3,352.48	1,586.58
Inventories	4,364.04	3,268.34	3,171.04	2,755.84	2,265.54
Pre-paid expenses and other current assets	4,605.78	3,171.48	1,911.49	2,666.58	2,773.08
Total current assets	29,125.82	10,134.92	9,367.83	9,132.72	8,212.42
Investment (held to maturity securities)	3,138.99	416.79	1,599.99	1,612.79	1,595.18
Investment in mutual funds	37,126.22	33,637.31	24,617.11	18,522.31	19,680.81
Investment in affiliate, at equity	282.33	267.20	264.58	252.42	241.75
Property, plant and equipment	16,919.54	16,790.44	15,494.75	13,401.08	9,765.51
Total assets	86,592.90	61,246.66	51,344.26	42,921.32	39,495.67
LIABILITIES					
Trade accounts payable	11,114.40	7,030.30	7,560.70	5,548.20	6,462.70
Accrued expenses	418.12	516.62	494.82	417.58	305.02
Indian income taxes	444.80	80.60	63.90	38.50	40.30
Other current liabilities	29,651.25	8,228.25	5,689.15	4,871.05	4,266.15
Long term debt due within one year	184.93	184.93	184.93	206.10	227.27
Total current liabilities	41,813.50	16,040.70	13,993.50	11,081.43	11,301.44
Deferred income taxes	1,977.88	1,671.49	1,391.67	1,529.68	1,375.63
Long-term debt	475.37	599.97	1,135.07	1,445.60	1,630.53
Total liabilities	44,266.75	18,312.16	16,520.24	14,056.71	14,307.60

(Rs. In millions)

	2010	2009	2008	2007	2006
STOCKHOLDERS' EQUITY					
Common stock, par value; Rs. 2 (previous year Rs. 2)					
Authorised 250,000,000 ;					
Outstanding shares 199,687,500					
(Previous year 199,687,500) of Rs 2 each	399.38	399.38	399.38	399.38	399.38
Capital surplus	0.03	0.03	0.03	0.03	0.03
Retained earnings	41,926.74	42,535.09	34,424.61	28,465.20	24,788.66
Total stockholders' equity	42,326.15	42,934.50	34,824.02	28,864.61	25,188.07
Total liabilities and stockholders' equity	86,592.90	61,246.66	51,344.26	42,921.32	39,495.67

Profit & Loss statement for the year ended March 31 (As per US GAAP)

(Rs. In millions)

	2010	2009	2008	2007	2006
Net sales	157,581.80	123,191.20	103,318.00	98,999.60	87,139.81
Cost of goods sold	119,749.34	97,838.08	82,724.62	79,931.23	67,548.97
Selling, administrative and general expense	13,122.75	9,871.34	8,619.10	8,558.40	6,979.60
Other (income) and expense	(3,418.93)	(2,019.32)	(1,783.26)	(1,748.47)	(1,572.20)
Interest net expense (income)	(206.20)	(316.80)	(358.10)	(229.90)	(51.40)
Total expense	129,246.96	105,373.30	89,202.36	86,511.26	72,904.97
Income before income taxes	28,334.84	17,817.90	14,115.64	12,488.34	14,234.84
Indian taxes on income	6,004.15	5,148.18	4,243.67	4,049.34	4,512.56
Net income	22,330.69	12,669.72	9,871.97	8,439.00	9,722.28
Net earning per share					
On share value of Rs. 2 each	111.83	63.45	49.44	42.26	48.69
Average common stock outstanding (numbers)	199,687,500	199,687,500	199,687,500	199,687,500	199,687,500

[illegible]

[illegible]

NOTES

[illegible]

[illegible]

NOTES

[illegible]



HERO HONDA MOTORS LIMITED

34, Community Centre,
Basant Lok, Vasant Vihar,
New Delhi-110 057, India
Ph. 91-11-2614 2451, 2614 4121
www.herohonda.com

