

Hero MotoCorp Ltd.



 **Manufacturing
Happiness**



Annual Report
2014-15

Manufacturing happiness has a deep and diverse connotation at Hero.

It reflects the global scale, competence and the commitment to deliver a consistently exciting experience to millions of riders across geographies. It shows how we are furthering the responsibility paradigm in manufacturing to minimise our environmental impact. It mirrors how we are creating more satisfied customers by integrating their expectations into futuristic product design and engineering. It is a function of how we are embedding the most advanced technologies to drive product performance and fuel economy. It represents the ways in which we are consistently enhancing operational efficiency and investing in our brand.

Thus, manufacturing happiness encompasses everything we do at Hero. And it remains a powerful catalyst for progress. The road ahead is clear to us: sustain global leadership and help create happiness in all lives we touch.





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Forward-looking statements:

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Aligning Ideas and Initiatives

At Hero MotoCorp, we pride ourselves on creating memorable experiences. Our initiatives are just the first step.

No. 1

Leading the way

We are sustaining our market leadership as the world's largest manufacturer of two-wheelers for the 14th consecutive year.

7.65 MN UNITS

Scale matters

We have cumulative installed capacity of 7.65 million units across four state-of-the-art facilities.

60+ MN

Being the fastest

We are one of the fastest to achieve a cumulative sales of over 60 million units since inception.

40.1%

Considerable share

We have a 40.1% market share in the domestic two-wheeler market.



30+ Yrs

Experience counts

We have over three decade of rich experience in the constantly evolving two-wheeler industry.

24

Widest range

We have a wide range of products across bikes (100cc, 125cc, 150cc, 225cc) and scooter categories.

2.2 MN

Unrivalled standing

We sold 2.2 million more units than our nearest competitor in India.

7,334

Team Hero

Our large and diverse team works cohesively, efficiently and passionately to ensure customer delight.

22

Global reach

We have a 22-country presence across four continents. Our exports grew by over 50% during FY 2014-15 vis-a-vis the previous fiscal.

6,000+

Pan-India footprint

We have an extensive reach with 6,000+ touch points and presence in 1,00,000+ villages nationally.

11 MN+

Customer loyalty

Hero GoodLife is the industry's largest customer relationship management programme, with over 11 million members.

₹ 3,000 CR

Investing more

We have planned an investment of over ₹ 3,000 crores to enhance capacities and strengthen our brands across domestic and global markets over the next few years.

Being Hero

In 1985, our first bike - CD 100 - rolled out from our plant. Since then, we have never looked back – rapidly expanding capacity and footprint.

Such a strategy enabled us to become a globally respected brand, and the leading bike manufacturer. We have pioneered many industry-best practices and are known for our deep understanding of customer behaviour.



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Our vision

The story of Hero Honda began with a simple vision – that of a mobile and empowered India, powered by its bikes.

The Company's refreshed identity – Hero MotoCorp Ltd. – reflects its commitment towards providing world-class mobility solutions in different markets around the world.

Our mission

Hero MotoCorp's mission is to become a global enterprise that fulfils the needs and aspirations of the young and youthful by providing motorcycles and scooters that are technologically superior, efficient and convenient to use.

We aim to set benchmarks in technology, style and quality to convert our customers into brand advocates.

The Company provides an engaging environment for its people to perform to their true potential. It aims to continue its focus on value creation and enduring relationships with its partners.

Our strategy

Our key strategies focus on building a steady and robust product portfolio across categories and explore growth opportunities globally. We also seek to continuously improve upon operational efficiency, aggressively expand our customer reach, invest in brand-building activities and ensure customer and shareholder delight.

Vision 2020

By the year 2020, we aim to surpass 100 million units in cumulative production with annual bike and scooter sales of 12 million units. We also plan to have more than 20 manufacturing and assembly plants globally with sales in more than 50 countries by that year.

Expansion roadmap

We have lined up a total investment of over ₹ 5,000 crores (US\$ 800 million) globally. It includes the manufacturing plants in Colombia and Bangladesh. Moreover, we have new plants coming up at Gujarat and Andhra Pradesh, and the Hero Global Centre for Research & Design at Kukas in Rajasthan.



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7.6%

5-year CAGR in product sales

11.8%

5-year CAGR in total net income

1.3%

5-year CAGR in profit after tax

₹ 52,714 CR

Market capitalisation as on March 31, 2015 was ₹ 52,714 crores.

Plant accreditations

- ▶ ISO 9001: Quality Management Systems
- ▶ ISO 14001: Environmental Management Systems
- ▶ OHSAS 18001: Occupational Health and Safety Management Systems

Our facilities

Gurgaon, Haryana

Dharuhera, Haryana

Haridwar, Uttrakhand

Neemrana, Rajasthan

Global Parts Centre (GPC),
Neemrana, Rajasthan

3,000%

We declared a dividend of 3,000% in FY 2014-15 (₹ 60 per equity share with a face value of ₹ 2 per share)

Each Quarter Counts



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Quarter 1 (Apr 2014 – Jun 2014)

- ▶ We launched operations in Bangladesh through a joint venture with the reputed Nitol Niloy Group to build our first overseas manufacturing plant.
- ▶ We entered Turkey with popular Hero motorcycles and scooters.
- ▶ We commenced production from our fourth manufacturing plant and Global Parts Centre (GPC) at Neemrana, Rajasthan.

Quarter 2 (Jul 2014 – Sept 2014)

- ▶ Title sponsor of the Indian Super League – the first-of-its-kind franchise-based football league in India; it was known as 'Hero Indian Super League'.
- ▶ Commenced construction of state-of-the-art manufacturing plant at Villa Rica, Cauca, Colombia.
- ▶ Entered into a first-of-its-kind top-level global association with golf as the title sponsor of the World Challenge tournament called 'Hero World Challenge'; hosted by the Tiger Woods Foundation and Tavistock Group.



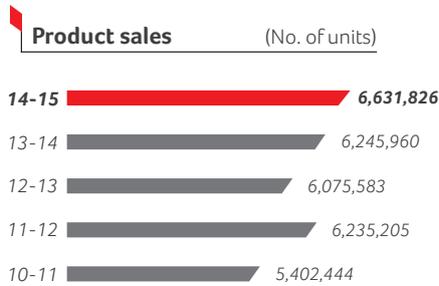
Quarter 3
(Oct 2014 – Dec 2014)

- ▶ Strengthened leadership by inducting Dr. Markus Braunsperger as the Chief Technology Officer (CTO); Mr. Ashok Bhasin joins as the Head of Sales, Marketing & Customer Care and Mr. Sanjay Jorapur as Chief Human Resources Officer.
- ▶ Launched Splendor Pro Classic and Passion Pro TR.
- ▶ Signed Tiger Woods as the first global corporate partner to enhance global brand visibility.
- ▶ Signed a three-year deal with the All India Football Federation (AIFF) to be the title sponsors for the Federation Cup and the I-League.

Quarter 4
(Jan 2015 – Mar 2015)

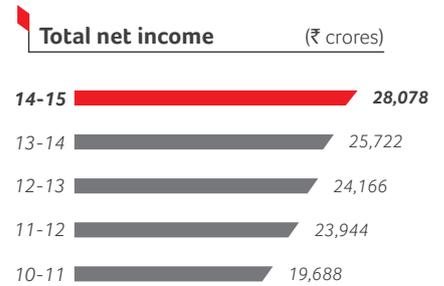
- ▶ Signed Indian hockey captain Sardar Singh and Bollywood actor Alia Bhatt as new brand ambassadors.
- ▶ Launched Splendor iSmart – which clocked a mileage of 102.50 kilometres per litre of petrol, thereby setting a new global benchmark in fuel efficiency.
- ▶ Divested a small stake of Hero MotoCorp to fund new growth avenues available through the Government’s ‘Make in India’ initiative.

Momentum in Numbers



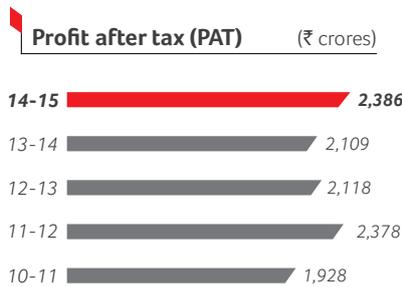
YoY growth 6.2%

Performance in FY 2014-15: Product sales grew on account of strong export sales and moderate domestic demand.



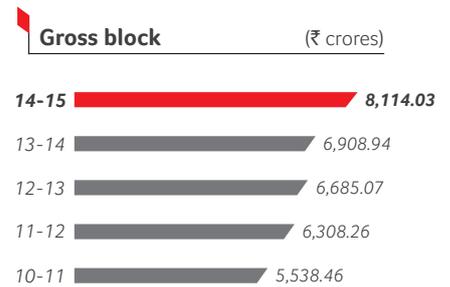
YoY growth 9.2%

Performance in FY 2014-15: Total net income rose on account of greater scale and higher sales.



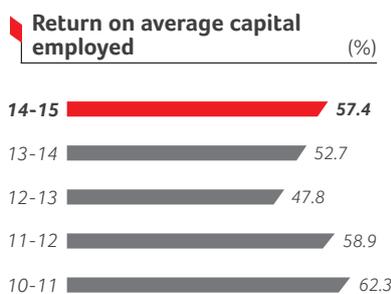
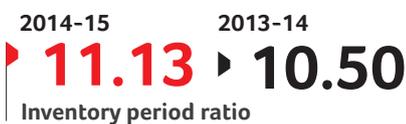
YoY growth 13.1%

Performance in FY 2014-15: PAT escalated owing to efficient operational architecture and higher realisations.

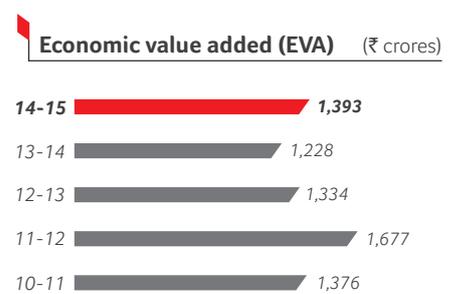


Performance in FY 2014-15: Gross block increased significantly owing to the completion of multiple expansion plans.

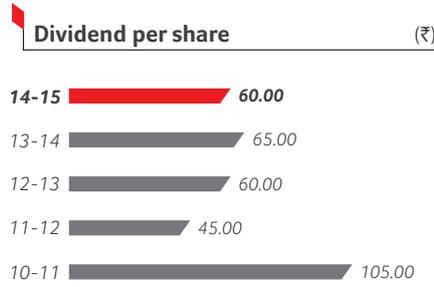
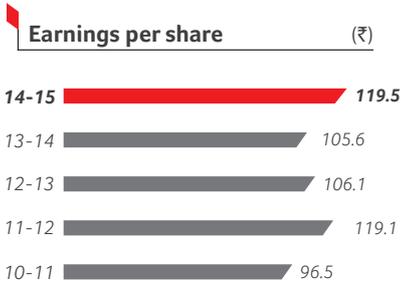
Key financial ratios



Performance in FY 2014-15: Return on average capital employed grew on account of effective utilisation of capital.



Performance in FY 2014-15: EVA grew on account of Hero's concentrated focus on improving the net cash return on invested capital.



YoY growth 13.1%

Performance in FY 2014-15: Hero's earnings per share grew on account of higher profitability.

Performance in FY 2014-15: Dividend per share increased reflecting strong earnings and cash performance.

Distribution of revenue FY 2014-15 (%)



Particulars	₹ crores	%
Materials	19,753.91	66.30
Operations & Other Expenses	3,271.38	10.98
Taxes & Duties	2,660.82	8.93
Employees	1,172.87	3.94
Interest	11.09	0.04
Depreciation	539.97	1.81
Shareholders and Reserves & Surplus	2,385.64	8.01
Total	29,795.68	100.00





Pleasure





Light. Zippy. Easy to ride. Hero Pleasure has fostered a deep connect with young ladies by challenging the conventional paradigm. Enables independence and standing up for issues that are close to their heart. After all, why should boys have all the fun?

The Path of Leadership



Brijmohan Lall Munjal | Chairman Emeritus

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“ We shape and strengthen mutually beneficial associations over the long term. We focus comprehensively on building robust cores in each business vertical, even as we work closely with communities and the environment. Through this approach we build a path into the future. ”

Brijmohan Lall Munjal
Chairman Emeritus

CMD's Communiqué



Technology, skill and scale are seamlessly coming together to build a stronger and more dynamic Hero.

Pawan Munjal | Chairman, Managing Director and CEO

Dear Shareholders,

I have recently stepped into the very large shoes of our far-sighted Chairman, Dr. Brijmohan Lall Munjal, who skilfully and successfully steered this Company since 1984. Hero MotoCorp has since grown substantially in stature, size and scale, and it remains a world leader for 14 years. I feel both privileged and humbled that our eminent Board has considered me worthy of carrying the baton forward.

My father, now Chairman Emeritus, believes that as promoters, we are custodians who simply act on behalf of all the other co-owners. As I embark on the voyage ahead, I bear the same philosophy in my mind, and I will do all that I can to fulfil this enormous responsibility.

The Indian two-wheeler industry swung wildly during FY 2014-15: there was

cheerful growth of 16% during the first half of the year, but just one per cent growth during the second. Meagre and unseasonal rains, moderation in the growth of farm support prices, and a decline in rural wages caused distress; all this adversely affected sales.

However, as I write this message, agricultural prospects are comparatively better, and the country is poised for viable recovery. In this fiscal itself, I anticipate a rebound in the capital goods production, which is usually the harbinger of revival in the manufacturing sector. Once the business cycle turns more positive – as it should, by the second half of this fiscal – I expect an uptick in demand across multiple consumer verticals. In turn, this should create a second order impact across many tertiary sectors.

2 Lakh

Volumes from our global business crossed the 200,000 mark during the year in review, and we are well on track with our objective of being present in 50 global markets by 2020.

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₹ 3,000 CR

We are pumping in over ₹ 3,000 crores (US\$ 470 million) in different areas to catapult your Company into its next stage of growth.

I remain optimistic and see signs of strong government policy action. In the last one year, the government has invested in infrastructure and smarter governance; it has also drafted modern laws and cascaded financial inclusion through millions of new banking accounts. To my mind, these bold initiatives are potential game-changers for economic recovery and investor confidence.

As India transforms, Hero is keeping pace with new technology and trends. In the recent past, our teams have paid significant attention to enhancing fuel-efficiency, and this initiative alone has helped us gain share and further strengthen our leadership in the motorcycle market. We have also announced the introduction of two 'next-gen' scooters, and brought an upgraded version of our iconic Splendor to the market. We feel that this will cater to today's youth and young-at-heart customers.

Hero remains bullish about the two-wheeler business, not just in India but also overseas. We are pumping in over ₹ 3,000 crores (US\$ 470 million) in different areas to catapult your Company into its next stage of growth.

Our quest to build a world-class, state-of-the-art R&D ecosystem is set to gain even stronger traction with the new 'Hero Centre for Global Innovation and R&D' getting ready to become operational by the end of the current fiscal.

Over a very short period, we have built up a strong R&D team with many talented professionals and a number of global experts. We have aligned our design and development processes in a way that winnable products roll out smoothly. We have also identified and firmed up a robust portfolio of products across all two-wheeler segments for the next several years, to serve the domestic and international markets.

As a business enterprise, Hero aims to become more efficient in a number of key areas. The Company has launched a range of margin improvement projects that aim to optimise fixed costs. Some of these projects have already started showing results, and have so far added ₹ 750+ crores (US\$ 117 million) to our bottom-line, and we anticipate significantly higher savings in the next five years.

Hero's parts business is now in excess of ₹ 2,000 crores (US\$ 313 million), and is slated to touch a turnover of US\$ 1 billion. By applying industry-defining technologies, we are overhauling the management of this business. Positive customer relationships and profitability outcomes from this realignment should start accruing within the current financial year.

Hero is transforming the way the organisation conducts itself, manages people and discovers new talent. There is a much stronger focus on meritocracy as a function of career growth and transparency within the organisation. This new culture has already recognised and helped three bright young minds come up with the

India's first 'LEED Platinum' facility at Neemrana is Hero's vision of the country's manufacturing future.

hugely successful iSmart technology embedded in one of our products. During the year in review, the 'Splendor iSmart' clocked 102.5 kms per litre of petrol under government-certified testing, making it the world's most fuel-efficient bike.

To sustain and strengthen this culture of innovation, Hero institutionalised Idea Contests two years ago. Employees from across the country take part in these contests to bring forth out-of-the box ideas covering new products, design and savings via technology advances or production techniques. Besides fostering an esprit-de-corps, these contests help the organisation unearth latent talent and incubate new ideas that give the Company an edge over its competition.

If investments in people constitute one arm of our innovation vision, technology deployment makes up the second. Last year, we rolled out a mobile-based platform for our sales force. This platform is proving to be especially useful in the rural market. We have also introduced e-bidding to de-risk our supply chain and to secure a competitive advantage in pricing for parts and products. In the same vein, we have also introduced a system of e-material flows at one of our facilities to save on storage costs for materials and components.

As a business philosophy, we continuously develop plans to optimise and enhance production capacities. Our fourth production facility, christened 'the Garden Factory', went live in October 2014 at Neemrana in Rajasthan. It is the country's

first 'LEED Platinum' facility certified by the Indian Green Building Foundation, and represents our vision of what India's manufacturing-led future should be.

Designed and built around the theme of 'Manufacturing Happiness', this facility has best-in-class sustainable practices, people policies, architecture and process technologies. Rooftop solar panels provide clean power of up to 30% of all energy requirements. A 'green' oxygen wall pumps in fresh and clean air for factory workers. A unique air-conditioning system provides a dust free environment. The roof is equipped with greenhouses that serve as a food farm for our workers.

Over the years, we have periodically deployed balancing equipment to optimise capacities of our factories in Dharuhera, Gurgaon and Haridwar.

Three other Hero production plants are coming up; they are strategically located to enhance our penetration within India and other regions of the world. The plant at Halol in Gujarat will not only help support the western market more efficiently, it will help Hero reach global destinations faster, since it is within close proximity of ports. The plant at Villa Rica in the state of Cauca in Colombia will help support the Company's aggressive initiatives to market its products across South America. Similarly, the production facility in Bangladesh will help us in servicing the needs of that region.

As we set our sights on transforming into a global company, our teams have quickly

learnt to adapt; where necessary, they have refined entry strategies for different markets. Volumes from our global business crossed the 200,000 mark during the year in review, and we are well on track with our objective of being present in 50 global markets by 2020.

A strong presence in new markets requires time and needs a serious brand-building effort and strategy. It is likely, therefore, for our marketing spends to trend a bit higher for the next couple of years. However, we will ensure that it stays well within prudent limits.

When the new Hero came into being four years ago, it resembled an unfinished gene sequence. There were heaps of moving parts. In a very short period, many of the pieces are in place. Richard Dawkins, the great evolutionary biologist, once said: "the solution always turns out more beautiful than the puzzle". I am sure that when you read my message next year, these words will ring true!

Once again, thank you for your continued support.

With regards,



Pawan Munjal

Chairman, Managing Director and CEO

Manufacturing Happiness



At Neemrana Plant, we showcase some of the facets of 'Manufacturing Happiness'. These diverse aspects come together in happy harmony to make Hero a loved, respected and iconic brand.



Manufacturing happiness is...
**Ushering in an Era
of Change**



Platinum Rating

Hero Garden Factory has been awarded the Indian Green Building Council (IGBC) Green Factory Platinum Rating.

Coming up!

New plants coming up at Gujarat, Colombia and Bangladesh.

Amid rising environmental concerns and climate change, conventional practices of manufacturing need to be modernised with emphasis on green practices and technologies.

As a global industry leader, we are committed to the 'green concept' in manufacturing, because that is the only way forward to help combat environmental degradation and climate concerns.

Garden Factory at Neemrana

We have set up our eco-efficient fourth manufacturing plant at Neemrana in Rajasthan with a capital expenditure of over ₹ 550 crores. The new factory is based on the core principle of sustainable development, as we remain committed to maintain the highest ecological standards. Hence, the name 'Garden Factory'. With the commissioning of the plant (750,000 units of installed capacity) we now have a total annual installed capacity of 7.65 million units for two-wheelers.

The Garden Factory is equipped with multiple eco-friendly facilities, which are first-of-its kind in India:

- ▶ **Renewable energy:** Entire plant structure is oriented diagonally based on sun path, enabling us to use same structure for putting solar PV panels; we have installed 1.5 MW solar PV modules across the plant.
- ▶ **Big Foot technology:** This technology enables us to regulate temperature, ensure proper balance of oxygen and CO₂ and minimises dust emission.
- ▶ **Green house:** Hydroponics-based green house on rooftop (vegetable production houses for in-plant community) requires only 2-3% of water, compared to actual farming.
- ▶ **Green wall:** Walls of the plant produce oxygen for people working inside it.
- ▶ **Automatic Storage and Retrieval System (ASRS):** ASRS for vehicle despatch, with storage capacity of 4,500 vehicles, online vehicle tracking system, fully automatic vehicle handling system.
- ▶ **Recyclability:** The zero liquid discharge plant recycles the waste water from any source; the plant has rain water harvesting technology in place.



Manufacturing happiness is...
**Achieving Seamless
Operations**





Adjacent to our Neemrana plant is our Global Parts Centre, which features industry-leading automation. It redefines the traditional concepts of space management, material flow and logistics.

We have now introduced the 'Goods to Man' principle in an ecosystem, where warehouse operations are fully automated and seamless.

Global Parts Centre (GPC)

Our Global Parts Centre (GPC) at Neemrana is another technological marvel. We have invested over ₹ 160 crores in the state-of-the-art GPC, which has automated systems of storage and retrieval, automated packaging and sorting, on-line tracking of parts through Warehouse Management System (WMS), lean manufacturing and most importantly, the Green Building Concept. GPC has end-to-end automation from material receipt to dispatch, ensuring faster response to customer needs and multi-fold improvements in productivity.

The GPC has one of the most automated warehouses in Asia with best-in-class technology. We have implemented and integrated Warehouse Management System (WMS) with our enterprise platform (SAP) at the one end and the Warehouse Control System at the other.

₹ 160 CR

We invested over ₹ 160 crores in the state-of-the-art GPC

Manufacturing happiness is...
Building Global Scale



Our brand is integral to the everyday life of millions of people. We are putting in place relevant strategies to increase reach across the world with emphasis on Asia, Latin America and Africa.

First Indian

Two-wheeler company to have a manufacturing plant in Latin America.

The reason is that these continents are home to some of the most dynamic emerging economies with a huge pent-up aspiration for a better quality of life.

For us at Hero, that translates into an increased demand for advanced mobility solutions globally. That also means that we have to enhance our preparedness to cater to a wide-range of customer aspirations across geographies.

We have two new plants coming up – one in Bangladesh through a joint venture and another through a subsidiary in Colombia. Moreover, in partnership with our local distributors, we have established assembly units in Kenya, Tanzania and Uganda in East Africa. We are fast building up a global manufacturing base to cater to our growing international markets.



On the move. Around the world



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Bangladesh

We entered into a joint venture (JV) with 'Nitol Niloy Group' of Bangladesh to build its first overseas manufacturing plant; the Group holds a majority stake of 55% in the JV.

This is our first overseas JV and will be our first manufacturing plant outside India. We are bringing best-in-class technology and a long-term investment commitment for US\$ 40 million. The plant will have an annual capacity of 150,000 units. Our aim is to capture around 20% of market share in Bangladesh in the very first year of operation.

We are now catering to the high-potential market through exports. We have already launched 11 popular Hero motorcycles and scooters, marketed through 50 outlets. We also offer 5-year warranty on all products – a 'first' in Bangladesh.

The main purpose behind our foray was to leverage the demographic advantage of the country. Bangladesh has a huge aspiring population, backed by pro-growth policy initiatives and stable governance.

We are on course to having a presence in 50 countries by 2020.

- | | |
|----------------------------|---------------------------|
| 1. Angola | 12. India [ⓐ] |
| 2. Bangladesh [#] | 13. Ivory Coast |
| 3. Burkina Faso | 14. Kenya [*] |
| 4. Colombia [#] | 15. Mozambique |
| 5. Congo | 16. Nepal |
| 6. Ecuador | 17. Nicaragua |
| 7. Egypt | 18. Peru |
| 8. El Salvador | 19. Sri Lanka |
| 9. Ethiopia | 20. Tanzania [*] |
| 10. Guatemala | 21. Turkey |
| 11. Honduras | 22. Uganda [*] |

* Assembly units
 # Upcoming global plant
 ⓐ Plants in India - Gurgaon, Dharuhera, Haridwar, & Neemrana and Global Parts Centre (GPO), Neemrana

Colombia

We commenced the construction of our second overseas manufacturing plant at Villa Rica, Cauca in Colombia. The state-of-the-art manufacturing plant - spread across 17 acres (68,000 square metres) at the Parque Sur Free Trade Zone at Villa Rica in the state of Cauca – about 500 km south-west of Bogota is expected to go on stream in September, 2015, with an initial installed capacity of 78,000 units. This will go up to around 150,000 units in the second phase in the next three to four years. Through our fully-owned subsidiary in Colombia – HMCL Colombia S.A.S. – we will be investing US\$ 70 million in the country.

