



Chairman's Speech

2015 - 16



Hero



Hero MotoCorp Ltd.

Hero Forever

A Landmark Year

November 1, 2015 is etched in history forever. On this date, my illustrious father and Chairman Emeritus of our Company left for his heavenly abode, although he will remain with us forever, in our hearts, guiding and inspiring us all into the future.

He built enormous institutions that changed the lives of millions and shaped the course of our country's industrial growth - from building leading organisations in the bicycle and motorcycle industries, to other ventures including a university, steel, energy, realty, corporate training, financial & consumer services and institutions of social development. There is no doubt that Dr. Brijmohan Lall will continue to be a beacon for Indian business. He fostered enduring relationships and set personal examples of how to respect every individual and value hardwork. Everyone who associated with him benefitted from his exemplary principles. Hero's extended family of loyal and committed business associates and supply chain partners, is a legacy of his values and work ethics.

Bearing his philosophies, our Company has continued as the World's largest two-wheeler manufacturer for the previous 15 consecutive years. We, at Hero MotoCorp are determined to uphold and grow this rich legacy.

Global Geo-Political Scenario

The World is passing through uncertain times.

Across the globe, there are socio-political turmoil and economic volatility. The ongoing refugee crisis in Europe shows the tragic consequences of uncontrolled human migration. The impact of this migration is challenging the socio-political fabric of Europe, forcing western societies to rethink their policies. The eye of the storm in Europe, Brexit, has further fuelled and intensely divided public opinion across that continent.



The United States, on the other hand, is witnessing a bitterly fought Presidential election. The American society, considered to be the melting pot of the World, is itself passing through considerable stress due to widespread race related violence.

The rest of the world has not remained immune from these developments. With a sharp decline in crude oil prices, local currencies across Latin America and Africa have seen rapid depreciation, particularly in oil-producing countries. With a major liquidity crunch in many of these countries, their economies are struggling to stay afloat.

Indian Economy and Business Environment

India undoubtedly shines as lone bright spot amidst this global turmoil. With a stable government, a well-established democratic political system, an impartial judiciary, a rapidly growing economy, a vibrant middle class and the ever-powerful 'Indian intellect', our country enjoys a unique advantage over others to emerge as a global power in the next decade.

Macro indicators are improving. The index for industrial production is trending upwards, the services sector is growing steadily, and much improved rains could herald an agricultural revival.

Allowing Foreign Direct Investment (FDI) in various sectors was one significant aspect of the reforms that has had a considerably positive impact on the economy. It not just turned India into a true free-market economy, but also 'opened' the country to the world. The privatisation policy of the government has helped the spirit of entrepreneurship and innovation. The growth and expansion of the Information Technology (IT) industry in India is a shining example of that.

The current government at the Centre has unleashed the much needed 'second wave' of reforms providing a strong fillip to the agenda of growth and development. With Prime Minister Narendra Modi's 'Make in India' initiative, the country is poised to usher in an era of a

'manufacturing revolution'. This, arguably, is one of the best times to do business in India and 'from India'.

Indeed, we all, at Hero MotoCorp, have come a long way since. Today, our Company has more than 65 million satisfied customers worldwide, and has created many iconic brands and created huge value for all stakeholders.

Glorious Five Years of Solo Journey

Notwithstanding the adverse environment, our Company has maintained its market leadership, staving off intense competition. The conclusion of FY 2015-16 marked the completion of five successful years of our solo journey. During this time period, our Company has proven its inherent capabilities and resilience to not just retain its leadership at home, but also transform itself into a global automotive player with robust in-house research, design and development capabilities.

Our Centre of Innovation and Technology (CIT), the nervecenter of Hero's research and development started operations in March 2016. The CIT is globally acknowledged as a one-of-its-kind facility, housing all aspects of research, development and testing capabilities under one roof. With a large team of highly talented engineers drawn from within the country and from around the world, the CIT will be the origin for all Hero MotoCorp's future products and technologies.

In an effort to expand its manufacturing base, our Company established its first overseas facility in Colombia, which became operational in September 2015. In the process, Hero became the first Indian two-wheeler company to have a manufacturing facility in Latin America. This facility will also act as an export hub for all of the Andean countries. Through the year, Hero MotoCorp has also expanded its global presence to 32 countries across Asia, Africa and South and Central America.

This year also marks two very significant milestones in Hero's journey as a company. In the month of October 2015 Hero introduced two new scooter models, Maestro Edge and Duet. These were the very first scooters to have been completely designed and developed by our in-house R&D team.

In the month of February 2016, during the Auto Expo, we showcased several new products, including the new Splendor iSmart 110, the first bike designed and developed completely in-house by Hero R&D. And as I write this, the bike has already been launched in the market, with an encouraging initial response.

With the launch of three all-new products, Maestro Edge, Duet and Splendor iSmart 110, our Company has now proven its technology capabilities to develop world-class products fit for the global audience.

...And the Exciting Road Ahead

The road ahead is challenging, but as I have said elsewhere before, there is no fun without challenges. Hero has shown time and again how to turn adversity into opportunity.

We are currently working on developing a series of new products across multiple segments, including those in the premium space. Our teams are also working on developing next generation technologies to stay ahead of the curve, so that our Company is future-ready.

In the global markets, we will continue to expand our footprint, prudently and strategically, despite the present headwinds in markets across Latin America and Africa. Our upcoming manufacturing facility in Bangladesh, which will become operational this fiscal year, is set to be yet another important milestone in our global journey.

As regards the domestic two-wheeler market, I remain confident about its future, given the positive forces such as the above-average monsoons,

the increased spend on infrastructure by the government and the Pay Commission payout are expected to further support the market growth this year. With a large distribution network, well spread out across the country, huge brand equity and trust of customers, our Company is well poised to leverage these positive sentiments.

On behalf of everyone at Hero MotoCorp, I thank each one of you – our valued shareholders, our customers in India and across the globe, all concerned Government officials, and all our business associates, for your continued support and faith in us.

I am immensely thankful to all our Company associates for their consistently high-level performance and commitment to Company's goals. Without the wholehearted involvement of everyone at Hero MotoCorp, it wouldn't have been possible to continuously set new benchmarks.

Thank you all for attending the Company's 33rd Annual General Meeting.

Pawan Munjal

Chairman, Managing Director & Chief Executive Officer

**Speech of Mr. Pawan Munjal, Chairman, Managing Director & CEO
at the 33rd Annual General Meeting of Hero MotoCorp Ltd.
held at New Delhi on Friday, September 23, 2016**