

Annexure VII

Information Under Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 and forming part of the Board's Report for the year ended March 31, 2015;

I. Conservation of Energy

A. Impact on account of steps taken for conservation of energy:

- ▶ Approx. Annual Savings on Vehicles Produced – ₹ 21 million.

B. Steps taken by the Company for utilising alternate sources of energy:

- ▶ Using Natural Gas – for Paint shop, Heat treatment and Canteen.
- ▶ Installed Solar Energy Panels of 1457 kWp to save 12 LKwh energy units.
- ▶ Solar Day Lighting System to conserve Energy.
- ▶ Waste Heat of DG used in Washing Machines in process shops.

C. Capital investment on energy conservation equipment's:

- ▶ Approx. Capital investments done on energy conservation equipment's in FY14-15 : ₹ 83 million

II. Particulars as per Form B

A. Research & Development (R&D)

Specific areas in which R&D carried out by the Company

- a. Model Development;
- b. Indigenisation & Multi Sourcing Development;
- c. Meeting Legislative Norms for Domestic and Global market; and
- d. Active Participation in deciding the needs of future Automobile Regulations in India.

Benefits derived as a result of the above R&D Activities

- a. Model launches including refreshes:
 - Domestic Launches – 12 (includes 5 refresh models, 6 models in which Fuel Economy was improved from base level and 1 New Model).
 - Global Business Launches – 1
- b. Multi source development for components to support increasing volumes of mass production, increase

competitiveness and edge risk management; and

- c. Compliance to Regulations:
 - Idle Emission - Revised norms compliance
 - Speedometer - Revised IS Std (11827) compliance
 - Horn Installation (As per IS 15796)
 - Regulation Compliance for Nigeria & Columbia

Future Plan of Action

- a. New Model Launch;
- b. Participation at different Forums for formation of 2-Wheelers Regulations in India & GTRs;
- c. Compliance Plan for Future Regulations:
 - ▶ GTR-3 (Brakes);
 - ▶ BS-IV Emission Regulation;
 - ▶ Evaporative Emission Norms;
 - ▶ Lighting Installation (Notification pending); and
 - ▶ Model Specific Euro-III Norms.
- d. Expansion in Global market.

Expenditure on R & D

Particulars	For the Financial Year ended	
	March 31, 2015	March 31, 2014
Capital	597.98	37.78
Recurring	125.06	89.16
Total R&D expenditure as a percentage of total revenue (as per statement of Profit & Loss)(%)	2.58	0.49

B. Technology absorption, adaption and innovation

1. Efforts in brief, made in technology absorption, adaption and innovation
 - ▶ More parts development approval in India;
 - ▶ 24 patents applied;
 - ▶ Vehicle operational status monitoring system; and

- ▶ Designs registered/ filed – 5.
2. 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; and
- ▶ Compliance to latest regulations.

3. In case of imported technology imported during last 5 years reckoned from the beginning of the financial year.
 - ▶ Low Friction High F.E Engine Technology;
 - ▶ Emission Devices - Low Cost Catalytic Converter;
 - ▶ Engine Balancer;
 - ▶ Combined Braking System; and
 - ▶ "O" Ring Chain.

III. Foreign Exchange Earnings and Outgo

A. Export Activities/Initiatives to Increase Exports/ Development of New Export Markets/Export Plans

Export Initiatives 2014-15

During the year under review, the Company:

- a) Exported 2,00,140 two-wheelers and Spare Parts worth ₹ 41.92 crores during the FY 2014-15.
- b) Following activities helped us achieve this figure:
 - Successful launch of iSmart and New Pleasure in Sri Lanka and Nepal supported by ATL Campaigns;
 - Bulk order for Scooters from Sri Lanka

- Government, New Financing Schemes and improved network in rural areas;
- Hero Brand Launch in Colombia;
 - Impactful TV campaigns;
 - Participation in Turkey Auto Show & Sri Lanka Auto Show;
 - Focused BTL activations allaying customer concerns over mileage;
 - A dedicated team deployed in Bangladesh to access network and improve customer reach within 2 months;

In Turkey, extensive network infrastructure, focus on institutional sales, digital media used as a low cost high impact marketing strategy, introduced "pay trust scheme" a first in the country to buy without any bank documents;

- Focus on road shows to improve visibility in African countries; and
- 4 New Markets Entered – Nicaragua/ Colombia/ Iran/ Ethiopia.

Export Plan for 2015-16

To further strengthen the Global Business, your Company will have more focus on the Exports Markets. The planned activities are:

- a) Achievement of 300 thousand (50% growth);
- b) Entry to 4 Key Markets;
- c) Consolidate Hero position in the existing markets with new launches; and
- d) Colombia & Bangladesh Manufacturing plants to be operational.

B. Earnings and outgo

Foreign exchange earnings during the period under report were ₹ 721.67 crores, compared to ₹ 470.09 crores in the previous year.

On account of Royalty, Technical Guidance Fee, Travel and other accounts and Advertisement and Publicity, the foreign exchange outgo was ₹ 403.57 crores, compared to ₹ 350.77 crores in the previous year.

Outgo for import of components, spare parts, raw materials and capital goods was ₹ 1,345.18 crores compared to ₹ 1,320.00 crores in the previous year.