We already have a presence in the market through exports and leverage a wide network of over 120 outlets. In the near future, we plan to expand this network to over 150 outlets.

Going forward, we will aim at making Colombia a base for expanding our operations to neighbouring countries in the Latin America; especially Brazil and Argentina, since they are the biggest market for two-wheelers in the region.

Balance of power and efficiency. That's what the Hunk is all about. The revolutionary Advanced Tumble Flow Induction (ATFT) technology powers this mean machine.





Manufacturing happiness is...

Taking Innovation to the Fast Lane





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We engage with riders and potential customers worldwide and try to understand the challenges they face in an urban, semi-urban or a rural landscape.

On-going innovation

In FY 2014-15, by leveraging optimal lean burn technology we enhanced the fuel efficiency of several of our bikes by over 5%.

We also consider compelling global consumer trends and aspirations that go with the joy of riding. We integrate these insights to power our innovations and provide our customers a consistently exciting experience.

World's most fuel-efficient bike

Our new Splendor iSmart provides a mileage of 102.50 kilometres per litre of petrol, setting a new global benchmark in fuel efficiency. It is the first ever bike in India with an intuitive i3S Technology (Idle Stop and Start System). The new Splendor iSmart automatically switches off the engine when idle and switches it on as

soon as the clutch is pressed, giving more mileage in congested cities.

The Fuel Efficiency (FE) value is certified by the International Centre for Automotive Technology (iCAT) and obtained in the mandatory emission test specified in Rule 115 of the Central Motor Vehicle Rules (CMVR) 1989, under controlled conditions using a reference fuel at an agency authorised by Rule 126 of the said Rules. iCAT is a division of NATRiP Implementation Society (NATIS) of the Government of India.



Centre for excellence

Construction is on full swing of our 'Centre of Global Innovation and R&D' in Kukas, Rajasthan. The Centre will represent a confluence of design, development, testing and validation facilities, powered by a diversified talent pool. Besides, the Centre will be equipped to test all our products in-house.

Senior designer Dr. Markus Braunsperger will be the head of our research and development (R&D) division coming up at Kukas, Rajasthan. This facility will be

an international centre of excellence for design, development, testing and validation.

We have appointed several experts, including Mr. Markus Feichtner, an expert on engines technology, to help our engine design and development functionality.

Electronic Fuel Injection (EFI) product-line

HMC-MM Auto Ltd., the JV between Hero MotoCorp Ltd. and Milan (Italy)-based Magneti Marelli, also inaugurated its first



HMC-MM Auto Ltd inaugurated its first autonomous 'Production and Development Centre' at Manesar (Haryana).

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autonomous 'Production and Development Centre' at Manesar, Haryana.

The new centre will serve as a production facility and innovation hub to develop new-generation fuelling systems for our two-wheelers. With the commencement of operations at the Development Centre, HMCL is set to become India's first two-wheeler manufacturer to have its own EFI product line.

7 out of 10

7 (Seven) Hero MotoCorp bikes feature among the top 10 most fuel-efficient two-wheelers in India.

LEAP project

We are driving the LEAP project with the aim of reducing cost through value engineering, technical feasibility ideas and through import substitution.

Manufacturing happiness is...
**Offering an Exciting
Product Range**

Hunk



Xtreme Sports



Karizma ZMR



HF Deluxe ECO

Maestro



▶ **Glamour
Programmed FI**



▶ **Passion Pro TR**



Pleasure ◀

Splendor iSmart ◀



▶ **Splendor Pro Classic**



Manufacturing happiness is...

Growing Brand Reach and Recall





For three decades, we have created a brand that customers can associate with, aspire to own, and embrace with pride.

This is the primary reason why despite global economic volatilities, we have continued to grow and exceed market expectations.

New brand ambassadors

We signed Indian hockey captain Sardar Singh and Bollywood actor Alia Bhatt as new brand ambassadors.

Rural branding

We strengthened our brand through multiple initiatives, strategic MoUs and loan *melas*, resulting in enhanced rural retail penetration.

Regional branding

For the first time, Hero signed a regional celebrity (Allu Arjun) as brand ambassador for one of its prominent brands (Glamour) in the deluxe segment. Allu Arjun has a

good fan following in southern states and is a well-known face in the rest of the country. A region specific campaign helped Hero to further strengthen its brand in the southern and eastern regions.

Encouraging sports

We promote various sports, including cricket, soccer, hockey and golf. Here is how we undertook various initiatives as a part of our commitment during the year in review:

Soccer

We signed a three-year deal to be the title sponsor of the Indian Super League – the first-of-its-kind franchise-based football league India, called the ‘Hero Indian Super League’. The Indian Super League is an initiative to promote soccer in the country. As the title sponsor, we will bring the much needed professionalism and promote the

game at the grassroots to help identify and promote local talent.

We signed a three-year deal with the All India Football Federation (AIFF) to be the title sponsors for the Federation Cup and the I-League.

Golf

We entered into a first-of-its-kind top-level global association with golf, as the title sponsor of the World Challenge tournament hosted by the Tiger Woods Foundation at the Isleworth Golf & Country Club at Orlando. The marquee event will be called ‘Hero World Challenge’. This title sponsorship reflects our objective to showcase the Hero brand globally. Tiger Woods was the tournament host.

We have brought in Tiger Woods as our global corporate partner. His fan following and charisma span geographies, age groups, languages and nationalities. We have lined up exciting campaigns to build on the core values of Hero in our global markets and Tiger is going to play an integral role in these initiatives.

Cricket

We had a long association with cricket for more than two decades in various capacities – as one of the Global Partners of the International Cricket Council (ICC) and as team sponsors of Delhi Daredevils and later of Mumbai Indians teams in the Indian Premier League (IPL).

Marquee campaigns

'Zidd' campaign

At Hero, we do not wait for the future to arrive, we make it happen. It is our spirit, our passion, our 'Zidd'. We rolled out a campaign to communicate this

to the world. It showcased our culture, where resilience meets with obsession for technology, which is our driving force. This unwavering spirit and commitment has a huge positive impact on consumer's life with relevant benefits like mileage, power, performance, quality, safety and reliability. The campaign reinforced our credentials in technology and innovation, which keeps it ahead of times.

'Kheench Le' campaign

We re-engineered 100cc engines to extract more mileage from every drop of fuel and offer more torque and power. Our upbeat and celebratory film showcased how consumers were enjoying the benefit of a better mileage.

Karizma ZMR campaign

The Karizma campaign is a story about a man's incredible journey, who puts his dream above all. He chooses his strongest companion – Karizma ZMR and continues his journey through the toughest of

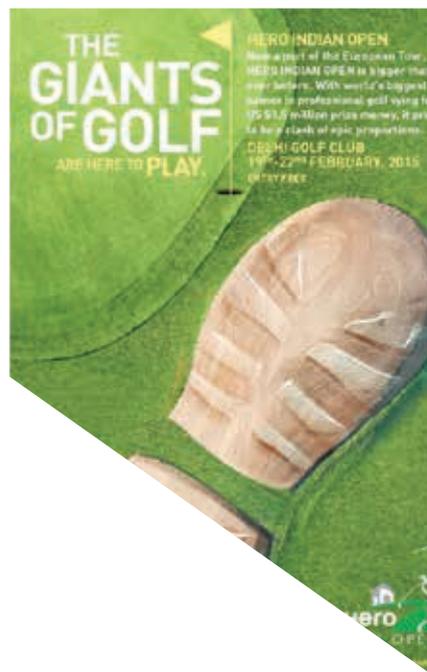
terrains to capture the 'Northern Lights'. For the first time an Indian two-wheeler commercial was shot on a glacier in Iceland. The sheer grit and grandeur of the ad truly befit the stature of the brand Karizma.

Xtreme campaign

We rolled out our new 'Xtreme', hosting a series of new features and refreshed styling. The launch of Xtreme was supported by a 360-degree brand campaign, which created excitement around the brand, bringing the nation's youth closer to it.

Pleasure campaign

Hero Pleasure fostered a deep connect with young women by challenging paradigms and standing for issues close to their heart. With Alia Bhatt as our new brand ambassador, we once again questioned 'Why should boys have all the fun', by showing scooter as not just a commute or enabler of fun but is 'THE FUN'.



Hero Indian Super League campaign

Hero Indian Super League campaign as the title sponsor for ISL, we leveraged our association to do a never before campaign, featuring both our scooters. The campaign was all about breaking perceptions and building an association with the youth. With both our brand ambassadors on board, the Maestro and Pleasure personalities came together to show that football is not just for boys but also for girls.

Maestro campaign

The Maestro campaign celebrated the fun-filled duality in a boy's personality. It brought alive the contrasting behaviour of boys during the day, compared to their night life. It provided a playful stage to showcase the refreshing Maestro.

We have brought in Tiger Woods as our global corporate partner.





15 HERO

MAESTRO



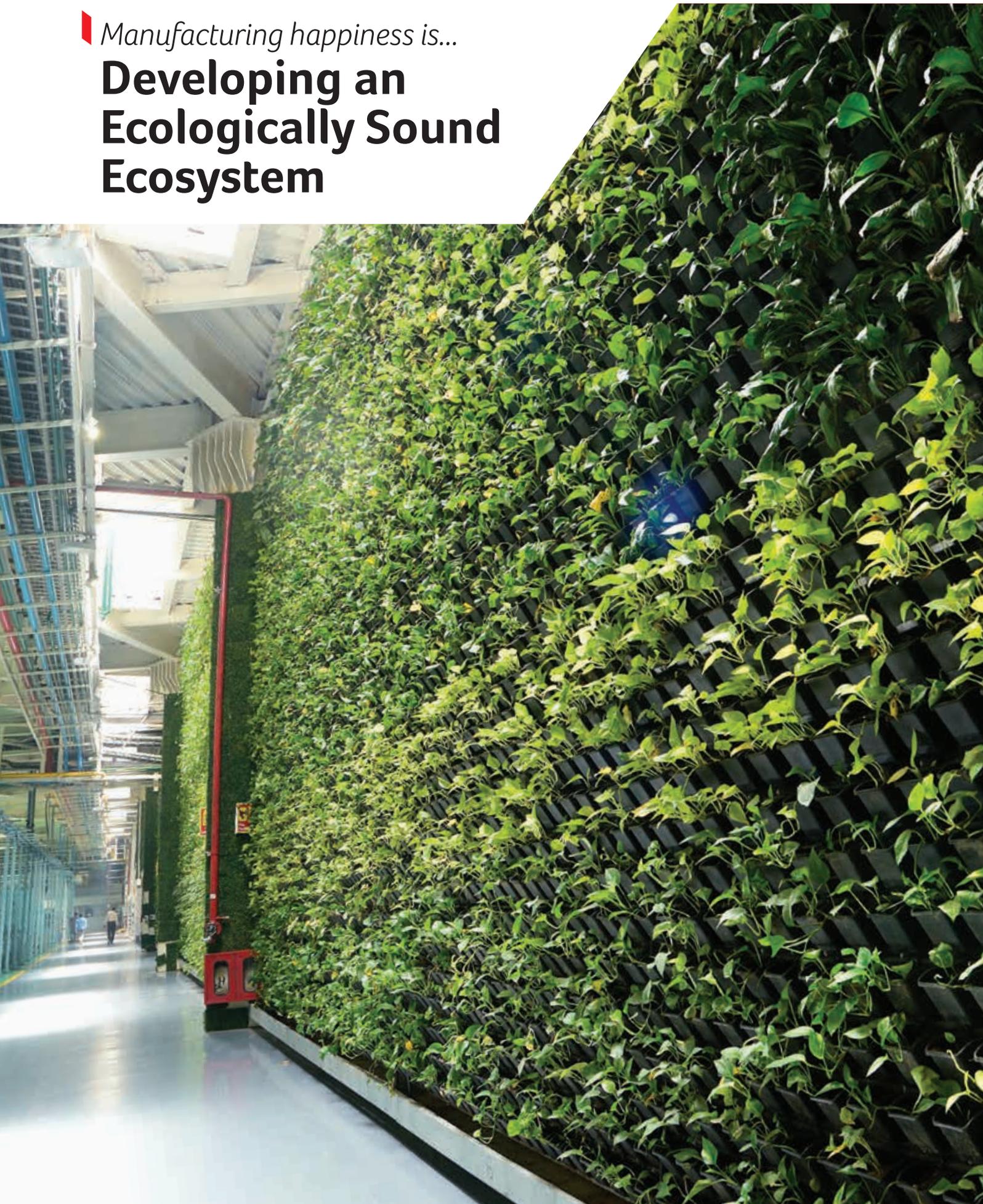
MAESTRO



For those who are not part of the crowd but stand out from it. For those who do not have to fight for attention. Easy and effective. Just the way boys are. Make a statement with stunning new graphics and bright shades.

Manufacturing happiness is...

Developing an Ecologically Sound Ecosystem



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Our Green Vendor Development Programme with 148 key suppliers is actively pursued by supply chain planning (SCP) department.

We are committed to the principles of environmental conservation and innovate extensively to reduce our environmental footprint. Because what is good for the Earth is good for business.

Clean and green

- ▶ Green walls inside the plant can produce oxygen for around 3,500 people
- ▶ Hydroponics based green house on rooftop facilitated vegetable production for the in-plant community
- ▶ 'Big Foot' cooling technology helps maintain controlled air balance of Oxygen and CO₂ and also generates 15 kilolitre of water daily
- ▶ Solar PV Power installations across plants have the potential to reduce 1,800 tons of CO₂ emission and can save fuel equivalent to 25 L KWH
- ▶ Natural gas based gensets for captive power generation facilitated the reduction of 16,000 tons of CO₂ emission, replacing around 150 L kg furnace oil per annum
- ▶ Use of natural gas in various processes (paint shop, fluidised bed and hot water generator, among others) can reduce

Our objective is to create a community that supports the Earth's ecological balance.

300 tons of CO₂ emission; it replaced around 80 L kg propane per annum with natural gas

- ▶ Heat recovery system from flue gas of gensets to generate hot water for paint shop process enabled 4,200 tons of CO₂ emission reduction; it has the capacity of 18 Lakh K Cal per hour and saved 6500 SCM per day of natural gas
- ▶ Replaced all conventional lights with LED lights; it helped reduce 500 tons of CO₂

Resource conservation

- ▶ Zero liquid discharge facility in progress
- ▶ Recycled sewage water using ozoniser and softener to re-generate 300 KL per day of soft water for cooling tower and FDVs across all plants
- ▶ Replaced electrical exhaust fans with roof ventilators helped save 8800 KW per day of electric energy
- ▶ Real-time clock on panels of engine assembly, heat treatment and canteen boiler for operation optimisation helped save 600 KWH per day of electric energy
- ▶ Used natural lights by providing acrylic sheets across plant roofs

- ▶ Replaced aluminium alloy fans by Fiberglass Reinforced Plastic (FRP) fans of cooling tower helped save 125 KWH per day of electric energy

Green process

- ▶ Introduced single coat single bake dip painting process (ACED) for frame body painting, replacing liquid spray painting process; this led to a saving of 7022 KW per day of electric energy, 440 kg per day of propane and 1,530,000 cf per day of compressed air
- ▶ Converted paint sludge into primer paint (total paint sludge recycled equals to 440 kg/day and saving of 41.5 kg HSD per day for incineration)

Green supply chain

Our Green Vendor Development Programme with 148 key suppliers are actively pursued by supply chain planning (SCP) department. This reduced water consumption (20K Lakh litres) significantly. This water is enough to take care of the needs of 8,400 families for a year. Considerable saving of electrical energy (100 L Kwh) can light 50,000 homes for a year.



Manufacturing happiness is... **Giving Back to Society**

We believe in creating 'happy communities and healthy businesses'. We rely on societal partnerships to create impact and make a difference.



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Focus

Our CSR efforts focus on value creation for the society and not just as corporate philanthropy

Encourage

We encourage our employees to actively participate in our CSR endeavours

Impact

Our initiatives should have fundamental impact on the society

During FY 2014-15, we focused on multiple CSR initiatives across India. Some of the major ones are:

- ▶ Provided financial support to girl students of RMVM, Sidhrawali in Haryana
- ▶ Extended financial support to girl students of various Asha Centres in Haryana
- ▶ Conducted animal health camps across various villages
- ▶ Set up a plant for providing potable water in the village Hansaka in Haryana
- ▶ Organised 'Ride Safe Programmes' at various locations across the country
- ▶ Contributed to relief efforts for flood victims of Jammu and Kashmir
- ▶ Provided financial support in terms of books and stationary to girl children of schools in Delhi
- ▶ Organised eye screening camps of cataract surgery
- ▶ Conducted workshops on 'tie and dye' for rural women
- ▶ Conducted training programmes on motorcycle service and repairing for village youth

- ▶ Conducted training programmes on road safety education
- ▶ Conducted training programmes on first responder for providing first response in case of medical emergency for students
- ▶ Conducted workshops on adolescent education for boys and girls
- ▶ Conducted yoga workshops for good health
- ▶ Provided financial assistance for preventive healthcare

Active employee participation

We created a CSR portal where employees pledged their support to CSR initiatives and also volunteered themselves for CSR related activities. A CSR week was also celebrated during FY 2014-15, where employees participated in various activities including:

- ▶ **Haryali Fir Se:** Trees were planted in orphanages, old age homes and government schools across all locations.
- ▶ **Saving Lives:** Blood donation camps were organised across multiple locations.



National recognition

We were recognised among the top 50 caring companies in the country.

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- ▶ **De-cluttering homes:** We organised collection drives for clothes, books and ration across the country.
- ▶ **Swachh Hero:** We organised cleanliness drives in our offices across the country. The employees cleaned their desks and cabins.
- ▶ **Let's Draw:** We initiated poster, painting and sketching competition for employees and their families across the country.
- ▶ **I Express:** We arranged slogan, rhyme and poem competitions for our employees and their families across the country.
- ▶ **Individual social responsibility pledge:** Our employees voluntarily contributed to various social causes.

We are with Nepal

In addition to the monetary aid provided during the relief and evacuation activities, we have handed over 100 units of new Achiever 150cc motorcycles to UNICEF, to be deployed in the relief and rehabilitation work in earthquake-affected Nepal.

Board of Directors



Mr. Brijmohan Lall Munjal
Chairman Emeritus



Mr. Pradeep Dinodia
Non-Executive & Independent Director



Gen. (Retd.) V. P. Malik
Non-Executive & Independent Director

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Mr. Suman Kant Munjal
Non-Executive Director



Mr. Paul Edgerley
Non-Executive Director



Ms. Shobana Kamineni
Non-Executive & Independent Director



Dr. Anand C. Burman
Non-Executive & Independent Director



Mr. Sunil Kant Munjal
Jt. Managing Director



Mr. M. Damodaran
Non-Executive & Independent Director



Dr. Pritam Singh

Non-Executive & Independent Director



Mr. Ravi Nath

Non-Executive & Independent Director



Mr. Pawan Munjal

Chairman, Managing Director & CEO

Committee Details

Audit Committee

Mr. Pradeep Dinodia

Chairman

Mr. M. Damodaran

Member

Dr. Pritam Singh

Member

Gen. (Retd.) V.P. Malik

Member

Stakeholders Relationship Committee

Dr. Pritam Singh

Chairman

Mr. M. Damodaran

Member

Mr. Ravi Nath

Member

Nomination and Remuneration Committee

Gen. (Retd.) V.P. Malik

Chairman

Mr. Pradeep Dinodia

Member

Mr. Ravi Nath

Member

Corporate Social Responsibility Committee

Mr. Pawan Munjal

Chairman

Mr. Pradeep Dinodia

Member

Gen. (Retd.) V.P. Malik

Member

Risk Management Committee

Mr. M. Damodaran

Chairman

Mr. Pradeep Dinodia

Member

Mr. Ravi Nath

Member

Senior Management Team

Mr. Ravi Sud

Sr. Vice President and CFO

Mr. Vikram S. Kasbekar

Sr. Vice President - Head of Operations & Supply Chain

Mr. Vijay Sethi

Chief Information Officer & Head Corporate Social Responsibility

Dr. Markus Braunsperger

Chief Technology Officer

Mr. Ashok Bhasin

Head of Sales, Marketing & Customer Care (SMCC)

Mr. Sanjay Jorapur

Chief Human Resources Officer

Mr. Neeraj Mathur

Vice President – Strategic Sourcing and Supply Chain Management

Mr. Deepak Mokashi

Vice President & Head Global Business

Mr. Sanjay Bhan

Business Head – Parts Business

Mr. Harjeet Singh

Vice President & Head of Global Regulatory

Mr. Rajat Bhargava

Head of Strategy & Performance Transformation

Compliance Officer

Mr. Ilam C. Kamboj

Asso. V.P. – Legal and Company Secretary

Ten-Year Financial Performance

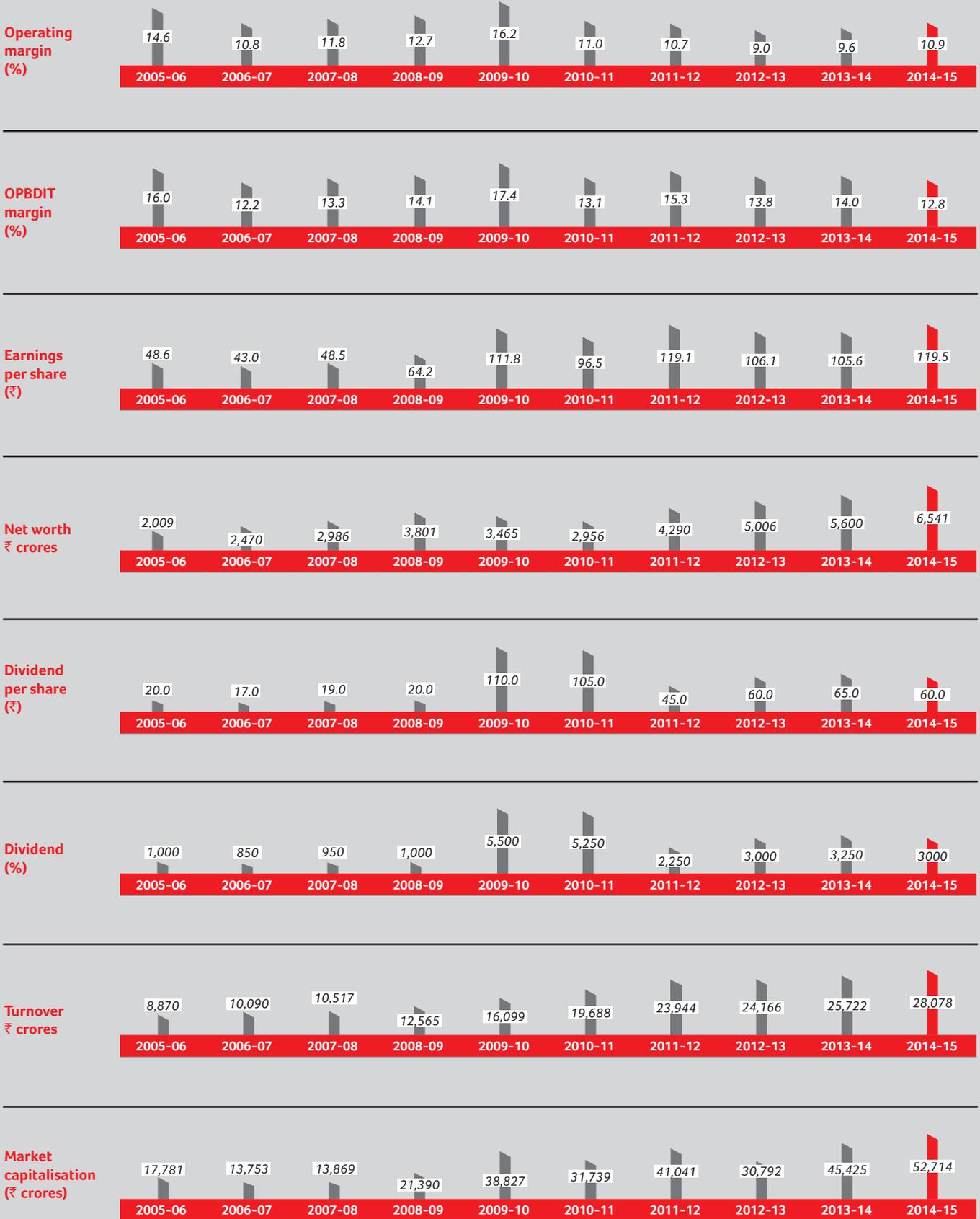
Sales (Nos.)	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	3,000,751	3,336,756	3,337,142	3,722,000	4,600,130	5,402,444	6,235,205	6,075,583	6,245,960	6,631,826
Growth (%)	14.5	11.2	0.01	11.5	23.6	17.4	15.4	(2.6)	2.8	6.2
CAGR (%)		18.5	14.7	12.4	11.9	12.5	13.3	12.7	10.9	7.6

Total income ₹ crores	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	8,870	10,090	10,517	12,565	16,099	19,688	23,944	24,166	25,722	28,078
Growth (%)	17.4	13.7	4.2	19.5	28.1	22.3	21.6	0.9	6.4	9.2
CAGR (%)		17.3	15.1	15.9	16.3	17.3	18.9	18.1	15.4	11.8

Net sales ₹ crores	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	8,714	9,900	10,332	12,319	15,758	19,245	23,368	23,583	25,125	27,351
Growth (%)	17.4	13.6	4.4	19.2	27.9	22.1	21.4	0.9	6.5	8.9
CAGR (%)		17.3	15.2	16.1	16.3	17.2	18.7	17.9	15.3	11.7

Profit before tax ₹ crores	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	1,412	1,246	1,410	1,781	2,832	2,485	2,865	2,529	2,867	3,484
Growth (%)	16.0	(11.8)	13.2	26.3	59.0	(12.3)	15.3	(11.7)	13.4	21.5
CAGR (%)		12.4	9.8	10.7	18.4	12.0	18.1	12.4	10.0	4.2

Profit after tax ₹ crores	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
	971	858	968	1,282	2,232	1,928	2,378	2,118	2,109	2,386
Growth (%)	19.8	(11.7)	12.8	32.4	74.1	(13.6)	23.4	(10.9)	(0.4)	13.1
CAGR (%)		13.1	10.8	12.0	22.5	14.7	22.6	17.0	10.5	1.3



Economic Value Added (EVA) Statement

(₹ crores)

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Average Capital Employed	2,877	3,499	3,705	3,989	4,866	5,286	5,444	6,071
Average Debt/Average Capital (%)	1.1	0.6	0.2	2.2	3.4	1.8	0.4	-
Average Equity/Average Capital (%)	98.9	99.4	99.8	97.8	96.7	98.3	99.6	100.0
Cost of Debt (% Post Tax)	0.9	1.6	1.9	1.4	1.2	1.2	5.5	-
Cost of Equity								
Beta	0.59	0.59	0.63	0.64	0.66	0.73	0.76	0.87
Cost of risk - free debt (%)	7.94	6.99	7.50	7.99	8.53	7.96	8.80	7.74
Market Premium (%)	10	10	10	10	10	10	10	10
Cost of Equity (%)	13.83	12.85	13.80	14.39	15.16	15.22	16.36	16.48
Economic Value Added (EVA)								
Profit After Tax	968	1,282	2,232	1,928	2,378	2,118	2,109	2,386
Add: Interest*(1-tax rate)	1.32	1.67	1.39	10.55	14.39	7.86	7.80	7.32
NOPAT = PAT + Interest*(1-t)	969	1,283	2,233	1,938	2,393	2,126	2,117	2,393
Cost of Capital	394	448	510	563	715	792	889	1,000
EVA	575	835	1,723	1,376	1,677	1,334	1,228	1,393
Return on Capital Employed (%)	33.7	36.7	60.3	48.6	49.2	40.2	38.9	39.4
Weighted Average Cost of Capital (%)	13.7	12.8	13.8	14.1	14.7	15.0	16.3	16.5
EVA/Capital Employed (%)	20.0	23.9	46.5	34.5	34.5	25.2	22.6	22.9
Enterprise Value								
Market Capitalisation	13,869	21,390	38,827	31,739	41,041	30,792	45,425	52,714
Add: Debt	132	78	66	1,491	995	281	-	-
Less: Financial Assets	2,698	3,588	5,833	5,200	4,041	3,805	4,206	3,313
Enterprise Value (EV)	11,303	17,880	33,060	28,030	37,995	27,268	41,219	49,400
EV/Year End Capital Employed (Times)	3.6	4.6	9.4	6.3	7.2	5.2	7.4	7.6

Corporate Information

Statutory Auditors

Deloitte Haskins & Sells

Chartered Accountants,

(FR No. 015125N)

7th Floor, Building No. 10, Tower B,
DLF Cyber City Complex, DLF City Phase- II,
Gurgaon - 122 002, Haryana
Tel: 0124-679 2000 Fax: 0124-679 2012
Web: www.deloitte.com/in

Internal Auditors

PricewaterhouseCoopers Pvt. Ltd.

Building No. 8,
7th & 8th Floor, Tower B,
DLF Cyber City, Gurgaon,
Haryana - 122 002
Tel: 0124-4620000, 3060000
Fax: 0124-4620620
Web: www.pwc.com/in

KPMG Advisory Services Pvt. Ltd.

Building No. 10, 8th Floor, Tower B,
DLF Cyber City, Phase II,
Gurgaon, Haryana - 122 002
Tel: 0124-2549191
Fax: 0124-2549101
Web: www.in.kpmg.com

JRA & Associates

Chartered Accountants,
B 15, Greater Kailash Enclave-II,
New Delhi - 110 048
Tel: 011-40562787
Fax: 011-40562787
Email: jassal@jraca.com
Web: www.jraca.com

Secretarial Auditors

Arvind Kohli & Associates, Company Secretaries

199, Sector 7, Urban Estate,
Gurgaon - 122 001
Tel: 91 0124 4005260,
Email: arvindkohli@gmail.com

Principal Bankers

The Royal Bank of Scotland N.V.
Bank of America N.A.
Citibank N.A.
HDFC Bank Ltd.
Hong Kong and Shanghai Banking Corporation Ltd.
ICICI Bank Ltd.
Standard Chartered Bank
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Kotak Mahindra Bank Limited
Yes Bank Limited

Registered and Corporate Office

34, Community Centre,
Basant Lok, Vasant Vihar,
New Delhi - 110 057, India
Tel.: 011-4604 4100, 2614 2451
Fax: 011-2614 3321, 2614 3198
www.heromotocorp.com

Registrar and Share Transfer Agent

Karvy Computershare Pvt. Ltd.
Karvy Selenium Tower B,
Plot 31-32, Gachibowli,
Financial District, Nanakramguda,
Serilingampally, Hyderabad - 500 032
Tel No. : 040-67162222
Fax: 040-23001153
Email: einward.ris@karvy.com
www.karvycomputershare.com
Toll Free No.: 1-800-3454001

Plant Locations

Gurgaon Plant
37 K.M. Stone, Delhi-Jaipur Highway,
Sector 33, Gurgaon - 122 001
Haryana, India.
Tel: 0124-289 4200, 237 2123
Fax: 0124 237 3141-42

Dharuhera Plant

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

Haridwar Plant

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

Neemrana Plant

Plot No. 101-103, 108&109,
RIICO Industrial Area,
Delhi - Jaipur Highway,
Neemrana, Dist. Alwar - 301 705



Hero

Xpulse
Sports



Management Discussion and Analysis Report

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 The all new Xtreme Sports.
More sportiness. More power.
More style. More speed. Crafted
for the biking enthusiast with
an engine that never gives up.

Economic Landscape





Global review

The global economy is progressing on a road to recovery, although volatilities and legacy risks are prominent across geographies. The big message for economies and businesses is to focus on a prudent cost structure, drive innovation and recalibrate strategies in line with shifting realities.

The FY 2014- 15 witnessed contrasting patterns of growth, with consequent impact on currencies. The US economy performed well during the year and is well on track. The British economy also continued recovery with growing industrial output.

At the other end of the spectrum are Japan and Eurozone, which continue to grapple with uncertainties. The turbulence of the recession in 2008 is still casting its long shadows in these economies, and the recent uncertainties in Greece have the potential to create ripples not just in Europe but also around the world.

Emerging economies like Brazil and Russia, which set the pace for growth in the previous decade, now appear less dynamic, as commodity cycles are no longer in their favour. China too is being forced to rebalance itself with the slowdown in exports. Other emerging economies felt the effects of domestic policy tightening, political uncertainties and supply-side constraints. However, the drop in crude prices was an important and positive variable for oil-dependent nations.

Latin America

The economies of Latin America are grappling with sluggish and fragile growth patterns. FY 2014- 15 presented many challenges for the region, primarily due to slower growth in China (a significant trade partner), low commodity prices and uncertainty surrounding the US monetary policy. These roadblocks are likely to persist throughout 2015 and gradual recovery is expected from 2016 onwards.

Of course, since Latin America is not a homogenous economic zone, some countries will absorb the shocks better than others. Macroeconomic management has improved in many economies in the region, although many nations in the continent continue to struggle under huge current account deficits.

Global growth (%)

	2013	2014	PROJECTIONS	
			2015	2016
World Output	3.4	3.4	3.5	3.8
Advanced Economies	1.4	1.8	2.4	2.4
United States	2.2	2.4	3.1	3.1
Eurozone	(0.5)	0.9	1.5	1.5
Japan	1.6	(0.1)	1.0	1.2
United Kingdom	1.7	2.6	2.7	2.3
Other Advanced Economies*	2.2	2.8	2.8	3.1
Emerging and Developing Economies	5.0	4.6	4.3	4.7
China	7.8	7.4	6.8	6.3

*Excludes the G7 (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries) (Source: International Monetary Fund 2015)

Countries facing the Pacific Ocean (Chile, Colombia, Mexico and Peru) are expected to perform better than their counterparts (Argentina, Brazil and Venezuela) facing the Atlantic Ocean in 2015, primarily due to their stronger fiscal positions, as well as improved foreign currency debt ratios.

Africa

Africa’s achievements have been remarkable and the overall outlook for the continent is optimistic. This is an exciting time for Africa, home to perhaps the world’s youngest population, working hard to achieve their aspirations for a better life.

Many economies of Africa will soon be catching up with their pre-crisis (2008-09 global economic disaster) growth levels. Sub-Saharan Africa is clearly taking off – growing steadily for nearly two decades and showing a remarkable resilience in the face of the global financial crisis.

Overall, from a company perspective, outlook in many of the nations in which Hero is present in Central and South America remains positive. Selected nations in Africa that have a Hero presence are also expected to do quite well.

India review

India’s macro-economic prospects have strengthened and the country is best positioned to see consistent growth, going forward. The new government facilitated economic rebound with reforms and more are on the anvil. The government has unveiled a new statistical method to calculate the national income with a broader framework, hence the GDP touched 7.4% in FY 2014-15.

This progress has come on the back of gradually improving performance in the industrial landscape, stable growth in the services sector and a resilient agricultural sector. Inflation is now moderating and both fiscal and current account deficits are now narrowing down. The government’s policy initiatives are certainly in the right direction.

According to the Government of India’s latest Economic Survey, the share of stalled government projects as a proportion of GDP is declining. In the next one or two years, a uniform Goods and Services Tax (GST) across India and enhanced focus on federalism are expected to create even stronger multipliers of growth across the economy.

Outlook

India is a rapidly transforming society. The country’s demographic advantage and enhanced investments in infrastructure, manufacturing, education and socio-economic wellbeing are expected to create new opportunities for growth. India’s sub-urban and rural people are creating room for further growth as their quality of life is improving at a rapid pace. The government’s reforms will further strengthen investor confidence in the country’s potential and unleash a free flow of entrepreneurial energy. At the same time, India’s consumer spending is rising consistently. It is expected to double in another decade or so. This will make India the world’s fifth largest consumer market, leading to major growth in all contributing sectors. Hero MotoCorp is invested in the India Growth Story and will continue to take relevant strategies to grow.

Industry Performance



India’s two-wheeler industry has seen a continuous upsurge in demand, for many reasons. Firstly, the country’s aspirational ‘youth bulge’ and their high disposable income is a significant growth driver. Secondly, growing rural income across India has played a part in enhancing two-wheeler sales. Finally, poor public transport and an urgent need to avoid urban congestion has increased need for a quicker and more affordable mode of transport.

With faster economic development, enhanced employment opportunities and the participation of more women in the workforce, the industry is poised for sustainable growth. The country’s manufacturers are also strengthening their export presence and volumes globally.

1 Indian two-wheeler industry overview

Two wheelers continue to dominate the Indian automotive space. During the year in review, two-wheeler production made up 79% of overall vehicles produced in India, compared to 75% five years ago.

The two-wheeler industry witnessed a moderate improvement in FY 2014-15, compared to the previous year. The industry grew at close to double digit from 16.9 million units in FY 2013-14 to 18.57 million

India’s GDP trend (%)

Sectors	FY 2013-14	FY 2014-15
Agriculture, forestry & fishing	3.7	1.1
Industry	4.5	5.9
Services	9.1	10.6
GDP at market prices	6.9	7.4

Source: CSO



units in FY 2014-15. However, motorcycle sales, which accounted for nearly 80% of the industry pie, grew by 4.7%, from 12.47 million units in FY 2013-14 to 13.06 million units in FY 2014-15.

For many years, the industry has been dependent on motorcycle demand to drive growth; during the year in review, it was the growth in scooter sales, which saved the industry from the blushes.

The scooter category showed significant growth. It witnessed a 26.9% sales escalation, from 3.75 million units in FY 2013-14 to 4.75 million units in FY 2014-15. This category saw resurgence due to launch of gearless scooters catering to the needs of both men and women. While men mostly prefer motorbikes, scooters are preferred by women because they are more convenient.

During the year in review, the sales of moped went up by 4.4%, from 0.73 million units in FY 2013-14 to 0.76 million units in FY 2014-15.

2 Two-wheeler industry (domestic)

The domestic two-wheeler industry sales grew by 8.2% in FY 2014-15 to 16.04 million units, compared to 14.82 million units in FY 2013-14. Motorcycle sales grew by 2.6%, from 10.48 million units in FY 2013-14 to 10.76 million units in FY 2014-15. The scooter category saw a 25.1% sales growth, from 3.61 million units

in FY 2013-14 to 4.52 million units in FY 2014-15. Moped sales expanded by 4.1% from 0.77 million units in FY 2013-14 to 0.75 million units in FY 2014-15.

3 Two-wheeler industry - segmental review

The two-wheeler industry comprises three distinct segments - entry, deluxe and premium. In FY 2014-15, the deluxe category accounted for 62.4% of sales. The entry and premium segments accounted for 18.8% of sales each.

The entry segment, which accounted for 2.2 million units in FY 2014-15, grew by 8.4%. However, the premium segment grew by 21.5% with 2.19 million units in FY 2014-15, compared to 1.81 million units in FY 2013-14. The sales in the industry's deluxe segment experienced a marginal decline of 2.1% to 7.2 million units in FY 2014-15. Scooter segment volumes touched 2.9 million units in FY 2014-15 from 2.6 million units in FY 2013-14.

Two-wheeler industry (exports)

The export sales of the two-wheeler industry grew by 15.4% to 2.3 million units. Overall, the growth in all categories showed a positive trend in the industry performance.

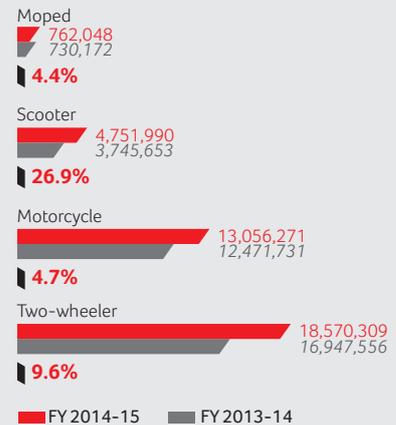
Two-wheeler exports continue to present a strong opportunity for industry participants to expand presence in geographies, such as Africa and Latin America that have low two-wheeler penetration, inadequate public transport infrastructure and growing population.

Outlook

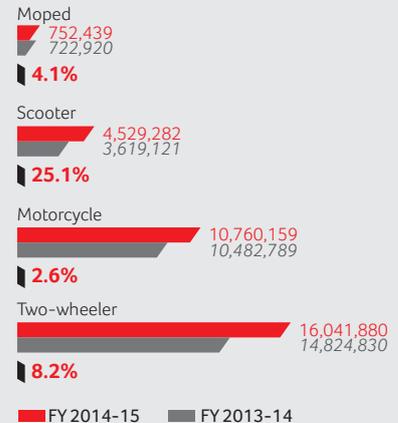
While gauging two-wheeler industry growth, there is unfortunately, a tendency to look at the short term and under-emphasise the long term. This is short-sighted; India remains a country where four out of five homes still don't own a two-wheeler. This is true for many developing nations around the world as well.

Besides, over the last decade, two-wheeler ownership in rural homes has grown significantly in a number of states, indicating the underlying growth potential.

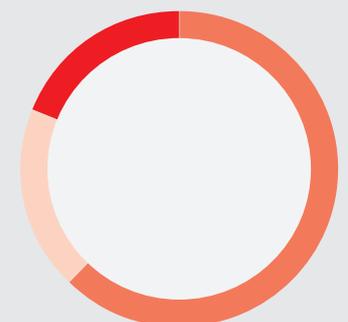
1 Two-wheeler market (₹ crores)



2 Two-wheeler market (domestic) (₹ crores)



3 Segment share (%)



Deluxe	62.3	▼ (2.1)
Premium	18.8	▲ 21.5
Entry	18.8	▲ 8.4

Performing with Passion



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Currently, the Company is present in 22 countries.

Enthusiasm and teamwork are driving the pursuit for operational excellence. Hero MotoCorp is fine-tuning focus into every aspect of execution and creating value consistently for all stakeholders. The Company's financial acumen, strong balance sheet and best-in-class operating architecture has enabled it to survive and thrive amidst economic volatility and across industry cycles.

Operational canvas

During FY 2014-15, Hero MotoCorp reinforced its leadership in the two-wheeler market. The Company sold 6.63 million units in FY 2014-15, compared to 6.24 million units in FY 2013-14. In the motorcycle segment, the Company clocked a sale of 5.79 million units in FY 2014-15, compared to 5.53 million units in FY 2013-14.

The Company's domestic market share in the motorcycle segment stood at 52.8% in

FY 2014-15, with sales of 5.67 million units, vis-a-vis sales of 5.40 million units (market share of 51.8%).

The Company continues to maintain its position as the No. 1 two-wheeler company in the world for the 14th consecutive year.

Capacity expansion

Hero MotoCorp's four manufacturing facilities at Dharuhera, Gurgaon, Haridwar and Neemrana (which was commissioned during the year in review) have a total capacity of 7.65 million units. The Neemrana plant is being expanded further, and once complete, the overall capacity will be over eight million units.

The Gujarat plant will begin operations in FY 2016-17, and in a phased manner, capacity will be ramped up, just as in Neemrana.



Our global footprint has rapidly expanded since we commenced our solo journey in 2011.

By the end of March 2017, Hero plans to have a capacity of close to 10 million. These expansion plans do not include the proposed sixth Hero plant in Andhra Pradesh – land for which is being acquired.

Segmental review

Sales in the entry segment grew by 5.6% to 1.20 million units, resulting in a segment share of 54.9% on account of a strong showing by the Company's flagship models.

In the premium segment, the Company registered a 19.9% decline, with sales of 1.28 million units and 5.8% segment share.

In the deluxe segment, the Company's performance was encouraging, compared to the industry performance. The Company's sales grew by 5.9% to 4.78 million units, with a 60.9% segment share in FY 2014-15.

Overall, the top-six two-wheeler brands captured 53.5% market share of the entire domestic two-wheeler market. The Company's three flagship models (Splendor, Passion and HF Deluxe) featured among the top-six motorcycle brands sold in India.

The Company's two top-selling scooter brands (Pleasure and Maestro) continued to perform strongly. Sales grew by 13.6% and accounted for 21.4% of the two-wheeler market.

International focus

Hero MotoCorp's exports continue to grow at a robust pace.

During FY 2014-15, the Company exported 2,00,140 units, compared to 1,30,763 units in the previous year, resulting 53% growth in sales volumes. The Company received its single largest export order from Sri Lanka.

Hero MotoCorp forayed into Bangladesh in April 2014. The Company rolled out 11 popular motorcycles and scooters through 50 outlets. The Company joined hands with the Nitol Niloy Group of Bangladesh to set up its first manufacturing plant in this country.

In November 2014, the Company accomplished yet another significant milestone in the Company's global journey. The Company launched Hero in Colombia with six best-selling models. Hero is the first Company to offer a five-year and a four-year warranty in Bangladesh and Colombia, respectively.

The Company has significantly shored up its global footprint since commencing the overseas journey in 2011. Currently, the Company has presence in 22 countries. It is present in Sri Lanka, Nepal and Bangladesh in Asia; Peru, Ecuador, Colombia, Guatemala, Honduras, El Salvador and



Nicaragua in South and Central America; Kenya, Mozambique, Tanzania, Uganda, Ethiopia, Burkina Faso, Ivory Coast, Congo, Angola, Turkey and Egypt in Africa and the Middle East.

During FY 2015-16, the Company plans to enter large markets, such as Argentina, Mexico and Nigeria.

Outlook ahead

Overall, the Company expects the first half of FY 2015-16 to be challenging on account of slowing motorcycle sales in rural India. At the same time, the shift in the festival season from the second quarter to the third quarter (in FY 2014-15, the festive season was in Q2, leading to a spike in sales) could also show comparatively lower growth for the first half of FY 2015-16. However, higher government spending in infrastructure could propel a stronger recovery in the second half, in both urban and rural India.

To shore up performance, Hero is launching an upgraded version of its flagship product called the Splendor Pro as well as two new

scooters by the second half. The Company expects these launches to catalyse sales.

Financial insight

During the year in review, the Company profitability was affected on the following counts.

There was an exceptional expense of ₹ 155 crores relating to a one-time provision made for the diminished value of the Company’s investment in EBR. Also, during the year, the Company’s marketing and publicity spend was 0.5% higher than the previous year. Hero MotoCorp is going global on a large scale, with plans of entering 50 markets by 2020. Manpower expenses increased by 0.6% on a Y-o-Y basis to shore up employee strength at both the upcoming R&D centre and the manufacturing facility in Rajasthan.

The reduction in margins were to an extent mitigated through the Company’s margin improvement project, the LEAP Programme. On a standalone basis for the year in review, this programme contributed 118 basis points to margin.

Sales

During FY 2014-15, the Company registered total sales of 66,31,826 units, recording a 6% increase. In value terms, total sales (net of excise duty) increased by 9% to ₹ 27,351 crores in FY 2014-15 from ₹ 25,125 crores recorded in FY 2013-14.

Profitability

The Company’s earnings before interest, depreciation and taxes (EBITDA) margins decreased from 14.01% in FY 2013-14 to 12.84% in FY 2014-15. Moreover, the Company’s operating margins increased from 9.62% to 10.88% during the same period. The Company’s operating profit (PBT before other income) also increased from ₹ 2,433 crores in FY 2013-14 to ₹ 3,002 crores in FY 2014-15.

Other income (including other operating revenues)

The Company’s other income increased by 22% from ₹ 597 crores in FY 2013-14 to ₹ 727 crores in FY 2014-15.



Key profitability metrics	FY 2014-15	FY 2013-14
Return on Average Capital Employed	57.4	52.7
Return on Average Equity	39.3	39.8
Profit after Tax / Income from Operations	8.6	8.3
Profit before Tax / Income from Operations	12.6	11.3
Profit before Interest and Tax / Income from Operations	12.7	11.4
Operating Profit before Tax / Income from Operations	10.9	9.6
Operating Profit before Depreciation, Interest and Tax / Income from Operations	12.8	14.0

Ratios	FY 2014-15	FY 2013-14
Inventory Period (in days)	11.13	10.50
Inventory and Receivable Conversion Period (in days)	25.35	21.01
Cash Cycle	(21.44)	(20.15)
Current Ratio	0.93	0.77
Acid Test Ratio	0.67	0.54

Cash flows

During the year, the free cash flow from operations stood at ₹ 2,250 crores (previous year ₹ 2,963 crores). These cash flows were deployed in capital assets, investments and also paid out as dividend during the year.

Raw material cost

During FY 2014-15, metal prices were volatile, particularly for steel, copper, aluminium and nickel. However, raw material costs as a proportion of sales declined from 72.56% to 72.22%.

Current asset turnover

The Company's current asset turnover, indicating sales as a proportion of average current assets (excluding investments) declined from 11.9 times to 10.7 times. This was primarily due to higher average inventory, trade receivables and loans and advances.

Debt structure

The Company has been debt-free for the past 14 years and incur no borrowing costs. Finance cost includes interest on account

of advances from dealers and other transactional costs.

Dividend policy

Over the years, Hero MotoCorp has consistently followed a policy of paying high dividends, keeping in mind the cash-generating capacities, the expected capital needs of business and strategic considerations. For FY 2014-15, the Board recommended a dividend of 3,000%, compared to previous year's 3,250%. The Company kept a payout ratio of 59.6%, compared to 72.0% in the previous year.

Working capital management

Hero MotoCorp has always sought to efficiently use the various components of its working capital cycle. It has also effectively controlled the receivables and inventories, enabling us to operate on a negative working capital.

3,000%
Dividend for FY 2014-15

6%
Increase in total sale unit

Elevating Customer Experience



60

14.4 MN

Transactions were processed under the Hero GoodLife Programme.

Hero GoodLife (customer engagement)

Hero GoodLife is an exclusive rewards and relationship programme for users and owners of Hero two-wheelers across the country. On successful enrolment, members are entitled to exciting rewards and benefits.

It was launched in 2000 and is now the largest CRM programme in the automotive sector with a customer base of close to 11 million.

Key highlights, FY 2014-15

Besides providing a consolidated base of loyal customers, Hero GoodLife has provided a new distribution platform for the Company. In FY 2014-15, more than 14.4 million transactions were processed under the Hero GoodLife Programme. Around 11% vehicle sales resulted from referrals by Hero GoodLife members.

During the year in review, Hero GoodLife customer usage was defined and tracked

using Hero Connect. Dealer performance incentives were announced through enrolment and target achievements.

Service Har Jagah

A first-of-its-kind initiative, Hero MotoCorp has used Service Har Jagah to redefine service practices in the two-wheeler industry.

A two-wheeler, specially modified to act as a workshop on wheels, reaches out to customers in the hinterland. Trained technicians from dealerships carry all essential tools and parts to undertake essential repair and maintenance service of customer bikes and scooters on a regular basis.

Through this programme, the Company has reached villages across different parts of India. Besides doorstep servicing, vehicles are also serviced at camps. So far, 44,000 camps have been held, and service requests for nearly 650,000 vehicles have been attended.



GoodLife was launched in 2000 and is now the largest CRM programme in the automotive sector with a customer base of more than 11 million.

Hero Advantage

Hero Advantage is a unique customer-centric programme that offers an extended warranty of up to five years. It covers the longest distance (70,000 km), provides the longest warranty (upto five years) and encompasses the largest number of components.

Rural initiatives

Common Services Centre

The Company has entered into a national tie-up with Common Services Centre (CSC) to provide ICT enabled front-end service delivery points at the village level.

The CSC initiative is being implemented under the National e-Governance Plan (NeGP) formulated by the Department of Electronics and Information Technology (DeitY), Government of India.

The Company has also entered into a Tripartite Agreement with CSC e-Governance Services India Ltd and Siemens to offer Assistant Motor Mechanic

Course for the rural youth. The course is approved by Automotive Sector Skill Council and focuses on creating awareness about the essentials of two-wheeler design.

MoU with Punjab National Bank

The Company has entered into an MoU with Punjab National Bank (PNB), and the latter is now the preferred financier for rural financial needs. PNB has strong rural penetration, with over 6,000 rural branches.

Bharat Shresth Wave

The Bharat Shresth Wave 9.0 – an internal competition targeting rural customers – was a huge success. The top performing Bharat/Zonal Shresth Dealerships were given awards in Rome during the National Dealer Conference of 2015.

Rural training

During the year, training was conducted for rural sales executives to help them enhance reach and build relationships in rural markets. The Company also provided

training on the refreshed Hero Saksham App, which has rolled out across almost the entire country.

Kushiyan Har Angan 2.0

Kushiyan Har Angan 2.0, a festival with rural customers, was a big hit in its refreshed version. Around 69 Opinion Leader Meets were organised, engaging over 10,000 opinion leaders. At such meetings, product launches, workshop visits, test rides and entertainment programmes were also organised.

Mission one million rallies

More than 250 rallies were organised and almost 1 lakh opinion leaders were feted by Hero two-wheeler teams.

Strengthening Supply Chain



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The primary objective of forward and backward supply chain management at Hero is to build a prudent cost structure and grow sustainably, along with partners. Hero MotoCorp is helping supply chain partners to identify and eliminate initiatives that do not add substantial value to the operational ecosystem. Our partners are also adopting new technologies and platforms to accelerate processes and enhance quality.

Supplier operational excellence

The primary objective of supply chain management is to reduce the cost, and not the price of any commodity or a part. This approach has helped Hero's supply chain partners to identify non value-added activities / process, as well as new technologies and systems.

The Company worked with a number of suppliers to enhance operational excellence. Energy audits were conducted in a number of supplier units to establish actual energy consumption.

Logistic management

The Company is strengthening its logistic management system, with the idea of

improving space, reducing cost and enhancing responsiveness. Projects under implementation have:

- ▶ Reduced carbon footprint by reducing the number of truck trips;
- ▶ Reduced inbound logistic cost by enhancing truck volumetric utilisation;
- ▶ Reduced storage space, by increasing number of parts per trolley; and
- ▶ Improved quality, through better trolley designing to avoid damages.

The Company is also in the process of introducing and implementing a comprehensive Six Sigma programme with the help of an international expert. This should help identify new cost savings and productivity improvement areas.



Strengthening the logistic management system, by improving space usage, reducing cost and enhancing responsiveness.

E-sourcing and e-material flow

During the year, Hero MotoCorp introduced e-bidding in order to benefit from pricing, de-risking, sourcing and vendor consolidation. The Company also successfully launched e-material flow at the Haridwar plant, which helped reduce inventories and space requirements. E-material flow and 3PL is also being implemented at the Neemrana facility.

Hero Learning

In its constant endeavour to provide world-class experience to customers, Hero MotoCorp's 'Learning Function' focuses on people and process improvement through various skill initiatives. Hero Learning provides a platform to identify and reward dealer's talented staff members.

The Company has more than 50, indigenously developed programmes cutting across different functions of its business. There are 14 state-of-the-art technical learning centres imparting best-in-class learning experience to all service staff members. Over 45,000 participants from channel partners benefited from different learning programmes in FY 2014-15.

The Company also conducted a national level competition for the sales and service staff of channel partners to enhance competitiveness.

The Company has more than 50, indigenously developed programmes cutting across different functions of its business. There are 14 state-of-the-art technical learning centres imparting best-in-class learning experience to all service staff members.

Building Robust IT Architecture



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During the year, the Company initiated online booking of two-wheelers. Customers can now book their two-wheelers online, and take delivery from the dealership.

With a solid IT architecture, Hero seeks to make business processes more efficient, operations more cost-effective, decisions more meaningful, and collaboration among employees and partners better.

During the year in review, the Company set up one of the most automated warehouses in Asia – the Global Parts Centre at Neemrana. The overall ecosystem ensures that the warehouse operations are fully automated.

A content sharing system based on cloud now allows the Company to share content within the organisation and also with third parties.

A mobile based platform was launched for channel partners and their sales executives; the platform uses analytics for better data analysis in the field. The Company also deployed a mobility

platform for capturing feedback of opinion leaders and sales leads. This platform is especially useful in rural areas.

The Company also launched a web presence in several countries to give global customers right information. Some key systems on sales planning and spare parts ordering were also implemented as part of a plan to upgrade the global business.

During the year, the Company initiated online booking of two-wheelers. Customers can now book their two-wheelers online and take delivery from the dealership.

Nurturing Human Assets



As a part of the Vision 2020, Hero aspires to expand its presence to 50 countries, with 20 manufacturing operations. This level of global visibility needs to be supported by robust business and people processes, a strong leadership pipeline and a high level of employee engagement.

The Company organised its first town hall meeting to promote employee engagement with top management. The theme was – ‘Renew, Reinvigorate, Recharge’. For those who could not physically attend, arrangements were made for employees to participate through live web-cast, web-chats and audio conferencing.

To recognise performance, the Company initiated the Hero Achiever’s Award in the areas of operational excellence, sustainable cost reduction (LEAP) and customer delight, among others. During the year, the Company also deployed a web-based application – iAppreciate that

allows employees to exchange messages of appreciation among themselves.

Around 68 employees, rated as the top most performers during the previous year’s Performance Appreciation & Competency Evaluation (PACE) Process, became members of the CEO’s Champions Club. The initiative seeks to recognise best performers in the organisation and harness their talent.

During FY 2014-15, Hero also brought in a new-age online platform for PACE. The Employee Confirmation Process and the new Individual Development Planning (IDP) Process is already integrated with the new platform.

The Company also introduced a talent management process to identify the right talent at the right time in the organisation, align them in relevant positions and develop them as per the business objectives.

Skill augmentation and self-learning were a key focus area. The Company developed online IDPs for those seeking to enhance their knowledge.

A specially designed EDGE software now provides access to e-learning modules in partnership with globally recognised partner SkillSoft. Approximately 1,500 employees, representing operations, sales marketing, customer care, global business, and information systems now have access to a library of their preferred modules.

The Company’s level of attrition stands at 6.1%, which is relatively lower than the industry average. Hero has initiated tie-ups with reputed universities to provide engineering and MBA programmes to employees. This enhanced employee retention.

Bolstering Risk Management

The Company has overhauled the process of identifying risks, mitigating them and cascading the process across the organisation.

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Our risk management framework attempts to minimise potential risks and create an ecosystem in which business objectives and obligations towards their customers, shareholders, employees and the society can be fulfilled.

In FY 2014-15, the Company constituted a Risk Management Committee, comprising selected Board and management committee members. The Company has overhauled the process of identification of risks, mitigation and cascading down the process across the organisation. Effective mitigation techniques are applied to manage potential risks and thus, protect the stakeholder's value.

Geopolitical and economic uncertainty

The Company is expanding its global footprint against the backdrop of growing geopolitical and economic uncertainty (political, tax structures, currency and financing). To mitigate risk, Hero is developing networks and capabilities to monitor the developments periodically and is modulating its strategy dynamically.

The Company is formulating an optimal investment strategy for each of the global markets, particularly where it needs to invest in local manufacturing operations. The Company is also keeping a close watch on the natural currency hedge provided by the interplay between imports and exports.



Structural changes in the two-wheeler industry

The Indian two-wheeler market will continue to grow at a healthy rate in the years to come. The industry scenario will be driven by consumer preferences and innovative products offered by industry players. At Hero MotoCorp, the attempt is to modulate product-market and resource allocation in line with the changing scenario.

Regulatory changes driving technology implications

Regulatory debates and actions around automobiles have increased over the past few years. These would have a significant impact on the emission norms and regulations. Hero MotoCorp actively tracks drivers of these changes to strengthen technological preparedness.

Growing competition and customer preferences

Over the past few years, the competitive intensity in the Indian two-wheeler industry has increased. This manifests in a number of ways, including faster and greater product introductions, need for greater product innovations and increasing detachment of price from cost escalation. Hero is steadily enhancing its interventions to drive margins, product planning and delivery processes to mitigate this risk.

Positive industrial relations

Hero MotoCorp has traditionally always enjoyed strong industrial relations. To strengthen these relations, the Company is putting in place a systematic grievance redress system, and it regularly engages with the workforce. It is also placing much

greater emphasis on training and soft skills development. Besides, at the Neemrana facility, the Company has built benchmark-setting manufacturing facilities where workers can actually experience 'manufacturing happiness'.

Board's Report



Dear Members,

The Board of your Company is immensely delighted in presenting its 32nd Report. The Report is being presented along with the Audited Financial Statements for the Financial Year ended March 31, 2015.

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Financial Results – Standalone & Consolidated

₹ crores

Particulars	Standalone		Consolidated	
	For the year ended		For the year ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Gross Sales	29,068.24	27,005.26	29,020.98	27,005.26
Net Sales and other Income	28,078.04	25,721.85	28,030.14	25,719.66
Profit before Finance Costs, Depreciation & Exceptional Items	4,034.92	3,986.44	3,988.84	3,983.29
Less: Finance Cost	11.09	11.82	11.70	11.82
Depreciation	539.97	1,107.37	540.45	1,107.37
Exceptional Items	155.04	-	144.73	-
Profit Before Tax (PBT)	3,328.82	2,867.25	3,291.96	2,864.10
Less: Provision for tax				
- Current	898.91	828.21	899.18	828.21
- Deferred	44.27	(238.39)	44.27	(238.39)
- Minimum Alternate Tax Credit	-	168.35	-	168.35
Profit After Tax (PAT)	2,385.64	2,109.08	2,348.51	2,105.93
Share of profit/(loss) of associates	-	-	15.15	(3.62)
Minority interest	-	-	(1.04)	(0.35)
Profit for the year	2,385.64	2,109.08	2,364.70	2,102.66
Add: Balance of profit brought forward	3,414.14	3,039.98	3,407.72	3,039.98
Less: On account of depreciation as per Schedule II of Companies Act, 2013 ("Act")	22.97	-	22.97	-
Balance available for appropriation	5,776.81	5,149.06	5,749.45	5,142.64
Appropriations				
Dividend				
- Interim	599.06	1.16	599.06	1.16
- Proposed Final	599.06	1,297.97	599.06	1,297.97
Corporate Dividend Tax	223.76	220.79	223.76	220.79
Transfer to General Reserve	250.00	215.00	250.00	215.00
Balance carried to Balance Sheet	4,104.93	3,414.14	4,077.57	3,407.72
Dividend (%)	3,000	3,250		
Basic and Diluted Earnings Per Share (EPS)(₹)				
- before exceptional items	127.23	105.61	125.66	105.29
- after exceptional items	119.46	105.61	118.41	105.29

Company's Performance

During the Financial Year (FY) your Company clocked the sales of 6,631,826 units depicting an increase of 6.2% over the previous FY 6,245,960 units. The total sale of products (net of excise duty) was increased by 8.86% from ₹ 25,124.91 crores in FY 2013-14 to ₹ 27,350.60 crores in FY 2014-15

Net Revenue from operations of your Company increased by 9.13%, from ₹ 25,275.47 crores in FY 2013-14 to ₹ 27,585.30 crores in FY 2014-15.

Profit Before Tax (PBT) after exceptional item has shown an increase of 16.10% from ₹ 2,867.25 crores in FY 2013-14 to ₹ 3,328.82 crores in FY 2014-15. Your Company's Profit After Tax (PAT) increased by 13.11% from ₹ 2,109.08 crores in FY 2013-14 to ₹ 2,385.64 crores in FY 2014-15. Earnings Before Interest, Depreciation and Taxes (EBIDTA) margins stood at 12.84% in FY 2014-15 as compared to 14.01% in FY 2013-14.

During the year under review, your Company successfully launched the upgraded models of Karizma, ZMR, Xtreme, Passon Pro TR, Splendor Pro Classic, Splendor iSmart, HF Deluxe Eco and Pleasure. Overall the top 6 (six) two wheeler brands captures 53.5% market share of the Domestic Two Wheeler Market and out of 3 (three) models from Hero Stable "Splendor" remains at the top with the sales of 2,517,189 units and 15.7% market share.

The Two Wheeler market share of your Company marginally declined from 36.9% in the previous fiscal to 35.7% in FY 2014-15.

A detailed discussion on the business performance and future outlook has been given in 'Management Discussion and Analysis' (MDA).

Consolidated Financial Statement

In accordance with the Act and Accounting Standard (AS) - 21 on Consolidated Financial Statements read with AS - 23 on Accounting for Investments in Associates the audited consolidated Financial Statement is provided in the Annual Report.

Change in nature of Business

During the year under review there was no change in the nature of Business.

Capacity Expansion, New Projects & Strategic Alliances

The Garden Factory set up at Neemrana started despatch of two wheelers in the month of June 2014, and was formally inaugurated in the month of October 2014 by Ms. Vasundhara Raje Scindia, Hon'ble Chief Minister of Rajasthan. The production of this plant will add up to the total Annual Installed Capacity of 7.75 million units of two wheelers of the Company.

The State-of-the-art Global Parts Centre (GPC) at Neemrana, Rajasthan, built on Green Building concept also commenced its operations during the same period.

The prestigious 'Hero Centre of Global Innovation and Research & Design (R&D)' spread over an area of 250 acres at Kukas, near Jaipur in Rajasthan is nearing completion. Once commissioned it will be the largest two-wheeler R&D centre in the country of its class.

The construction of the fifth plant of your Company at Halol in Gujarat with an annual installed capacity of 18 (eighteen) lakhs units has been started and would be completed very soon. Your Company is determined to have no capacity constraints for ensuring long-term growth. Accordingly, during FY 2014-15, your Company has entered into an MoU with the Government of Andhra Pradesh for setting up of Manufacturing Plant in Sricity in Chittoor District of Andhra Pradesh. The plant with an investment of ₹ 1,600 crores (approx.), will have an annual production capacity of around 1.8 million units of two wheeler.

Your Directors are happy to announce that in the month of March 2015, HMC MM Auto Limited, the Joint Venture between Hero MotoCorp Ltd. and Milan (Italy) based Magneti Marelli inaugurated its first autonomous 'Production and Development Centre' at Manesar (Haryana). The new centre will serve as a production facility and innovation hub to develop new generation

fuelling systems for Hero MotoCorp's two-wheeler. With the commencement of operations at the Development Centre, Hero MotoCorp is set to become India's first two-wheeler manufacturer to have its own EFI Product line.

The retail finance arm of your Company, Hero FinCorp Ltd. has been expanding in a phased manner and its services would be available at over 730 dealerships in various parts of the country by the end of March 2016.

Global Forays

During FY 2014-15 your Company launched the brand 'Hero' and its range of products in Colombia, Bangladesh, Nicaragua, Democratic Republic of Congo, Mozambique, Angola and Ethiopia. Your Company formed a wholly-owned subsidiary in Colombia, and commenced construction of a state-of-the-art manufacturing plant in Colombia. Further a Joint Venture with the Niloy Niloy Group of Bangladesh was formed to launch operations in Bangladesh. The construction of the plant is expected to commence soon.

Your Company plans to launch its operation in Europe by 2015 and in US by 2016. In the first phase of its foray into Europe, your Company aims to launch its products in Italy, Spain and France, followed by UK and Germany in the next phase of expansion.

Performance of Subsidiaries, Associate and Joint Venture Companies

HMCL Netherlands B.V. ('HNBV')

HNBV is a wholly owned subsidiary of Hero MotoCorp Ltd. incorporated as a Private Company with Limited Liability under the laws on Netherlands, in Amsterdam (The Netherlands). The Company has been incorporated with the primary objective of promoting overseas investments.

HNBV established its first wholly owned subsidiary named **HMCL Colombia S.A.S. in Colombia**. The subsidiary has commenced construction of a state-of-the-art manufacturing plant in the

country. The 100% subsidiary – HMCL Colombia S.A.S. – has been incorporated in the industrial city of Cali, 300 kms southwest of Bogota with the project cost of US\$ 70 million. HNBV will invest US\$ 38 million in CAPEX, with the rest being utilised as working capital over the next 3 (three) year period.

The state-of-the-art manufacturing plant – spread over 17 (seventeen) acres of land at the Parque Sur Free Trade Zone in Villa Rica – is expected to go on stream during fiscal year 2015 with an initial installed capacity of 78,000 units which would go up to around 150,000 units by 2017-18.

During the period ended March 31, 2015 it had incurred a net loss of ₹ 30.87 crores.

HNBV has also established a Joint Venture Company in Bangladesh named **HMCL Niloy Bangladesh Limited (“HNBL”)** with Nitoy Niloy Group of Bangladesh wherein it holds 55% of the equity capital. HNBL is in the process of setting up a manufacturing plant with a production capacity of 1.50 lakh two-wheelers per annum. During the period ended March 31, 2015 it had registered a gain of ₹ 0.31 crores.

During period ended March 31, 2015 HNBV had a consolidated loss of ₹ 31.49 crores.

HMCL (NA) Inc

Your Company has another wholly owned subsidiary in Delaware, U.S.A. named HMCL (NA) Inc. It was incorporated with a similar objective of pursuing overseas investments. It invested in Erik Buell Racing, Inc. (“EBR”), a Delaware corporation by subscribing to its equity capital to the tune of 49%.

Subsequent to the year end, Erik Buell Racing Inc. (EBR) (alongwith its subsidiary Erik Buell Racing, LLC), an associate of HMCL (NA) Inc. has ceased their operations and entered into Assignment for the Benefit of Creditors under Chapter 128 of the Wisconsin Statutes (“Chapter 128 Process”), which is a process similar to the bankruptcy laws of U.S.A. Accordingly, HMCL (NA) Inc. has made a provision for permanent diminution in value of investment amounting to ₹150.09 crores; being the carrying value in the books of HMCL (NA) Inc.

HMC MM Auto Limited

During the Financial Year 2013-14 Hero MotoCorp Ltd. in Joint Venture with Magneti Marelli, incorporated a Company named HMC MM Auto Limited in India for the purpose of carrying out the manufacture, assembly, sale and distribution of two wheeler fuel injection systems and parts. Hero MotoCorp Ltd. holds 60% of the equity capital of the Joint Venture. The Plant was commissioned in March 2015. The Company is presently developing products, which are under testing and regular production is likely to be commenced during FY 2015-16.

During the Financial Year 2014-15, HMC MM Auto Limited registered a loss of ₹ 2.94 crores.

Hero FinCorp Ltd. (HFCL)

Hero FinCorp Ltd. an associate Company of Hero MotoCorp Ltd. was formed in the year 1991. Hero MotoCorp holds around 48.42% in the equity capital of HFCL. The Company is mainly engaged in providing Financial Services which includes two wheeler financing and providing credit to Hero MotoCorp’s vendors and suppliers. Several new products such as Term Loans and Working Capital Loans have been added to the product suite.

During the Financial Year 2014-15, HFCL recorded a turnover of ₹ 298.62 crores and Net Profit of ₹ 33.15 crores.

Apart from the above there was no cessation/change noted in the Subsidiaries, Joint Venture and Associates Companies.

Material Subsidiaries

The Board of Directors of the Company in its meeting approved the policy for determining Material Subsidiaries. At present the Company does not have any Material Subsidiary. The Policy on Material Subsidiary has been posted on the website of the Company at the following link:

<http://www.heromotocorp.com/en-in/about-us/key-policies/policy-on-material.html>

Directors

During the Financial Year ended March 31, 2015, your Company has appointed Ms. Shobana Kamineni as an Additional Director of the Company in the category of Non- Executive and Independent Directors with effect from March 27, 2015.

The Board also appointed the following as the Key Managerial Personnel (“KMP”) of the Company with effect from April 1, 2014:

1. Mr. Brijmohan Lall Munjal*
- Chairman & Whole Time Director
 2. Mr. Pawan Munjal
- Vice Chairman, CEO & Managing Director
 3. Mr. Sunil Kant Munjal
- Jt. Managing Director
 4. Mr. Ravi Sud
- Sr. Vice President & CFO
 5. Mr. Ilam C. Kamboj
- Asso. V.P.– Legal & Company Secretary
- * ceased to be a KMP w.e.f. June 1, 2015

Further the following Directors were appointed as Independent Directors of the Company pursuant to Section 149 and other applicable provisions of the Act:

1. Mr. Pradeep Dinodia
- Non Executive & Independent Director
2. Gen. (Retd.) V. P. Malik
- Non Executive & Independent Director
3. Mr. Ravi Nath
- Non Executive & Independent Director
4. Dr. Anand C. Burman
- Non Executive & Independent Director
5. Dr. Pritam Singh
- Non Executive & Independent Director
6. Mr. M. Damodaran
- Non Executive & Independent Director

Declaration of Independence u/s 149(6)

The Board has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act, and in the opinion of the Board they fulfil the conditions specified in the Act and the Rules made thereunder and are Independent of the management.

In terms of the Articles of Association of the Company and the applicable provisions of the Act, the office of Mr. Suman Kant Munjal, Director would be liable to determination by retirement of Director by rotation at this Annual General Meeting. The Board has recommended his re-appointment.

Brief resume/details of Mr. Suman Kant Munjal, who is to be re-appointed as mentioned herein above has been, furnished alongwith the Explanatory Statement to the Notice of the ensuing Annual General Meeting.

Chairman

The Board in its meeting held on June 1, 2015 considered and unanimously appointed Mr. Pawan Munjal as the Chairman of the Company. With this passing of baton, the top leadership plan, which was initiated in August last Fiscal, has come to its logical conclusion and a new future of global leadership beckons Hero MotoCorp. Under the astute leadership of Mr. Munjal, Hero MotoCorp has already expanded to over 22 countries in Asia, Africa, Central and South America over the past few years and it is well on its course to expand to a total of 50 countries by the year 2020. New manufacturing plants are coming up in Colombia and Bangladesh and the vision is to have more global footprints in the coming years.

As Mr. Brijmohan Lall Munjal leaves behind a glorious legacy, it is Mr. Pawan Munjal, who is shaping the future of Hero MotoCorp into a modern, technology & innovation-driven centre of excellence to produce winning products of the future.

Chairman Emeritus

Mr. Brijmohan Lall now the Chairman Emeritus of Hero MotoCorp Ltd. has seen him take Hero to the pinnacle of glory as the world's largest two-wheeler manufacturer. He has been an entrepreneur, a leader and a true gentleman. He has built his business empire on the foundation of enduring relationships. His ability at building relationships enabled the Company to develop an enviable distribution network of dealers which is today almost a 1,000-strong force, each one personally hand-picked by him. He believed in the empowerment of associates and workers; strove to constantly improve quality and productivity, and nurtured and maintained excellent relations with all stakeholders.

In his new role Mr. Munjal, will continue to be the guide and mentor of your Company and be part of the Board as a Non-Executive Director.

Board Meetings

During FY 2014-15, the Board met 6 (six) times on Wednesday, May 28, 2014, Friday, June 20, 2014, Tuesday, August 5, 2014, Tuesday, September 23, 2014, Thursday, October 16, 2014 and Tuesday, February 03, 2015.

Further the Board passed 14 (fourteen) matters by passing Resolutions by way of Circulation on Tuesday, May 20, 2014, Tuesday, July 15, 2014, Thursday, August 14, 2014, Friday, September 19, 2014, Friday, February 13, 2015, Friday, February 27, 2015, Wednesday, March 11, 2015 and Friday, March 27, 2015.

Annual Evaluation - Board and its Committees

The Nomination and Remuneration ("NR") Committee has laid down proper criteria and procedure to evaluate and scrutinize performance of the Chairperson, each director (including Executive, Non-Executive and Independent directors), of the Board as a whole and its Committee.

The criteria include different aspects covered under Administrative, Strategic, Operational and Compliance headings.

As per laid down procedure, the Independent Directors held a separate meeting to review the performance of the Chairperson of the Company after taking into account the views of Executive and Non Executive Directors. The substantial, and continuing, contribution of the Chairperson in the growth of the Company has been highly commended. The Independent Directors also reviewed performance of every Executive and Non Executive Director of the Board. The performance evaluation of each Independent Director was done by the entire Board (except the Independent Directors being evaluated).

The performance of each committee has been evaluated by its members and found to be highly satisfactory.

On the basis of this exercise, the NR Committee and the Board, after recognising the important contribution being made by each Independent Directors have decided that all Independent Directors should continue to be on the Board.

Familiarisation programme for Independent Directors

During FY 2014-15, the Board including all Independent Directors were explained about their roles, rights, responsibilities in the Company through detailed presentations on the changes in backdrop of the Companies Act, 2013 and Listing Agreement. The presentations/ deliberations were carried out through internal resources as well as outside experts.

A special session on training of Independent Directors was also conducted on September 23 -24, 2014 in Italy along with Board Meeting. A detailed programme was devised for the same which spanned for entire 2 (two) days. In the said programme, the Senior Leadership Team of Hero MotoCorp also participated and briefed the Board about the functioning of their respective areas and future outlook of the Company.

A Management expert Mr. Tarun Khanna who is working as Director, South Asia Institute and is Jorge Paulo Lemann Professor at Harvard Business School, was invited for deliberation with the Senior Leadership Team and the Board Members on Board functioning, strategic issues and future plans of the Company.

The Board including all Independent Directors was provided with relevant documents, reports and internal policies to enable them to familiarise with the Company's procedures and practices from time to time besides regular briefing by the members of the Senior Leadership Team.

The Familiarisation programme for Independent Directors is posted on the website www.heromotocorp.com and can be viewed at the following link - <http://www.heromotocorp.com/en-in/about-us/familiarisation-program-of-independent-directors.html>.

Remuneration Policy

Your Company has set up a Nomination and Remuneration ('NR') Committee pursuant to Section 178 of the Act which has formulated a policy for Directors' Appointment and remuneration for Directors, KMP and other employees. They have also developed the criteria for determining qualifications, positive attributes and independence of a Director including making payments to Non-Executive Directors.

During this process, the NR Committee takes into consideration the best remuneration practices being followed in the industry while fixing appropriate remuneration packages and to administer and superintend the long-term incentive plans, such as ESOPs, RSUs etc.

Further the compensation package for Directors, Key Managerial Personnel, Senior Management and other employees are designed based on the following set of principles:

- ▶ Aligning key executive and board remuneration with the longer term interests of the Company and its shareholders;
- ▶ Minimise complexity and ensure transparency;
- ▶ Link to long term strategy as well as annual business performance of the Company;
- ▶ Promotes a culture of meritocracy and is linked to key performance and business drivers; and
- ▶ Reflective of line expertise, market competitiveness so as to attract the best talent.

Your directors affirm that the remuneration paid to employees, KMP and Directors is as per the Remuneration Policy of the Company.

The Remuneration Policy of the Company is posted on the website www.heromotocorp.com and can be viewed at the following Link:

<http://www.heromotocorp.com/en-in/about-us/key-policies/remuneration-policy.html>

Other remuneration details of the employees, KMPs and Directors along with the details of the ratio of the remuneration of each Director to the median employee's remuneration forms part of the report. And are attached as Annexure - I.

Employees' Stock Option Scheme

The NR Committee of the Board of the Company, inter alia, administers and monitors the Employees' Stock Option Scheme of the Company in accordance with the applicable SEBI Guidelines.

The applicable disclosures as stipulated under the SEBI Guidelines as on March 31, 2015 with regard to the Employees' Stock Option Scheme (ESOS) are provided in Annexure - II to this Report.

Your Company has received a certificate from the Auditors of the Company that the Scheme has been implemented in accordance with the SEBI Guidelines and the resolution passed by the members. The certificate would be placed at the Annual General Meeting for inspection by members.

Directors' Responsibility Statement

Your Directors make the following statement in terms of Section 134(3)(c) & (5) of the Act, which is to the best of their knowledge and belief and according to the information and explanations obtained by them:

1. that in the preparation of the annual accounts for the Financial Year ended March 31, 2015, the applicable accounting standards have been followed along with proper explanation relating to material departures;
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, 2015 and of the Profit of your Company for the Financial Year ended March 31, 2015;
3. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
4. that the annual accounts for the Financial Year ended March 31, 2015 have been prepared on a going concern basis;
5. that the Directors have laid down Internal Financial Controls which were followed by the Company and that such Internal Financial Controls are adequate and were operating effectively; and
6. that the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Management Discussion and Analysis Report

A detailed chapter on, 'Management Discussion and Analysis' (MDA), pursuant to Clause 49 of the Listing Agreement, is annexed and forms part of this Annual Report.

Corporate Governance

At Hero MotoCorp, it is our firm belief that the essence of Corporate Governance lies in the phrase 'Your Company'. It is 'Your' Company because it belongs to you – the shareholders. The Chairperson and 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 benchmarking itself with global standards for providing good Corporate Governance. It 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 not only in letter but in spirit.

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

Transfer to General Reserve

In view of the vigorous financial strength of your Company, a sum of ₹ 250 crores being 10.47% of the Profit After Tax of the Financial Year under review has been transferred to the General Reserve of the Company.

Dividend

Continuing with its payout policy, your Directors are pleased to recommend for your approval a Final Dividend of 1,500% i.e. ₹ 30 per equity share of the face value of ₹ 2 each, in addition to an Interim Dividend of ₹ 30 per equity share of the face value of ₹ 2 each, paid in the month of August 2014, aggregating to ₹ 1,198.12 crores (exclusive of tax on dividend), for the Financial Year ended March 31, 2015. In the previous Financial Year a Dividend of 3,250% i.e. ₹ 65 was paid per Equity Share of the face value of ₹ 2 each. The Dividend, if approved will be

paid to the eligible members well within the stipulated time.

Transfer to Investor Education and Protection Fund (IEPF)

During the year under review, your Company has transferred unpaid / unclaimed dividend for the Financial Year 2006-07

(final) amounting to ₹ 1.91 crores (approx.) to IEPF.

Material Changes and Commitments

No material changes and commitments affecting the financial position of your Company have occurred between April 1,

2015 and the date of signing of this Report.

Loans, Guarantees and Investments

Details of Loans and Investments covered under the provisions of Section 186 of the Act, are as follows:

₹ crores				
Loans u/s 186				
	Principal Amount	Interest due but not paid	Interest accrued but not due	Total
Opening Balance	43.27	-	-	43.27
Addition	40.35	-	-	40.35
Reduction	29.67	-	-	29.67
Closing Balance	53.95	-	-	53.95

₹ crores			
Investments u/s 186			
	Principal Amount (Shares)	Principal Amount (Bond/Debenture)	Total
Opening Balance	229.59	406.83	636.42
Addition *	255.39	51.12	306.51
Reduction ***	155.04	82.61	237.65
Closing Balance	329.94	375.34	705.28

* HMC MM Auto- ₹ 11.07 crores, HMC (NA), Inc- ₹ Nil, HMC Netherlands BV- ₹ 76.42 crores, Hero FinCorp Ltd- ₹ 167.90 crores & Religare Enterprises Ltd (NCD)- ₹ 51.12 crores

** Provision for diminution-HMC (NA), Inc- ₹ 155.04 crores,

Further during the FY 2014-15 your Company has not provided any guarantee pursuant to provisions of Section 186 of the Act.

Related Party Transactions

All related party transactions pursuant to Section 188(1) of the Act that were entered into during the Financial Year were on an arm's length basis and in the ordinary course of business. There were no materially significant related party transactions made by your Company with its Promoters, Directors, Key Managerial Personnels or other designated persons which might have a potential conflict with the interest of the Company at large.

Related Party Transactions were placed before the Audit Committee for its approval. There was no matter requiring approval of the Board therefore no detail is required to be provided in AOC-2. Your Company has developed Standard Operating Procedures for the purpose of identification of Related Party Transactions and monitoring on a regular basis. Related party transactions were

disclosed to the Board on a regular basis as per AS- 18.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website at www.heromotocorp.com and can be viewed at the following link:

<http://www.heromotocorp.com/en-in/about-us/key-policies/related-party-transactions.html>

None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

Risk Management System

Your Company follows a comprehensive system of Risk Management and has adopted a procedure for risk assessment and its minimisation. It ensures that all the risk are timely defined and mitigated

in accordance with the Risk Management Process, including identification of elements of risk which might threaten the existence of the Company. During FY 2014-15, your Company has also constituted a Risk Management Committee which intensely monitors the Risk Management Process in the Company and the same is periodically reviewed by the Board.

Vigil Mechanism/ Whistle Blower Policy

Your Company has in place a well formulated Vigil Mechanism/ Whistle Blower Policy to deal with instance of fraud and mismanagement, if any. The policy enables the employees, Directors and other stakeholders to raise their concern. There was no incident when the access to the Audit Committee was denied to any employees with respect to vigil mechanism. The policy is posted on the website of the Company at the following link:

<http://www.heromotocorp.com/en-in/about-us/key-policies/vigil-mechanism-policy.html>

Corporate Social Responsibility

Your Company has constituted a Corporate Social Responsibility (CSR) Committee which works under the direct supervision of Mr. Pawan Munjal, Chairman, Managing Director & CEO who also acts as the Chairperson of the Committee. Gen. (Retd.) V. P. Malik and Mr. Pradeep Dinodia, both Non-Executive and Independent Directors, members of the Committee. The Committee manages and oversees the CSR projects of your Company. The CSR activities are based on the CSR policy approved by the Board which is available at the website of your Company at the below mentioned link:

<http://www.heromotocorp.com/en-in/about-us/key-policies/corporate-social-responsibility.html>

The CSR Policy of your Company as adopted by the Board covers the following:

- ▶ To direct HMCL's CSR Programmes, inter alia, towards achieving one or more of the following:
 - ▶ enhancing environmental and natural capital;
 - ▶ supporting rural development;
 - ▶ promoting education including skill development;
 - ▶ providing preventive healthcare, providing sanitation and drinking water;
 - ▶ creating livelihoods for people, especially those from disadvantaged sections of society, in rural and urban India and preserving and promoting sports.;
- ▶ To develop the required capability and self-reliance of beneficiaries at the grass roots, in the belief that these are prerequisites for social and economic development;
- ▶ To engage in affirmative action/interventions such as skill building and vocational training, to enhance employability and generate livelihoods for persons including from disadvantaged sections of society;
- ▶ To pursue CSR Programmes primarily in areas that fall within the economic vicinity of the Company's operations to enable close supervision and ensure maximum development impact;

- ▶ To carry out CSR Programmes in relevant local areas to fulfil commitments arising from requests by government/regulatory authorities and to earmark amounts of monies and to spend such monies through such administrative bodies of the government and/or directly by way of developmental works in the local areas around which the Company operates;
- ▶ To carry out activities at the time of natural calamity or engage in Disaster Management System;
- ▶ To contribute to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Caste, the Scheduled Tribes, other backward classes, minorities and women;
- ▶ To contribute or provide funds to technology incubators located within academic institutions which are approved by the Central Government;
- ▶ To contribute to any fund setup by the Central Government or State Government(s) including Chief Minister's Relief Fund, which may be recognised as CSR activity; and
- ▶ To promote sustainability in partnership with industry associations, like the Confederation of Indian Industry (CII), PHD, FICCI, etc. in order to have a multiplier impact.

During FY 2014-15, your Company focussed on lot of activities related to CSR across the country. Some of the major initiatives are as follows:

- ▶ Providing financial support to girl students;
- ▶ Setting up of a RO Plant for providing potable drinking water in the village Hansaka;
- ▶ Providing support to Flood victims of J&K;
- ▶ Carrying out Animal Health camps across various villages; and
- ▶ Training programmes on Road Safety Education.

Your Company already has in place a robust plan, monitoring mechanism and enabling infrastructure to ensure that CSR activities initiated by the Company are sustainable and truly beneficial to the society in the long run. However, the formal initiatives on CSR could start only in the later part of the Financial Year after the approval of CSR policy by the Board. While the work was

initiated only on few programmes, pre-work activities have been detailed out for most of the initiatives and during FY 2015-16, your Company would see a huge action and corresponding spend on CSR. The current financial year will not only see the statutory spending but will also make up the deficiency of FY 2014-15, wherein the ground work has taken place.

The Annual Report on the CSR is attached as Annexure - IV and forms an integral part of this report.

Audit Committee

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

1. Mr. Pradeep Dinodia - Chairperson
2. Gen. (Retd.) V. P. Malik - Member
3. Dr. Pritam Singh - Member
4. Mr. M. Damodaran - Member

The details about Audit Committee and its terms of reference etc. have been given in Corporate Governance Report.

During the Year under review there was no such recommendation of the Audit Committee which was not accepted by the Board.

Auditors

M/s. Deloitte Haskins & Sells, Chartered Accountants (FR No. 015125N), New Delhi, Statutory Auditors were appointed for 3 (three) Financial Years upto FY 2016-17 and in view of the provisions of the Act, their appointment needs to be ratified annually. Your Company has received an eligibility letter from the auditors to the effect that the ratification of their appointment, would be in accordance with Sections 139 and 141 of the Act. The Board recommends the ratification of their appointment.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Act and rules made thereof, your Company has appointed M/s. Arvind Kohli & Associates, Company Secretaries to undertake the Secretarial Audit of the Company. The Secretarial Audit Report for the Financial Year ended March 31, 2015 is annexed herewith as Annexure - V.

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 pursuant to Section 134(3)(f)(i).

The Secretarial Audit Report for FY 2014-15 also does not bear any adverse comments or observations that require any explanation pursuant to Section 134(3)(f)(ii).

Internal Control Systems

Your Company has a proper and adequate system of internal controls. This ensures that all assets are safeguarded and protected against loss from unauthorised use or disposition and those transactions are authorised, recorded and reported correctly.

An extensive programme of internal audits and management reviews 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 to ensure that the financial and other records are reliable for preparing financial and other statements and for maintaining accountability of assets.

Your Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

Insider Trading Code

In compliance with the SEBI regulation on prevention of insider trading, your Company had instituted a comprehensive Code of Conduct for regulating, monitoring and

reporting of trading by Insiders. The said Code laid down guidelines, which advised them on procedures to be followed and disclosures to be made, while dealing with shares of the Company and cautioned them on consequences of non-compliances.

Further your Company has put in place a Code of practices and procedures of fair disclosures of unpublished price sensitive information. Both the aforesaid Codes are in lines with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

Ratings

ICRA Limited and CRISIL Limited have reaffirmed the following ratings to the Company:

ICRA Limited

Rating	Pronounced	Programme/Category	Outlook
"[ICRA]AAA"	ICRA triple A	Line(s) of Credit Long term rating	Stable
"[ICRA]A1+"	ICRA A one plus	Line(s) of Credit Short term rating	-
"IrAAA"	IR triple A	Issuer rating	Stable
"[ICRA]AAA"	ICRA triple A	Non-Convertible Debentures (NCD)	Stable

CRISIL Limited

Rating	Pronounced	Programme/Category	Outlook
"FAAA/Stable"	F triple A	Fixed Deposit Programme	Stable
"CRISIL AAA/Stable"	CRISIL triple A	NCD	Stable
CRISIL AAA/ Stable	CRISIL triple A	Long term rating	Stable
CRISIL A1+	CRISIL A one plus	Short term rating	-

Business Responsibility Report

The Business Responsibility Report (BRR) required to be prepared by top 100 listed companies, based on market capitalisation at BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) has been prepared and forms part of the Annual Report. The Report has been mandated by SEBI for providing initiatives taken by the companies from Environmental, Social and Governance perspective.

Listing

The shares of your Company are presently listed on BSE and NSE.

Personnel

As on March 31, 2015, the total numbers of employees on the records of your Company were 7,334.

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 on personnel is given in the Management Discussion and Analysis, which forms part of this Annual Report.

Particulars of Employees

In terms of the provisions of Section 197(12) of the Act read with rules made thereof a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are disclosed in this report

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with rules made thereof are disclosed in this report.

The statement containing particulars of employees as required under Section

197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate Annexure forming part of this Report. Further, the Report and the Accounts are being sent to the members excluding the aforesaid Annexure. In terms of Section 136 of the Act, the said Annexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

Extract of Annual Return

The details forming part of the extract of the Annual Return pursuant to Sections 92(2) and 134(3)(a) of the Act and rules made thereof in form MGT 9 is annexed herewith as Annexure - VI.

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

Information required under Section 134(3) (m) of the Act, read with rules made thereof is annexed hereto as Annexure - VIII and forms an integral part of this Report.

Statutory Disclosures

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Deposit from the public falling within the ambit of Section 73 of the Act and rules made thereof.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOS referred to in this Report.
4. Neither the Managing Director(s) nor the Whole-time Director(s) of the Company receive any remuneration or commission from any of its subsidiaries.
5. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (SHWWA)

Your Directors, further state that during the year under review, there were no cases filed, pursuant to the SHWWA and rules made thereof.

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. Your 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 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



Pawan Munjal

Chairman, Managing Director & CEO

DIN: 00004223

New Delhi

June 1, 2015

Annexure I

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

- (i) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial Year;

Sl. No.	Name of Directors/ KMP and Designation	Remuneration of Director/KMP for Financial Year 2014-15 (₹ crores)	% increase in Remuneration in Financial year 2014-15	Ratio of the remuneration to the median employee's remuneration	Comparison of the Remuneration of KMP against the performance of the Company
Executive Directors					
1	Mr. Brijmohan Lall Munjal Chairman	44.19	19.31	625.09	Company's overall volume and turnover was up by 6% & 9% respectively. Profit before exceptional item was up by 21.51%, Profit after exceptional items was up by 16.11% and profit after tax was up by 13.11%
2	Mr. Pawan Munjal Vice Chairman, CEO and Managing Director	44.62	16.71	631.11	
3	Mr. Sunil Kant Munjal Joint Managing Director	42.46	17.56	600.62	
Non-Executive Directors*					
4	Mr. Paul Edgerley	-	-	-	
5	Mr. Suman Kant Munjal	0.06	210	0.88	
Non-Executive and Independent Directors*					
6	Dr Anand C. Burman	0.07	125	0.95	
7	Mr. M. Damodaran	0.36	231	5.14	
8	Mr. Pradeep Dinodia	0.65	133	9.21	
9	Dr. Pritam Singh	0.40	125	5.72	
10	Mr. Ravi Nath	0.23	652	3.19	
11	Ms. Shobana Kamineni**	-	-	-	
12	Gen.(Retd) Ved Prakash Malik	0.53	233	7.53	
Employees & KPM					
13	Mr. Ravi Sud Sr. Vice President - Finance & CFO	3.82	35	Not Applicable	Company's overall volume and turnover was up by 6% & 9% respectively. Profit before exceptional item was up by 21.51%, Profit after exceptional items was up by 16.11% and profit after tax was up by 13.11%. The compensation for the KMP being officials of the Company also guided by the external competitiveness and internal parity through annual benchmarking surveys.
14	Mr. Ilam C Kamboj Asso. V.P. - Legal and Company Secretary	1.45	39	Not Applicable	

* Includes Sitting fees and Commission

** joined w.e.f. from March 27, 2015

- (ii) The median remuneration of employees of the Company during the financial year was ₹ 7.07 lacs
- (iii) Median salary of employees in current year has increased by 10.31% in comparison to the previous year.
- (iv) The number of permanent employees on the rolls of company as on March 31, 2015 was 7,331 nos. (previous year 6,789 nos.), including workers defined under the Factory Act, 1948.
- (v) The relationship between average increase in remuneration and company performance:- Company had recorded 6% growth in two wheelers and 9% growth in turnover. Profit before exceptional item was up by 21.51%, Profit after exceptional items was up by 16.11% and Profit After Tax was up by 13.11% in financial year 2014-15 in comparison to previous year. Overall median increase in salary of employees is reasonable and in line with Company performance, considering the market inflation also.

- (vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company: - Key Managerial Personnel remuneration is partly fixed and partly variable linked with market conditions comprising market trend. Variable salary element is linked with individual and company performance in the relevant Financial Year.
- (vii) (a) Variations in the market capitalisation of the Company: The Market capitalisation as on March 31, 2015 was ₹ 52,714 crores (March 31, 2014 ₹ 45,425 crores)
- (b) Price Earnings Ratio of the Company was 22.10 (times) as at March 31, 2015 and 21.54 (times) as at March 31, 2014.
- (c) Percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer:- The Company came out with Initial Public Offer (IPO) in November 1984, rights issue in 1986-87 and subsequently given Bonus in 1994-95 and 1998-99. On initial investment of ₹ 1,000/- worth is of ₹ 16.45 lacs as on March 31, 2015.
- (viii) Average percentage increase made in the salary of employees other than the managerial personnel in last Financial Year i.e. 2014-15 was 12.03%.
- The compensation for the Key Managerial Personnels, Senior Management and Employees (Staff) of the Company is guided by the external competitiveness and internal parity through annual benchmarking surveys.
- Internally, performance ratings of all employees (staff) are always spread across a normal distribution curve. The rating obtained by an employee is used as an input to determine his variable and merit pay increases. Variable and Merit pay increases are calculated using a combination of individual performance and Company performance.
- There are no exceptional circumstances for increase in managerial remuneration. Compensation is determined based on identified skill sets critical to success of the Company. It is determined as per management's review of market demand and supply.
- Workmen were paid wages in accordance to the settlement with the union of the workers. Where there is no union, workmen wages was paid in line with the best industry practice and applicable law.
- (ix) The key parameters for any variable component of remuneration availed by the Directors are considered by the Board of Directors based on the recommendations of Nomination & Remuneration committee as per the Remuneration policy for Directors, Key Managerial Personnels, Senior Management Team and other Employees.
- (x) The Ratio of the remuneration of the highest paid Director to that of the employees who are not directors but receive remuneration in excess of the highest paid Director during the Financial Year:- No Employee of the Company has been paid salary in excess of any Managing/ Whole-Time Director of the Company.
- (xi) It is hereby affirmed that Remuneration to Key Managerial Personnel and Employees of the Company are in line with the Remuneration Policy of the Company.

Annexure II

Sl. No.	Employee Incentive Scheme 2014 – Options, and Restricted Stock Units	Employee Stock Option Plan 2014 Scheme		
1	Number of stock options granted	23,110		
2	Pricing Formula Exercise Price not less than the par value of the equity share and not more than the price prescribed under Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulation 2009 on Grant Date	The Exercise price per option shall be ₹ 2,159/- (75% of the past 30 days average price on National Stock Exchange of India.)		
3	Options vested	Nil		
4	Number of options exercised	Nil		
5	Number of shares arising as a result of exercise of option during the FY 2014-15	Nil		
6	Number of options lapsed	Nil		
7	Money realised by exercise of options	Nil		
8	Total number of options in force	23,110		
9	Options granted to Key Managerial Personnel during the FY 2014-15	3,470		
Name	5% or more options of total granted during the year	Less than 5% options of total granted during the year	Total	
1	Mr. Ravi Sud	2,400	-	2,400
2	Mr. Vikram S. Kasbekar	2,000	-	2,000
3	Mr. Vijay Sethi	1,870	-	1,870
4	Mr. Neeraj Mathur	1,550	-	1,550
5	Mr. Harjeet Singh	1,600	-	1,600
6	Mr. Surender Chhabra	1,780	-	1,780
7	Mr. Deepak Mokashi	1,330	-	1,330
8	Mr. Sanjay Bhan	1,550	-	1,550
9	Mr. H. G. Aggarwal	1,330	-	1,330
10	Mr. Rakesh Vashist	1,330	-	1,330
11	Mr. Ajay Dixit	-	890	890
12	Mr. Rajesh Mukhija	-	1,070	1,070
13	Mr. Rajnikant Sharma	-	670	670
14	Mr. Mukesh goyal	-	890	890
15	Mr. Ilam C Kamboj	-	1,070	1,070
16	Mr. Ravi Pasipaty	-	890	890
17	Mr. Mahesh Kaikani	-	890	890
	Total	16,740	6,370	23,110
(iii)	Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant;	None		
(k)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with [19] [Accounting Standard (AS) 20 'Earnings Per Share'].	Diluted Earning per share before exceptional item - ₹127.23. Diluted Earning per share after exceptional item ₹ 119.46.		
(l)	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed.	The employees compensation cost has been calculated by using Fair valuation method for options using the Black-Scholes Options Pricing Model. The employee compensation cost as per the fair valuation method for the financial year 2014-15 is ₹ 0.67 crore		
(m)	Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock [21][].	Weighted average exercise price - ₹ 2,159/- Weighted average option fair value - ₹ 1,228.39		
(n)	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:			
(i)	risk-free interest rate,	8.45%		
(ii)	expected life,	4.85 years		
(iii)	expected volatility,	26.87%		
(iv)	expected dividends, and	3.17%		
(v)	the price of the underlying share in market at the time of option grant.	₹ 2,995.85		

Annexure III

Corporate Governance Report

Philosophy on 'Code of Corporate Governance'

The Company'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 maximise 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. The Company 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.

The Company believes that the essence of Corporate Governance lies in the phrase 'YourCompany'. It is 'Your' Company because it belongs to 'you' – the shareholders. The Chairperson 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 Exchange.

The Company is committed to benchmark 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 the Company's compliance with

Clause 49 of the Listing Agreement, entered into by the Company with BSE Limited ('BSE') and National Stock Exchange of India Limited ('NSE').

Governance Structure

The Company has put in place an internal governance structure with defined roles and responsibilities of every constituent of the system. The Company's shareholders appoint the Board of Directors ('Board'), which in turn governs the Company. As on March 31, 2015, the Company's Board comprised of 12 (twelve) Directors. 3 (three) Directors, including the Chairperson, are Executive Directors, 2 (two) Directors are Non-Executive Directors and 7 (seven) Directors including 1 (one) Woman Director are Non-Executive and Independent Directors. Majority 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 as on March 31, 2015 is given in Table 1.

Table 1 : Company's Board

Name of Directors	Detail of Directorships					Memberships	
	Numbers of Directorships held					Number of Committee Memberships held	Number of Committee Chairpersonships held
	Public Listed	Public Unlisted	Private	Section 8	Other		
Executive Directors							
Mr. Brijmohan Lall Munjal	2	3	6	-	-	1	None
Mr. Pawan Munjal	1	2	4	1	-	None	None
Mr. Sunil Kant Munjal	3	1	13	2	-	3	1
Non-Executive Directors							
Mr. Paul Edgerley	1	-	-	-	-	None	None
Mr. Suman Kant Munjal	1	3	12	1	-	1	None
Non-Executive and Independent Directors							
Mr. Pradeep Dinodia	5	1	1	-	-	3	3
Dr. Pritam Singh	3	-	-	-	-	3	1
Mr. M. Damodaran	5	-	2	1	1	5	3
Dr. Anand C. Burman	3	3	12	1	1	None	None
Mr. Ravi Nath	4	-	4	-	2	2	None
Ms. Shobana Kamineni*	4	6	9	-	-	1	None
Gen. (Retd.) V.P. Malik	1	1	-	-	-	2	None

* Appointed w.e.f. March 27, 2015

Details as on March 31, 2015

Note: As required by Clause 49 of the Listing Agreement, the disclosure about Memberships/Chairpersonships of the Audit Committee and Stakeholders Relationship Committee in the Public Companies (Listed and Unlisted) except Foreign Companies has been considered.

Mr. Brijmohan Lall Munjal is father of Mr. Suman Kant Munjal, Mr. Pawan Munjal and Mr. Sunil Kant Munjal. Apart from these Directors none of the other Director is related to each other.

4 (four) Directors namely Mr. Brijmohan Lall Munjal, Mr. Pawan Munjal, Mr. Sunil Kant Munjal (Executive Directors) and Mr. Suman Kant Munjal (Non-Executive Director) belongs to the promoter family of the Hero Group. Apart from these, the rest of the Board comprises of Non-Executive/ Non-Executive and Independent Directors.

Independent Directors

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field/profession and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination and Remuneration ('NR') Committee, for appointment as Independent Directors on the Board. The NR Committee, inter alia, considers qualification, positive attributes, area of expertise and number of Directorships and Memberships held in various committees of other companies by such persons in accordance with the criteria set for Selection of Directors and determining Directors' independence. The Board considers the Committee's recommendation and takes appropriate decision.

Decision and Direction

The Board critically evaluates the Company's strategic direction, management policies and their effectiveness. The agenda for the Board includes strategic review from each of the Board committee, a detailed analysis and review of annual strategic and operating plans and capital allocation and budgets.

The Board has established 7 (seven) Committees to discharge its responsibilities in an effective manner. Mr. Pawan Munjal provides overall direction and guidance to the Company. In the operations and functioning of the Company, the VC, CEO & MD is assisted by a core group of Executive Management Team ("EMT")/ Senior

Leadership Team. Additionally, the Board reviews possible risks and risk mitigation measures, financial reports from the CFO, Compliance Reports from the Asso. V.P. Legal & Company Secretary and business reports from other EMT members. Frequent and detailed interaction sets the agenda and provides the strategic roadmap for the Company's future growth.

Familiarisation programme for Board

During FY 2014-15, the Board including all Independent Directors were explained about their roles, rights and responsibilities in the Company, through detailed presentations on the changes in backdrop of the Companies Act, 2013 ("Act") and Listing Agreement. The presentations/deliberations were carried out through internal resources, as well as outside experts.

A special session on training of Independent Directors was also conducted on September 23 -24, 2014 in Italy, along with a Board Meeting. A detailed programme was devised for the same which spanned for entire two days. In the said programme, the Senior Leadership Team of the Company also participated and briefed the Board about the functioning of their respective areas and future outlook of the Company.

A Management expert Mr. Tarun Khanna, who is working as Director, South Asia Institute, Harvard University and is Jorge Paulo Lemann, Professor at Harvard Business School, was invited for deliberation with the Senior Leadership Team and the Board Members on Board functioning, strategic issues and future plans of the Company.

The Board including all Independent Directors was provided with relevant documents, reports and internal policies to enable them to familiarise with the Company's procedures and practices from time-to-time, besides regular briefing by members of the Senior Leadership Team.

The familiarisation programme for Independent Directors is posted on the website www.heromotocorp.com and can be viewed at the following link - <http://www.heromotocorp.com/en-in/about-us/familiarisation-program-of-independent-directors.html>.

Codes & Policies

The Company strives to conduct its business and strengthen its relationships in a manner

that is dignified, distinctive and responsible. It adheres to ethical standards to ensure integrity, transparency, independence and accountability in dealing with all stakeholders. Accordingly, the following codes and policies were adopted to carry out duties in an ethical manner.

- Environment Policy
- Quality Policy
- Safety Policy
- Vigil Mechanism and Whistle Blower Policy
- Remuneration Policy
- Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions
- Corporate Social Responsibility Policy
- Policy on Material Subsidiaries
- Code for Prohibition of Insider Trading
- Code of Conduct

Apart from the above at Hero MotoCorp, we have numerous other policies for the Company's effective and efficient functioning. The said policies are either uploaded on the Company's intranet portal or otherwise communicated to all concerned.

Code of Conduct

The Company has laid down a comprehensive Code of Conduct ('Code') for its Board Members and Senior Management. The Code is available on the Company website at link: <http://www.heromotocorp.com/en-in/about-us/code-of-conduct.html>. The Code was circulated to all members of the Board and Senior Management and they have affirmed compliance with the Code. A declaration signed by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) to this effect is attached to the Annual Report.

Audits

Deloitte Haskins & Sells, Chartered Accountants, one of India's leading audit firms audits the Company's accounts. The Company has an Internal Audit Mechanism that keeps check on internal controls, operating systems and procedures.

A dedicated team ensures that the Company conducts its businesses with high standards of legal, statutory and regulatory compliances. Hero MotoCorp has developed and instituted an online legal compliance programme in conformity with requirements of the applicable laws that covers the Company's various geographical locations. The purview of this system

includes various statutes, such as industrial and labour laws, taxation laws, corporate and securities laws and health, safety and environment regulations.

At the heart of our processes is the extensive use of technology. This ensures robustness and integrity of financial reporting and internal controls, allows optimal use and protection of assets, facilitates accurate and timely compilation of Financial Statements and Management Reports and ensures compliance with statutory laws, regulations and Company policies.

Compliance

The Company Secretary, while preparing the agenda, notes on agenda and minutes of the meeting(s) is responsible for and is required to ensure adherence to all applicable laws and regulations, including the Companies Act, 1956/ Companies Act, 2013 read with rules issued thereunder, as applicable and the Secretarial Standards recommended by the Institute of Company Secretaries of India.

Company Secretary

The Company Secretary plays a key role in ensuring that the Board (including Committees thereof) procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the Directors and Senior Management for effective decision-making at the meetings. The Company Secretary is primarily responsible to assist and advise the Board in the conduct of the Company's affairs to ensure compliance with applicable statutory requirements and Secretarial Standards, to provide guidance to directors and to facilitate convening of meetings. He interfaces between the Board, Management and Regulatory Authorities for governance matters.

The Company Secretary acts as the Secretary to all the Committees of the Board, constituted under the Companies Act, 1956/Companies Act, 2013 except the NR Committee.

Meetings & Procedures

Frequency of meetings and Information Supplied

At Hero MotoCorp, we have a defined system of convening at least 5 (five) pre-scheduled Board meetings annually. However as per the specific requirements additional Board meetings are also convened by giving

appropriate notice. When it is not possible to convene a Board Meeting, resolutions are passed by way of circulation to meet the business exigencies or urgency of matters.

The Board is given presentations covering Finance, Sales, Marketing, overview of business operations of major subsidiary Companies, global business environment, the Company's business areas, including Business Opportunities and strategy and risk management practices, before taking on record the Company's quarterly/annual Financial Results.

The Chairperson of the Board, CFO and Company Secretary, in consultation with other concerned members of EMT, finalise the agenda for Board meetings. 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 and any updates;
- ▶ Capital budgets and any updates;
- ▶ Quarterly results for the Company and its operating divisions or business segments;
- ▶ Minutes of meetings of Audit Committee and other Committees of the Board;
- ▶ Information on recruitment of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary;
- ▶ Show cause, demand, prosecution notices and penalty notices which are materially important;
- ▶ Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
- ▶ Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company;
- ▶ Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company;
- ▶ Details of any joint venture or collaboration agreement;
- ▶ Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property;
- ▶ Significant labour problems and their

proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.;

- ▶ Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business;
- ▶ Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material;
- ▶ Non-compliance of any regulatory, statutory or listing requirements and shareholders service, such as non-payment of dividend and delay in share transfer, among others.

Information Material

The agenda and notes on agenda are circulated to Board in a defined format, in advance. Material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the agenda, it is tabled before the meeting, with specific reference to this effect in the agenda. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted with the approval of the Board, including the Independent Directors.

Minutes

The Company Secretary records minutes of proceedings of meeting of Board and Committee thereof. Draft minutes are circulated to Board/ Committee members for their comments. The minutes are entered in the Minutes Book well within the stipulated time, after considering the comments of Board.

Action taken post Meeting

The guidelines for Board and Committee meetings facilitate an effective post meeting follow-up, review and reporting process for decisions taken by the Board and Committees thereof. Important decisions taken at Board/ Committee meetings are communicated promptly to the concerned departments/officials. Action-taken report ('ATR') on decisions/minutes of the previous meeting(s) is circulated at the respective succeeding meeting of the Board/ Committee.

Board Meetings

During FY 2014-15, the Board met 6 (six) times on Wednesday, May 28, 2014; Friday, June 20, 2014; Tuesday, August 05, 2014; Tuesday, September 23, 2014; Thursday, October 16, 2014 and Tuesday, February 03, 2015.

The period between any two consecutive meetings of the Board was not more than 4 (four) months.

The Board passed 14 (fourteen) matters by passing Resolution by Circulation during FY 2014-15.

Details of the number of meetings held during the FY 2014-15 and attendance of Directors is given herein below.

Attendance Record During Financial Year FY 2014-15

Name of Directors	Number of Board Meetings attended		Attendance at last AGM
	Held	Attended	
Executive Directors			
Mr. Brijmohan Lall Munjal	6	5	Yes
Mr. Pawan Munjal	6	6	Yes
Mr. Sunil Kant Munjal	6	6	Yes
Non-Executive Directors			
Mr. Paul Edgerley	6	4	Yes
Mr. Suman Kant Munjal	6	6	Yes
Non-Executive and Independent Directors			
Dr. Anand C. Burman	6	3	Yes
Mr. M. Damodaran	6	4	Yes
Mr. Pradeep Dinodia	6	6	Yes
Dr. Pritam Singh	6	6	Yes
Mr. Ravi Nath	6	4	Yes
Ms. Shobana Kamineni*	-	-	NA
Gen. (Retd.) V.P.Malik	6	6	Yes

* Appointed w.e.f. March 27, 2015

Independent Director

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

- ▶ who in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- ▶ (i) who is or was not a promoter of the Company or its holding, subsidiary or associate Company;
- ▶ (ii) who is not related to promoters or Directors in the Company, its holding, subsidiary or associate (as per AS 23) company;
- ▶ apart from receiving Director's remuneration, has or had no pecuniary relationship with the Company, its holding, subsidiary or associate company, or their Promoters, or Directors, during the 2(two) immediately preceding Financial Years or during the current Financial Year;
- ▶ none of whose relatives has or had pecuniary relationship or transaction with the Company, its holding,

subsidiary or associate company, or their Promoters or Directors, amounting to 2 (two) per cent, or more of its gross turnover or total income or 50 (fifty) lakh rupees or such higher amount as may be prescribed, whichever is lower, during the 2 (two) immediately preceding Financial Years or during the current Financial Year;

▶ who, neither himself nor any of his relatives -

- (i) holds or has held the position of a Key Managerial Personnel {as per Section 2(51) of the Act} or is or has been employee of the Company or its holding, subsidiary or associate Company in any of the 3 (three) Financial Years immediately preceding the Financial Year in which he is proposed to be appointed;

- (ii) is or has been an Employee or Proprietor or a Partner, in any of the 3 (three) Financial Years immediately preceding the Financial Year in which he is proposed to be appointed, of-

- (A) a firm of Auditors or Company Secretaries in Practice or Cost Auditors of the Company or its holding, subsidiary or associate Company; or

- (B) any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate Company amounting to 10 (ten) per cent or more of the gross turnover of such firm;

- (iii) holds together with his relatives {as per Section 2(77) of the Act}, 2 (two) per cent or more of the total voting power of the Company; or

- (iv) is a Chief Executive or Director, by whatever name called, of any Non-Profit Organisation that receives 25 (twenty-five) per cent or more of its receipts from the Company, any of its Promoters, Directors or its

holding, subsidiary or associate Company or that holds 2(two) per cent or more of the total voting power of the Company;

(v) is a material supplier, service provider or customer or a lessor or lessee of the Company;

▶ who is less than 21 (twenty one) years of age.

No Non-Executive and Independent Director of the Company served as an Independent Director in more than 7 (seven) Listed Companies. Further, none of the Non-Executive and Independent Director of the Company who is a Whole-Time Director in any Listed Company served as an Independent Director in more than 3 (three) listed companies.

None of the Directors on the Board is a Director in more than 10 (ten) Public Companies nor are they members in

Committees of the Board in more than 10 (ten) Committees or Chairperson of more than 5 (five) Committees. Further, there are no pecuniary relationships or transactions between the Independent Directors and the Company other than 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 meetings of Directors, Board and its Committee(s).

Meeting of Independent Directors

The Independent Directors of the Company meet at least once in a year without the presence of the Executive Directors and other officials of the Company. During the FY 2014-15 1 (one) meeting of the Independent Directors of the Company was held on Thursday, October 16, 2014. The meeting was attended by all the Independent Directors except Dr. Anand C. Burman and Mr. Ravi Nath. The agenda of the meeting inter-alia includes:

- a. Review the performance of Non-Independent Directors and the Board as a whole;
- b. Review the performance of the Chairperson of the Company taking into account the views of Executive Directors and Non-Executive Directors;
- c. Assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties; and
- d. Discuss matters pertaining to the Company's affairs.

Ms. Shobana Kamineni did not attend the meeting as she joined the Board on March 27, 2015.

Shareholding of Non-Executive (including Independent) Directors as on March 31, 2015

Name of the Director	Category	No. of shares held	Beneficiary
Mr. Suman Kant Munjal	Non-Executive Director	71,250	Self
		32,500	On behalf of HUF
		1,23,96,840	On behalf of firm
Mr. Pradeep Dinodia	Non-Executive and Independent Director	650	Jointly with his wife
		80	Jointly with his son
		80	Jointly with his son

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

Board Level Committees

Audit Committee

The genesis of Hero MotoCorp'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 constitution and terms

of reference of the Committee were revised on May 20, 2014 as per the provisions of the Section 177 of Companies Act, 2013('the Act') and Clause 49 of the Listing Agreement.

As on March 31, 2015, the Audit Committee comprised of 4 (four) Non-Executive and Independent Directors in accordance with the prescribed guidelines. Mr. Pradeep Dinodia, a leading Chartered Accountant, is the Chairperson of the Committee. The other members are Mr. M. Damodaran, Dr. Pritam Singh and Gen. (Retd.) V. P. Malik, all learned personalities in their respective fields. The members of the Audit Committee had adequate knowledge in the field of finance, accounting, management 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, remuneration and terms of appointment of auditors of the Company and approving payments for any other services.

Reviewing

▶ the Annual Financial Statements and Auditor's Report thereon 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, discussion with internal auditors on any significant findings and ensuring suitable follow up thereon;
- ▶ the Auditor's independence and performance and effectiveness of audit process and monitoring the same;
- ▶ Performance of Statutory and Internal Auditors, adequacy of the Internal Control Systems with the management;
- ▶ Directors' overseas traveling expenses;
- ▶ Foreign exchange exposure; and
- ▶ Functioning of Whistle Blower Mechanism.

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 of 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 finalisation of the same by the Management. Further while approving the appointment, it shall assess the qualifications, experience & background etc. of the candidate;
- ▶ transactions or any subsequent modification of transactions of the Company with related parties.

Valuing

Undertakings or assets of the Company wherever it is necessary.

Scrutinising

Inter – corporate loans and investments.

The Sr. Vice President & CFO, Internal Auditors, Statutory Auditors and Cost Auditors attend the meetings of the Audit Committee on the invitation of the Chairperson. Mr. Ilam C. Kamboj, Asso. V.P. Legal & Company Secretary acts as the Secretary of the Committee.

During the year, 8 (Eight) meetings of the Audit Committee were held on Tuesday, May 27, 2014; Friday, June 20, 2014; Monday, August 04, 2014; Thursday, October 16, 2014; Friday, December 12, 2014; Monday, February 02, 2015; Tuesday, March 10, 2015 and Thursday, March 26, 2015 in due compliance with the stipulated provisions. The details of the Audit Committee are given in Table 2.

Table 2: Details of the Audit Committee

Name of the Committee member	Position held	No. of meetings held during the FY 2014-15	No. of meetings attended
Mr. Pradeep Dinodia	Chairperson	8	8
Mr. M. Damodaran	Member	8	7
Dr. Pritam Singh	Member	8	7
Gen. (Retd.) V.P. Malik	Member	8	8

Nomination and Remuneration ('NR') Committee

The Company had constituted 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 and administers and superintends the ESOP. During the financial year ended March

31, 2013, the nomenclature of the said Committee was changed to Remuneration and Compensation Committee.

Further on May 20, 2014, the nomenclature, constitution and terms of reference of the Committee were revised and the Committee was renamed as Nomination and Remuneration Committee as per the provisions of Section 178 of the Act.

The terms of reference of the NR Committee inter-alia includes the following:

- ▶ to formulate and recommend to the Board of Directors the Company's

policies, relating to the remuneration for the Directors, Key Managerial Personnel and other employees, criteria for determining qualifications, positive attributes and independence of a Director;

- ▶ to formulate criteria for evaluation of Independent Directors and the Board;
- ▶ to identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board their appointment and removal:

- ▶ to carry out evaluation of every director’s performance;
 - ▶ to devise a policy on Board diversity; and
 - ▶ to administer and superintend the ESOP including but not limited to the formulation of detailed terms and conditions of the ESOS such as:
 - ▶ the quantum of option to be granted under an ESOS per employee and in aggregate;
 - ▶ the conditions under which option vested in employees may lapse in case of termination of employment for misconduct;
 - ▶ the exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;
 - ▶ the specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;
 - ▶ the right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
 - ▶ the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others.
 - ▶ the grant, vest and exercise of option in case of employees who are on long leave;
 - ▶ the procedure for cashless exercise of options.
- As on March 31, 2015, the Committee had 3 (three) Non-Executive and Independent Directors as its members in accordance with the prescribed guidelines. Gen. (Retd.) V. P. Malik is the Chairperson of the Committee and Mr. Pradeep Dinodia and Mr. Ravi Nath are the members of the Committee. Mr. Surender Chhabra, Vice President – Finance acts as the Secretary of the Committee.
- During the year, 7 (Seven) meetings of the Committee were held on Tuesday, May 27, 2014; Friday, June 20, 2014; Monday, August 04, 2014; Thursday, October 16, 2014; Tuesday, October 21, 2014; Monday, January 05, 2015 and Thursday, March 26, 2015.
- Mr. Pawan Munjal, attended all the Meetings of Nomination & Remuneration Committee on the invitation of the Chairperson.

Table 3: Details of the NR Committee

Name of the Committee member	Position held	No. of meetings held during the FY 2014-15	No. of meetings attended
Gen. (Retd.) V.P. Malik	Chairperson	7	7
Mr. Pradeep Dinodia	Member	7	7
Mr. Ravi Nath	Member	7	4

Remuneration Policy

In view of the changes suggested by the Act, the NR Committee has suitably modified the existing remuneration policy of the Company to keep pace with the business environment and market linked positioning.

The NR Committee takes into consideration the best remuneration practices being followed in the industry while fixing appropriate remuneration packages for Directors and to administer and superintend the Long Term Incentive Plans such as ESOPs, RSUs etc.

Further the compensation package for Directors, Key Managerial Personnel, Senior Management and other employees are designed based on the following set of principles:

- ▶ Aligning Key Executive and Board remuneration with the longer term interests of the Company and its shareholders;
- ▶ Minimise complexity and ensure transparency;

- ▶ Link to long term strategy as well as annual business performance of the Company;
- ▶ Promotes a culture of meritocracy and is linked to key performance and business drivers; and
- ▶ Reflective of line expertise, market competitiveness so as to attract the best talent.

The said policy has been disclosed on Company’s website at www.heromotocorp.com and can be viewed at the following link:

<http://www.heromotocorp.com/en-in/investors/notices-others.html>

Remuneration paid to Executive Directors

As per the remuneration policy the remuneration paid to Executive Directors is recommended by the NR Committee and approved by the Board 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 arrived by considering various factors such as qualification, experience, expertise, prevailing remuneration in the industry and the financial position of the Company. The elements of the remuneration and limits are pursuant to the provisions of Sections 178 and 197 and Schedule V of the Act and also Clause 49 of the Listing Agreement entered into with the Stock Exchange(s). The remuneration structure comprises of Basic Salary, Commission, Perquisites and Allowances, Contribution to Provident Fund and other funds. 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.

Table 4 gives details of remuneration paid to Executive Directors.

Table 4: Remuneration to Executive Directors

					₹ crores
Name of the Director	Basic Salary	Perquisites and Allowances	Contribution to PF and other funds	Commission (Fixed)	Total
Mr. Brijmohan Lall Munjal	4.61	4.42	0.55	34.61	44.19
Mr. Pawan Munjal	4.15	5.17	0.70	34.61	44.62
Mr. Sunil Kant Munjal	3.45	3.82	0.58	34.61	42.46

Remuneration paid to Non-Executive Directors

The Non-Executive Directors of the Company are paid sitting fees of ₹ 1 lakh for each meeting of the Board, Committees thereof and any other meetings of the Directors. The Non-Executive and Independent Directors are also entitled to remuneration by way of commission aggregating up to 0.10 % of net profit of the Company pursuant to the provisions of Sections 197 and 198 of the Act in addition to the sitting fees for attending the meetings of the Board and any Committee thereof.

Table 5 gives details of remuneration paid to Non-Executive Directors.

Table 5: Remuneration to Non-Executive Directors

				₹ crores
Name of the Director	Sitting fees	Commission	Total	
Mr. Paul Edgerley	-	-	-	
Mr. Suman Kant Munjal	0.06	0.00	0.06	
Dr. Anand C. Burman	0.03	0.04	0.07	
Mr. M. Damodaran	0.17	0.19	0.36	
Mr. Pradeep Dinodia	0.28	0.38	0.65	
Dr. Pritam Singh	0.17	0.24	0.40	
Mr. Ravi Nath	0.11	0.12	0.23	
Shobana Kamineni*	-	-	-	
Gen.(Retd.) V.P. Malik	0.23	0.30	0.53	

During FY 2014-15 the Company did not advance any loans to any of its Directors.

* Appointed w.e.f. March 27, 2015

Stakeholders Relationship ('SR') Committee

This Committee constituted on January 16, 2001, specifically to look into shareholders' and investors' grievances arising out of issues regarding share transfers, dividends, dematerialisation and related matters and to take requisite action(s) to redress the same.

Further, the nomenclature, constitution and terms of reference of the Committee were revised on May 20, 2014 and the Committee has been renamed as

Stakeholders Relationship Committee as per the provisions of Section 178 of the Act.

The terms of reference of the SR Committee inter-alia includes the following:

- ▶ consider and resolve the grievances of shareholders, debenture holders and other security holders of the Company;
- ▶ the grievances includes complaints related to transfer of shares, non receipt of balance sheet and non-receipt of declared dividends.

As on March 31, 2015, the Committee had 3 (three) Non-Executive and Independent

Directors as its members in accordance with the prescribed guidelines. Dr. Pritam Singh is the Chairperson of the Committee and Mr. M. Damodaran and Mr. Ravi Nath are the members of the Committee. Mr. Ilam C. Kamboj, Asso. V.P. - Legal & company Secretary acts as the Secretary of the Committee.

During the year, 4 (Four) meetings of the Stakeholders Relationship Committee were held on Tuesday, May 27, 2014; Monday, August 04, 2014; Thursday, October 16, 2014 and Tuesday, February 03, 2015.

The details of the Stakeholders Relationship Committee are given in Table 6.

Table 6: Details of Stakeholders Relationship Committee

				₹ crores
Name of the Committee member	Position held	No. of meetings held during FY 2014-15	No. of meetings attended	
Mr. Pradeep Dinodia*	Member	3	3	
Mr. M. Damodaran	Member	4	3	
Dr. Pritam Singh	Chairperson	4	4	
Mr. Ravi Nath**	Member	1	1	

* Mr. Pradeep Dinodia resigned w.e.f. 03.02.2015

** Mr. Ravi Nath was inducted as member w.e.f. 03.02.2015

The Company had efficient system of dealing with investors' grievances. The Chairperson of the Company takes personal interest in all matters of concern for investors as and when necessary.

Compliance Officer

Mr. Ilam C. Kamboj, Asso. V.P Legal & Company Secretary has been appointed as

the Compliance Officer of the Company for complying with requirements of Security Laws and Listing Agreements with Stock Exchanges. He carefully looks into each issue and reports the same to the SR 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.

Investors' Grievance Redressal:

During the Financial Year the following complaints/requests/queries were received and redressed. They were attended within a period of 10-15 days from the date of receipt of the same.

Sl. No.	Nature of Complaints/ Requests	Opening	Received	Resolved	Closing
1.	Non receipt of shares	-	46	46	-
2.	Request for issue of duplicate shares	-	198	198	-
3.	Non receipt of dividend warrants	-	178	178	-
4.	Change of address	1	178	179	-
5.	Mandate cases/bank description	-	31	31	-
6.	Miscellaneous (Shares)	-	501	483	18

Corporate Social Responsibility ('CSR') Committee

During the year the Company constituted a CSR Committee pursuant to provisions of the Section 135 of Companies Act, 2013 on May 28, 2014. The Committee is responsible for formulation and recommendation of the CSR Policy of the Company. It also recommends the amount of expense to be incurred on the CSR activities and closely and effectively monitors the implementation of the policy.

As on March 31, 2015, the Committee had 3 (three) Directors as its members in

accordance with the prescribed guidelines. Mr. Pawan Munjal is the Chairperson of the Committee and Mr. Pradeep Dinodia and Gen. (Retd.) V. P. Malik are the members of the Committee. Mr. Ilam C. Kamboj, Asso. V. P. - Legal & Company Secretary acts as the Secretary of the Committee.

The terms of reference of the CSR Committee inter-alia includes the following:

- ▶ Formulation of CSR Policy as specified in Schedule VII of the Act indicating the activities, projects, timelines and expenditure thereon;
- ▶ Recommendation of CSR Policy to the Board;

- ▶ Recommendation of the amount of expenditure to be incurred on the activities referred above; and
- ▶ Monitoring the implementation of the policy.

During the year, 3 (three) meetings of the Committee were held on Thursday, October 16, 2014; Friday, December 12, 2014; Monday, February 02, 2015. The details of the CSR Committee are given in Table 7.

Table 7: Details of the CSR Committee

Name of the Committee member	Position held	No. of meetings held during the Financial year 2014-15	No. of meetings attended
Mr. Pawan Munjal	Chairperson	3	3
Mr. Pradeep Dinodia	Member	3	3
Gen. (Retd.) V.P. Malik	Member	3	3

Risk Management ('RM') Committee

The Company has constituted a Risk Management Committee on October 16, 2014 for effective risk assessment and minimisation procedures which are reviewed by the members periodically. The procedures comprise 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 /mitigation process in place,

update of Risk registers by various departments, if required. The RM Committee deliberates extensively on the structure and identifies risks to ensure timely actions. These reports are consolidated and presented by the Asso. V.P – Legal & Company Secretary before the Board of the Company, whenever required.

The terms of reference of the RM Committee inter-alia includes the following:

- ▶ Development of a formal Risk Management structure;
- ▶ Formation of an Executive Management Team, if deemed necessary and delegation of responsibility to it;
- ▶ Creation of a separate Risk Management function or department if deemed necessary;
- ▶ Defining of risk across the Organisation;
- ▶ Monitoring of material risks to which the Organisation is exposed and ensuring implementation of appropriate mitigation plan;

- ▶ Ensuring the sustainability of risk management framework and process through continuous reviewing mechanism; and
- ▶ Delegation of any of the aforesaid tasks as the RM Committee may deem fit.

As on March 31, 2015, the Committee had 3 (three) Non - Executive and Independent Directors as its members in accordance with the prescribed guidelines. Mr. M. Damodaran is the Chairperson of the Committee and Mr. Pradeep Dinodia and Mr. Ravi Nath are the members of the

Committee. Mr. Ilam C. Kamboj, Asso. V. P. - Legal & Company Secretary acts as the Secretary of the Committee. Mr. Rajat Bhargava, Mr. Ravi Sud, and Mr. V.S. Kasbekar are the permanent invitees of the Committee.

During the year under review, 2 (two) meetings of the RM committee were held on Friday, December 12, 2014 and Thursday, March 26, 2015. The details of the RM Committee are given in Table 8.

Table 8: Details of RM Committee

Name of the Committee member	Position held	No. of meetings held during FY 2014-15	No. of meetings attended
Mr. M. Damodaran	Chairperson	2	2
Mr. Pradeep Dinodia	Member	2	2
Mr. Ravi Nath	Member	2	2
Mr. Rajat Bhargava	Permanent Invitee	2	2
Mr. Ravi Sud	Permanent Invitee	2	2
Mr. V.S. Kasbekar	Permanent Invitee	2	2

Committee of Directors

The Company has a Committee of Directors comprising of Mr. Brijmohan Lall Munjal, Mr. Pawan Munjal, Executive Directors, Mr. Suman Kant Munjal, Non - Executive Director as its members. Mr. Ravi Sud, Sr. Vice President & CFO and Mr. Ilam C. Kamboj, Asso. V.P. Legal & Company Secretary are the permanent invitees.

Constituted in 1985, the Committee deals with matters delegated by the Board from time to time. In supersession of the earlier resolutions passed with regard to constitution of Committee of Directors and in view of the General Circular No. 19/2014 dated June 12, 2014 of Ministry of Corporate Affairs in pursuance to the provisions of Rule No. 6(2)(a) of Companies (Share Capital and Debentures) Rules, 2014, the existing

Committee of Directors was reconstituted and its terms of reference were revised on September 23, 2014.

The meetings of the Committee are convened as and when need arise. During the Financial Year under review 6 (Six) meetings of the Committee were held. The detail of the Committee of Directors is given in Table 9.

Table 9: Details of Committee of Directors

Name of the Committee member	Position held	No. of meetings held during FY 2014-15	No. of meetings attended
Mr. Brijmohan Lall Munjal	Chairperson	6	6
Mr. Pawan Munjal	Member	6	5
Mr. Suman Kant Munjal	Member	4	4
Mr. Sunil Kant Munjal	Member	2	0
Mr. Ravi Sud	Permanent Invitee	6	6
Mr. Ilam C. Kamboj	Permanent Invitee	6	6

* Mr. Sunil Kant Munjal resigned w.e.f 23.09.2014.

** Mr. Suman Kant Munjal was inducted as member w.e.f 23.09.2014.

Committee of Directors – Capital Issue

Apart from the aforesaid Committees, the Company also constituted a Committee of Directors – Capital Issue for a specific purpose on September 11, 2013 to deal with matters inter-alia relating to

a) allotment of shares pursuant to amalgamation; and

b) issue of share certificates pursuant to consolidation, splitting, re-materialisation, replacement and loss/misplacement.

The Committee comprised of Mr. Pawan Munjal, as Chairperson; Dr. Pritam Singh and Mr. Suman Kant Munjal as its members.

As the purpose of the Committee was fulfilled the same was dissolved on May 28, 2014.

During the year under review 1 (one) meeting of the Committee was held. The details of the Committee of Directors – Capital Issue are given in Table 10.

Table 10: Details of Committee of Directors – Capital Issue

Name of the Committee member	Position held	No. of meeting held during FY 2014-15	No. of meeting attended
Mr. Pawan Munjal	Chairperson	1	1
Dr. Pritam Singh	Member	1	1
Mr. Suman Kant Munjal	Member	1	1

Share Transfer ('ST') Committee

This ST 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, Asso. V. P. Legal & Company Secretary are the members of ST Committee as on March 31, 2015.

The meetings of the ST Committee is convened as and when need arise. During the year under review 14 (Fourteen) meetings of the Committee were held.

Disclosures

Insider Trading

In compliance with the SEBI regulation on prevention of insider trading, the Company had instituted a comprehensive Code of Conduct for regulating, monitoring and reporting of trading by Insiders. The said Code lays down guidelines which advise them on procedures to be followed and disclosures to be made, while dealing with shares of the Company and cautioned them on consequences of non-compliances.

Further the Company has put in place a Code of practices and procedures of fair disclosures of unpublished price sensitive information. Both the aforesaid Codes are in lines with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

Related Party Transactions

All related party transactions pursuant to Section 188(1) of the Act that were entered into during the Financial Year were on an arm's length basis and in the ordinary course of business. There were no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which might have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee only for its approval as they are not required to be placed before the Board. However Related Party Transactions pursuant to Accounting Standard 18 (AS 18) are disclosed to the Board.

The policy on dealing with Related Party Transactions is disclosed on company's website, link for which is <http://www.heromotocorp.com/en-in/about-us/key-policies.html>

Disclosures on materially significant Related Party Transactions that may have potential conflict with the interest of the Company at large

There was no materially significant transaction made by the Company with its Promoters, Directors or Management or their relatives etc. that has 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 are followed in preparation of the Financial Statements of the Company.

Compliances by the Company

There are neither 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 matters related to capital market during the previous 3 (three) Financial Years or anytime prior to that.

Whistle Blower Policy

In compliance with the SEBI Regulation the Audit Committee of the Company has approved the policy/mechanism on dealing with Whistle Blowers. The Audit Committee reviews the same as and when required. The said policy/mechanism is disclosed on Company's website: link for which is <http://www.heromotocorp.com/en-in/about-us/key-policies.html>.

During the Financial Year under review no complaint was received to be referred to the Audit Committee and no person was denied access to the Audit Committee.

CEO & CFO Certification

The CEO and the Chief Financial Officer ('CFO') of the Company give annual certification on financial reporting and internal controls to the Board in terms of Clause 49 of the Listing Agreement. The annual certificate given by

the CEO and the CFO is annexed along with this Report.

Appointment of Women Director

Ms. Shobana Kamineni (DIN: 00003836) was appointed as an Additional Director in the category of Non- Executive and Independent Director of the Company on March 27, 2015 with a tenure fixed for the first term of 5 (five) consecutive years in terms of the provisions of Sections 149, 152, 164, 165, 184 and other applicable provisions of the Act. Her appointment shall be regularised at the ensuing Annual General Meeting.

Brief resume of the Ms. Kamineni is provided in the Notice of the AGM annexed to the Annual Report.

Re-Appointment of Directors

Mr. Suman Kant Munjal, Non-Executive Director of the Company shall retire by rotation at the ensuing Annual General Meeting (AGM) and being eligible offer himself for re-appointment.

Brief resume of the Mr. Munjal proposed to be re-appointed is provided in the Notice of the AGM annexed to the Annual Report.

Means of Communication

Financial Results

Pursuant to Clause 41(l)(f) of the Listing Agreement, the Company has regularly furnished, by way of post, email as well as by fax (within 15 minutes of closure of the Board meeting) the quarterly un-audited as well as annual audited results to both the Stock Exchanges i.e. BSE & NSE.

Quarterly and Annual Financial Results are also published in English, and Hindi newspapers, i.e. Indian Express and Jansatta.

News releases, presentations, among others

Official news releases and official media releases are sent to Stock Exchanges.

Presentations to institutional investors/analysts

Detailed presentations are made to institutional investors and financial analysts on the Company's unaudited quarterly as well as Audited Annual Financial results.

Website

Pursuant to Clause 54 of the Listing Agreement the Company's website www.heromotocorp.com contained a dedicated functional segment called 'INVESTORS' where all the information meant for shareholders were available including Shareholding Pattern, Financial Results and Annual Reports.

Annual Report

The Annual Report containing inter alia, Audited Financial Statement, Consolidated Financial Statements, Board Report, Auditors' Report and other important information is circulated to members, Directors and other concerned including Auditors, Equity Analyst etc. Further, the Management Discussion and Analysis (MDA) Report, highlighting operations, business performance, financial and other important aspects of the Company's functioning forms an integral part of the Annual Report and is displayed on the Company's website at www.heromotocorp.com.

Chairman's Speech

The printed copy of the Chairman's Speech is distributed to shareholders at Annual General Meetings. The document is also placed on the Company's website at www.heromotocorp.com.

NSE Electronic Application Processing System (NEAPS)

The NEAPS is a web-based application designed by NSE for corporate. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are filed electronically on NEAPS.

BSE Corporate Compliance & Listing Centre (the 'Listing Centre')

BSE's Listing Centre is a web-based application designed for corporate. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are also filed electronically on the Listing Centre.

SEBI Complaints Redress System (SCORES)

The investor complaints are processed in a centralised web-based complaints redress system. The salient features of this system

are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

Green Initiatives

As per the MCA Circular nos. 17/2011 dated April 21, 2011 & 18/2011 dated April 29, 2011, Company has issued letters to its shareholders and uploaded the information on its website for registering email IDs of Investors so that Annual Reports and other information may be sent to them in electronic forms to save papers.

E-mail IDs for Investors

Following designated Email Ids of the Compliance Officer is exclusively given on the website along with various materials including notices for creating investor awareness and to redress their grievances/queries:

Mr. Ilam C. Kamboj,
Asso. V.P. Legal & Company Secretary & Compliance Officer:
E-mail: ilam.kamboj@heromotocorp.com

or

Karvy Computershare Pvt. Limited,
Registrar & Share Transfer Agents:
E-mail: einward.ris@karvy.com

or

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

General Body Meetings

Details of Extra Ordinary General Meeting (EGM)/Annual General Meeting (AGM)

Location, date and time of General Meetings held during the previous 3 (three) years and Ordinary and Special Resolutions passed thereat are given in Table 11.

Table 11: Details of Extra Ordinary General Meeting (EGM)/Annual General Meeting (AGM)**Details of EGM held:**

No EGM was held during the previous 3 (three) years.

Details of AGM

Financial Year	Time, Day, Date and Location	Summary of Special Resolution(s) Passed
2013-14	10:00 A.M., Tuesday, August 05, 2014 Air Force Auditorium, Subroto Park, New Delhi 110 010	To modify the terms of appointment of Mr. Brijmohan Lall Munjal (DIN 00004134), Chairman and Whole-time Director; and To modify the terms of remuneration by way of Commission to Non-Executive and Independent Directors
2012-13	10:30 A.M., Wednesday, September 11, 2013 Air Force Auditorium, Subroto Park, New Delhi 110 010	Renewal of Remuneration by way of commission to Non-Executive and Independent Directors
2011-12	10:30 A.M. Monday, September 10, 2012, Air Force Auditorium, Subroto Park, New Delhi 110 010	None

Postal Ballot

During the Financial Year ended March 31, 2015, the members of the Company passed the following 3 (three) Resolutions through Postal Ballot:

Sl. No.	Resolutions passed	Result Date
1.	Increase in Shareholding Limit for Foreign Institutional Investors (FIIs) from 40% upto an aggregate limit of 49% of the paid-up equity share capital of the Company	22.09.2014
2.	Approval of Employees Incentive Scheme 2014	22.09.2014
3.	Alteration of Object Clause of Memorandum of Association of the Company	01.12.2014

The details of Postal Ballot procedure and voting process are as under:

During the Postal Ballot process the members of the Company were provided e-Voting platform for effective participation in the process. The detailed procedure as per Section

110 of the Act read with the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement was followed by the Company.

Mr. Arvind Kohli, Practising Company Secretary was appointed as the scrutiniser

for conducting the Postal Ballots and based on his reports, the Postal Ballot results were declared.

The voting pattern of votes casted in favour/ against the Resolutions is as under:

Result of Postal Ballot (including e-voting) for Increase in Shareholding Limit for Foreign Institutional Investors (FIIs) from 40% upto an aggregate limit of 49% of the paid-up equity share capital of the Company

Total No. of shareholders to whom Postal Ballot (including e-voting) Form(s) were sent: 62,753

Particulars	Physical	Electronic	Total
a) Total postal ballot forms received	500	572	1,072
b) Total number of votes casted	38,174,294	104,999,187	143,173,481
c) Less: Invalid no. of votes casted	5,381	305,017	310,398
d) Valid no. of votes casted (Net)	38,168,913	104,694,170	142,863,083
e) Total no. of votes with assent for the Resolution	38,167,228	104,542,232	142,709,460
f) Total no. of votes with dissent for the Resolution	1,685	151,938	153,623

%age of total votes casted in favour of Resolution: 99.89

%age of total votes casted against Resolution: 0.11

Result of Postal Ballot (including e-voting) for Approval of Employees Incentive Scheme 2014

Total No. of shareholders to whom Postal Ballot (including e-voting) Form(s) were sent: 62,753

Particulars	Physical	Electronic	Total
a) Total postal ballot forms received	500	572	1,072
b) Total number of votes casted	38,174,294	104,999,187	143,173,481
c) Less: Invalid no. of votes casted	2,951	720,303	723,254
d) Valid no. of votes casted (Net)	38,171,343	104,278,884	142,450,227
e) Total no. of votes with assent for the Resolution	33,902,415	83,685,993	117,588,408
f) Total no. of votes with dissent for the Resolution	4,268,928	20,592,891	24,861,819

%age of total votes casted in favour of Resolution: 82.55

%age of total votes casted against Resolution: 17.45

Result of Postal Ballot (including e-voting) for Alteration of Object Clause of Memorandum of Association of the Company

Total No. of shareholders to whom Postal Ballot (including e-voting) Form(s) were sent: 64,230

Particulars	Physical	Electronic	Total
a) Total postal ballot forms received	403	682	1085
b) Total number of votes casted	30,053,077	112,797,666	142,850,743
c) Less: Invalid no. of votes casted	2,557	306	2,863
d) Valid no. of votes casted (Net)	30,050,520	112,725,844	14,2776,364
e) Total no. of votes with assent for the Resolution	30,048,240	112,568,730	142,616,970
f) Total no. of votes with dissent for the Resolution	2,280	157,114	159,394

%age of total votes casted in favour of Resolution: 99.89

%age of total votes casted against Resolution: 0.11

General Shareholder's Information

Annual General Meeting

Date	: August 31, 2015
Day	: Monday
Time	: 11:00 A.M.
Venue	: Air Force Auditorium, Subroto Park, New Delhi – 110 010

Financial Calendar: Financial year: April 1, 2014 to March 31, 2015

For FY 2014 - 15	Results were announced on
First quarter ended June 30, 2014	Tuesday, August 05, 2014
Second quarter and Half Year ended September 30, 2014	Thursday, October 16, 2014
Third quarter and Nine Months ended December 31, 2014	Tuesday, February 03, 2015
Fourth quarter and Financial Year ended March 31, 2015	Thursday, May 07, 2015
For FY 2015-16	Results are likely to be announced on (Tentative and subject to change)
First quarter ending June 30, 2015	August, 2015 (1 st Week)
Second quarter and half year ending September 30, 2015	October, 2015 (3 rd Week)
Third quarter and nine months ending December 31, 2015	January, 2016 (3 rd Week)
Fourth quarter and Financial Year ending March 31, 2016	May, 2016 (2 nd Week)

Book closure

The dates of book closure shall be from Wednesday, June 3, 2015 to Saturday, June 6, 2015 (both days inclusive).

Dividend payment

The Board has declared an Interim Dividend @ 1,500% i.e. ₹ 30 per share. The dividend was paid to those shareholders whose names appeared on the Register of Members as on Monday, August 11, 2014.

The Board has recommended a Final Dividend @ 1,500% i.e. ₹ 30 per share for FY 2014-15. The Final Dividend, if approved by shareholders at the ensuing

AGM shall be paid to those shareholders whose names appeared on the Register of Members as on Saturday, June 6, 2015. 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, June 2, 2015 as per details furnished by the Depositories for this purpose.

Listing on Stock Exchange

The securities of the Company are listed on the following exchanges:

1. BSE Limited (BSE) based at Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001; &

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.

Listing Fees

Listing fees for the year 2015-16 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:

	Scrip Code	Reuters Code	Bloomberg
BSE	500182	HROM.BO	HMCL:IN
NSE	HEROMOTOCO	HROM.NS	HMCL:IN

Stock Market Data

The Company's market capitalisation is included in the computation of the BSE Sensex, BSE - 100, BSE- 200, BSE- 500, BSE Sectoral Indices, BSE TASI Shariah 50, 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) are given in Table 12.

Table 12: Share Price data for 2014-15 (in ₹)

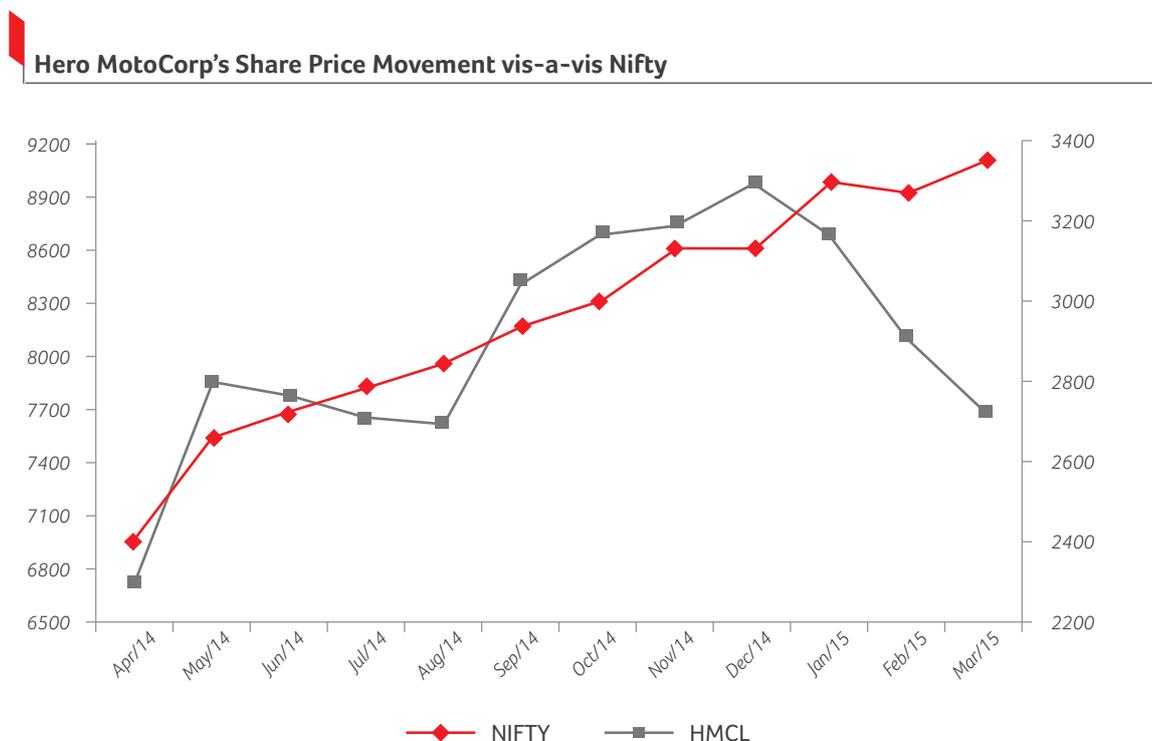
(Shares of ₹ 2 Paid Up Value)

National Stock Exchange of India Limited, Mumbai (NSE)

Month	Total Volume (No. of Sh.)	High (₹)	Date	Volume on that date	Low (₹)	Date	Volume on that date
Apr '14	44,55,909	2,296.00	23-04-2014	3,22,006	2,123.05	15-04-2014	3,05,932
May '14	69,87,680	2,787.70	16-05-12014	7,22,965	2,115.05	09-05-2014	2,16,863
Jun '14	1,29,26,861	2,757.80	13-06-2014	54,45,293	2,348.00	02-06-2014	3,98,058
Jul '14	62,21,915	2,693.70	02-07-2014	3,04,779	2,393.15	15-07-2014	3,11,888
Aug '14	1,07,78,842	2,677.95	28-08-2014	37,40,111	2,488.00	14-08-2014	4,75,867
Sep '14	87,04,031	3,029.00	23-09-2014	3,04,207	2,597.90	01-09-2014	7,82,545
Oct '14	1,03,85,543	3,140.00	23-10-2014	95,371	2,725.95	16-10-2014	9,03,551
Nov '14	2,10,36,081	3,162.40	28-11-2014	2,59,437	2,862.60	07-11-2014	1,16,65,947
Dec '14	81,44,567	3,269.95	01-12-2014	5,19,665	3,028.05	18-12-2014	5,11,995
Jan '15	92,73,353	3,146.90	05-01-2015	1,60,068	2,797.20	20-01-2015	6,20,515
Feb '15	2,54,88,649	2,888.80	02-02-2015	2,98,183	2,600.00	26-02-2015	11,72,341
Mar '15	1,01,55,882	2,705.50	02-03-2015	8,17,814	2,552.00	27-03-2015	5,84,370

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Hero MotoCorp's Share Price Movement vis-a-vis Nifty

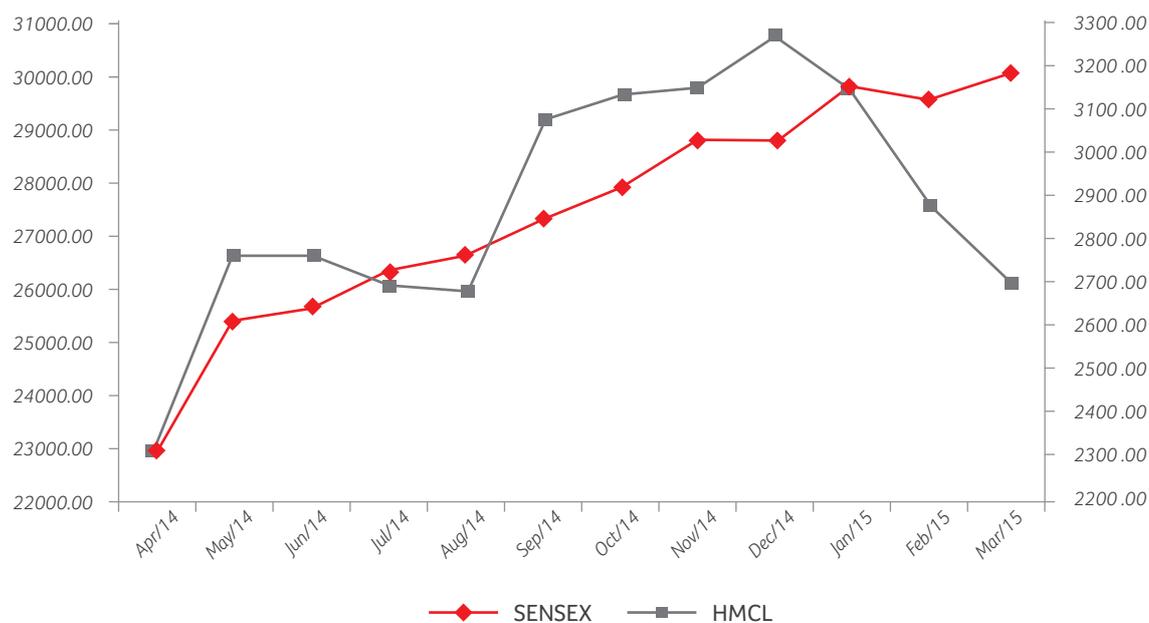


(Source: This information is compiled from the data available from the website of NSE)

Note: The above chart depicts comparison of monthly high of Nifty and HMCL share price. BSE Limited, Mumbai (BSE)

Month	Total Volume (No. of Sh.)	High (₹)	Date	Volume on that date	Low (₹)	Date	Volume on that date
Apr '14	2,56,703	2,320.00	07-04-2014	11,240	2,124.00	15-04-2014	25,071
May '14	4,68,426	2,775.05	16-05-2014	60,960	2,110.00	09-05-2014	18,797
Jun '14	37,04,994	2,760.80	13-06-2014	30,85,587	2,349.50	02-06-2014	16,483
Jul '14	3,57,268	2,690.80	02-07-2014	14,982	2,394.15	15-07-2014	21,055
Aug '14	12,59,639	2,677.00	28-08-2014	52,710	2,490.00	14-08-2014	32,549
Sep '14	7,01,936	3,080.00	18-09-2014	58,888	2,596.30	01-09-2014	55,680
Oct '14	7,43,577	3,144.00	23-10-2014	11,637	2,725.25	16-10-2014	67,295
Nov '14	10,32,724	3,159.80	28-11-2014	14,141	2,875.00	07-11-2014	5,64,758
Dec '14	3,27,228	3,271.80	01-12-2014	30,015	3,028.25	18-12-2014	51,371
Jan '15	5,21,052	3,149.20	05-01-2015	29,509	2,797.20	20-01-2015	38,720
Feb '15	19,39,281	2,889.40	02-02-2015	23,143	2,602.20	26-02-2015	44,398
Mar '15	8,59,722	2,703.25	02-03-2015	45,016	2,556.40	27-03-2015	27,550

Hero MotoCorp's Share Price Movement vis-a-vis Nifty



(Source: This information is compiled from the data available from the website of BSE)

Distribution of Shareholding by Size

Table 13 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, 2015.

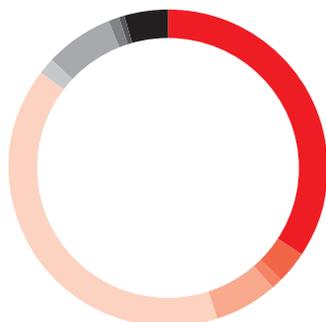
Table 13

No. of shares held (₹ 2/- paid up)	Folios		Shares of ₹ 2 paid up	
	Numbers	%	Numbers	%
Upto 500	76,085	89.57	4,661,084	2.33
501 – 1,000	6,030	7.10	4,528,442	2.27
1,001 – 5,000	1,922	2.26	3,910,440	1.96
5,001 – 10,000	244	0.29	1,777,309	0.89
10,001-50,000	341	0.40	7,894,272	3.95
50,001 & Above	320	0.38	176,915,953	88.60
Total	84,942	100	199,687,500	100.00

Shareholding Pattern as on March 31, 2015

Category	No. of Holders	No. of Shares Held	% total to No. of Shares	No. of Shares Dematerialised	% of Share Dematerialised
Promoters					
Indian	20	69,166,082	34.64	69,166,082	34.64
Public Shareholding					
Mutual Funds / UTI	227	6,818,299	3.41	6,754,829	3.38
Financial Institutions / Banks	67	2,279,546	1.14	2,260,841	1.13
Insurance Companies	32	12,667,836	6.34	12,667,836	6.34
Foreign Institutional Investors	697	81,420,209	40.77	81,382,009	40.75
Bodies Corporate	1,567	3,509,323	1.76	3,483,112	1.74
Indian Public	80,068	13,479,560	6.76	10,218,591	5.12
Trusts	45	1,263,814	0.64	1,263,814	0.64
Clearing Members	195	220,341	0.11	220,341	0.11
Non Resident Indians	2,022	327,584	0.16	327,514	0.16
Foreign Bodies	2	8,534,906	4.27	8,534,906	4.27
Grand Total	84,942	199,687,500	100.00	196,279,875	98.29

Shareholding Pattern (%)



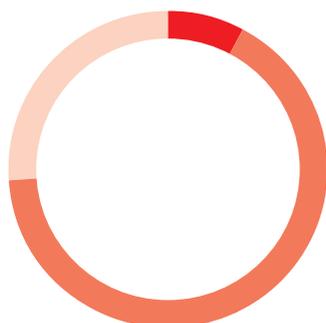
Category	No. of Shares Held	%
Indian	69,166,082	34.64
Mutual Funds / UTI	6,818,299	3.41
Financial Institutions / Banks	2,279,546	1.14
Insurance Companies	12,667,836	6.34
Foreign Institutional Investors	81,420,209	40.77
Bodies Corporate	3,509,323	1.76
Indian Public	13,479,560	6.76
Trusts	1,263,814	0.64
Clearing Members	220,341	0.11
Non Resident Indians	327,584	0.16
Foreign Bodies	8,534,906	4.27
Grand Total	199,687,500	100.00

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Category of Shareholding as on March 31, 2015

Category	No. of Holders	% to Total holders	Total Shares	% to Equity
Physical	6,714	7.90	3,407,625	1.71
NSDL	56,127	66.08	193,997,978	97.15
CDSL	22,101	26.02	2,281,897	1.14
Total	84,942	100.00	1,99,687,500	100.00

Category of Shareholding (%)



Category	No. of Holders	%
Physical	6,714	34.64
NSDL	56,127	1.14
CDSL	22,101	40.77
Total	84,942	100.00

Corporate Benefits

Dividend declared for the previous 7 (seven) years on ₹ 2 paid up share

Financial Year	Type	Dividend Declared	Dividend per share
2007-08	Final	₹ 19	950%
2008-09	Final	₹ 20	1,000%
2009-10	Special	₹ 80	4,000%
	Final	₹ 30	1,500%
2010-11	Interim	₹ 70	3,500%
	Final	₹ 35	1,750%
2011-12	Final	₹ 45	2,250%
2012-13	Final	₹ 60	3,000%
2013-14	Final	₹ 65	3,250%
2014-15	Interim	₹ 30	1,500%
	Final	₹ 30	1,500%

Dematerialisation of Shares and Liquidity

The shares of the Company are traded in compulsory demat segment. As on March 31, 2015, 98.29 % of the total share capital was held in dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). During the year under review, share certificates involving 1,38,863 shares of ₹ 2 each, were dematerialised by the shareholders, however share certificates involving 1,310 shares of ₹ 2 each, were re-materialised. During the year under review the net dematerialisation represents 98.29% 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 previous three years

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

Registrar & Share Transfer Agents

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

Karvy Computershare Private Ltd.
(Unit: Hero MotoCorp Ltd.)
Karvy Selenium Tower B,
Plot No. 31 & 32, Gachibowli,
Financial District, Nanakramguda,
Serilingampally,
Hyderabad – 500 008
Tel No: 040-23420818
Fax: 040-2342 0814
Toll Free No: 1-800-3454-001
E-mail: einward.ris@karvy.com

Karvy Computershare Private Ltd.
(Unit: Hero MotoCorp Ltd.)
305, New Delhi House,
27, Barakhamba Road,
New Delhi – 110 001
Tel: 011-4368 1700
Fax: 011-4368 1710
Website: www.karvycomputershare.com

Share Transfer System

The total numbers of shares transferred during the FY 2014-15 were 12,683 (No. of cases 60), deletion of name 10,135 (No. of cases 18) and transmission of shares 18,025 (No. of cases 17) which were completed in the prescribed period. Shares under objection are returned within two weeks' time. Confirmations in respect of the requests for dematerialisation of shares are sent to the respective depositories i.e. NSDL & CDSL expeditiously.

Compliance Certificate of the Auditors

Certificate from the Company's Auditors, M/s. Arvind Kohli & Associates, Company Secretaries, confirming compliance with conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this Report.

Adoption of mandatory and non-mandatory requirements of Clause 49

The Company has complied with all mandatory requirements of Clause 49 of the Listing Agreement. The Company has adopted following non-mandatory requirements of Clause 49 of the Listing Agreement:

Audit Qualification

The Company has unqualified financial statements.

Separate Posts of Chairman and CEO

As on March 31, 2015 the Company has separate persons at the post of Chairman and Managing Director & CEO.

Reporting of Internal Auditor

The Internal Auditor directly reports to the Audit Committee.

Company's Registered Address

34, Community Centre,
Basant Lok, Vasant Vihar,
New Delhi - 110 057
CIN: L35911DL1984PLC017354
Tel: 011-4604 4100, 2614 2451
Fax: 011-2614 3321, 2614 3198
Website: www.heromotocorp.com

Plant Locations

Gurgaon Plant

37 K.M. Stone, Delhi-Jaipur Highway,
Sector 33, Gurgaon-122 001
Haryana, India.
Tel: 0124-289 4200, 237 2123
Fax: 0124 237 3141-42

Dharuhera Plant

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

Haridwar Plant

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

Neemrana Plant

Plot No. 101-103, 108 & 109,
RIICO Industrial Area, Phase - II,
Delhi - Jaipur Highway,
Neemrana, District Alwar,
Rajasthan - 301 705, India

Investors' Correspondence may be addressed to:

Mr. Ilam C. Kamboj
Asso. V.P. Legal & Company Secretary &
Compliance Officer,
34, Community Centre,
Basant Lok, Vasant Vihar,
New Delhi - 110 057
E-mail: ilam.kamboj@heromotocorp.com

Or

Karvy Computershare Private Ltd.
(Unit: Hero MotoCorp Ltd.)
Karvy Selenium Tower B,
Plot No. 31 & 32, Gachibowli,
Financial District, Nanakramguda,
Serilingampally, Hyderabad - 500 032
Tel No: 040-23420818
Fax: 040-2342 0814
Toll Free No: 1-800-3454-001
E-mail: einward.ris@karvy.com
Website: www.karvycomputershare.com

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

Mr. Ravi Sud,
Sr. Vice President & CFO,
34, Community Centre,
Basant Lok, Vasant Vihar,
New Delhi - 110 057
e-mail: ravisud@heromotocorp.com

Queries/complaints relating to products, services or dealers etc. only be addressed to:

Customer Care
Hero MotoCorp Ltd.
34, Community Centre,
Basant Lok, Vasant Vihar,
New Delhi - 110 057 or to its
e-mail: customercare@heromotocorp.com

For and on behalf of the Board



Pawan Munjal

Chairman, Managing Director & CEO
DIN: 00004223

New Delhi
June 1, 2015

Certificate

Auditors' Certificate on the Compliance of Conditions of Corporate Governance under Clause 49 of the Listing Agreement

To
The Members of
Hero MotoCorp Ltd.

We have examined the compliance of conditions of Corporate Governance by Hero MotoCorp Ltd. ("the Company"), for the financial year ended on March 31, 2015, as stipulated in Clause 49 of the Listing Agreement entered into with the Stock Exchanges. The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the 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 Listing Agreement.

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

For **Arvind Kohli & Associates**
Company Secretaries



Arvind Kohli
Proprietor
FCS 4434, CP No. 2818

Place: New Delhi
Date: June 1, 2015

Certification by Chief Executive Officer and Chief Financial Officer of the Company

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

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- (a) We have reviewed Financial Statements and the Cash Flow Statement for the year ended March 31, 2015 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
 - (b) We also certify that based on our knowledge and the information provided to us, there are no transactions entered into by the company during the year which are fraudulent, illegal or violate the company's code of conduct.
 - (c) We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or proposed by the Company to rectify these deficiencies.
 - (d) 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;
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.
 - (e) We further declare that all Board members and Senior Management have affirmed compliance with the Code of Conduct for the year 2015-16

For **Hero MotoCorp Ltd.**



Pawan Munjal
Vice Chairman, CEO & Managing Director

For **Hero MotoCorp Ltd.**



Ravi Sud
Sr. Vice President & CFO

New Delhi
May 7, 2015

Annexure IV

Annual Report on CSR activities

1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.

The Board of Directors (the 'Board') of Hero MotoCorp have adopted a CSR policy, which includes:

- ▶ Hero believes that in the strategic context of business, enterprises possess beyond mere financial resources the transformational capacity to create game-changing development models by unleashing their power of entrepreneurial vitality, innovation and creativity. In line with this belief, the Company will continue crafting unique models to generate livelihoods and create a better society.
- ▶ Hero will work towards - enhancing environmental and natural capital supporting rural development; promoting

education including skill development; providing preventive healthcare, providing sanitation and drinking water; creating livelihoods for people, preserving and promoting sports.; supporting in times of natural calamity or other national / state requirements; and providing funds to technology incubators in academic institutions, among others. In addition, the Company would like to promote sustainability in partnership with industry associations to have a multiplier impact.

- ▶ Hero will implement CSR programmes through Company personnel, or through external implementing agencies, and ensure proper governance, monitoring and reporting thereof.

The policy is available on the Company's website: www.heromotocorp.com at <http://www.heromotocorp.com/en-in/about-us/key-policies/corporate-social-responsibility.html>

2. The Composition of the CSR Committee.

Mr. Pawan Munjal
Vice Chairman, CEO & MD

Mr. Pradeep Dinodia
Non-Executive & Independent Director

Gen. (Retd.) V. P. Malik
Independent Director

Mr. Ilam C. Kamboj
Secretary

3. Average Net Profit of the Company for last three Financial Years

FY 2011 – 12	₹ 2,378 crores
FY 2012 – 13	₹ 2,118 crores
FY 2013 – 14	₹ 2,109 crores
Average for last three Financial Years	₹ 2,202 crores

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above)

2% of Average ₹ 44.04 crores

5. Details of CSR spent during the financial year.

- a) Total amount to be spent for the financial year: ₹ 44.04 crores
 b) Amount unspent, if any: ₹ 41.63 crores
 c) Manner in which the amount spent during the financial year is detailed below.

(1) Sl. No.	(2) CSR project or activity identified	(3) Sector in which the Project is covered	(4) Projects or programmes (1) Local area or other (2) Specify the State and district where projects or programmes were undertaken.	(5) Amount outlay (budget) project or programmes-wise (₹ lakhs)	(6) Amount Spent on the projects or programmes Sub-heads: (1) Direct expenditure on projects or programmes. (2) Overheads (₹ lakhs)	(7) Cumulative expenditure upto to the reporting period. (₹ lakhs)	(8) Amount spent: Direct or through implementing agency
1	Promoting Road Safety	Safety	New Delhi	800	Direct : 15.00	15.00	Agency: Indian Head Injury Foundation
2	Scholarship for Girls	Education	Dharuhera, Rewari, Haryana	24	Direct : 7.81	7.81	Direct to students
3	Promoting Safe Drinking Water	Sanitation	Hansaka, Rewari, Haryana	25	Direct : 14.45	14.45	Agency: Toyam Technologies India Pvt. Ltd
4	Plant Trees	Ecological	Delhi	100	Direct : 0.20	0.20	Direct
5	Contribute to PM Relief Fund /Other funds	Ecological	Delhi	2,000	Direct : 200	200	PM Relief Fund
6	Others	Education, Safety and Ecological	--	1,455	--	--	--
Total				4,404	237.46	237.46	

▶ Details of implementing agency
a) Indian Head Injury Foundation (IHIF) has its office at 138, Sundar Nagar, New Delhi – 110003. IHIF was founded by His Highness Maharaja Gajasingh II of Jodhpur in February 2007, with a mission to build a comprehensive system in India for the prevention, diagnosis and treatment of traumatic brain injury, and to provide neuro-rehabilitation to such patients. The Foundation addresses the basics of prevention of head injury and provides clinical care for patients. It intervenes to create a real and substantial impact on the incidence and outcome of head injury.

b) Toyam Technologies India Pvt. Ltd.: Toyam has its registered office at H-201, MayFair Eleganza Phase-2, NIBM Road, Pune-411048. It is engaged in the business of extending its technology and innovative business model for installation and maintenance of community based drinking water systems. It provides end-to-end solutions for water purification, especially in rural areas or to underprivileged people in the urban areas across India.

Toyam employs a unique and creative combination of breakthrough technology and innovative business model to provide clean, safe and high quality water to the village community on a sustainable and long-term basis.

It encourages voluntary participation of local community to help village enjoy good health, prevent water borne diseases, generate livelihood opportunities by deploying an innovative village specific long term sustainable model. Toyam develops awareness in the rural community for wise use of water resources, teaches importance of safe drinking water and educates about water borne diseases, especially in infants. Toyam also ensures capacity building and social entrepreneurship through revenue generating utility-added services, as an alternate economic opportunity.

The solution is designed taking into consideration requirements for next 10(ten) years. Stake holders involved in this programme are Zila Panchayat (ZP)/ Gram Panchayat (GP), village community, local Public Health and Engineering Department (PHED) and Toyam as technology providers. The Government/GP plays a vital role in providing land, source of water, electricity and takes complete responsibility of getting the minimum user fees required for maintenance as well. The village community conducts surveys, prepares detailed estimate, and finally implements the programme, meeting good governance guidelines. The village community is also involved in distribution of water, and creating livelihood for themselves.

6. In case the Company has failed to spend the two per cent of the average net profit of the last three Financial Years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.

During the year, the Company has created a robust plan, monitoring mechanism and enabling infrastructure, which will ensure that its CSR initiatives are sustainable and truly beneficial to the society in the long run. As such, while the work was initiated only on few programmes, pre-work activities have been detailed out for most of the initiatives. During the next financial year the Company will see a huge action and corresponding spend on CSR.

7. This is to confirm that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company. A detailed note is enclosed as Annexure - 1.



Pawan Munjal

Vice Chairman, CEO & Managing Director

Date: May 7, 2015

ANNEXURE 1

Overview of CSR Activities 2014-15

CSR at Hero is guided by the Philosophy that our Chairman truly believes in “We must give back to the society from whose resources we generate wealth. We at Hero believe that in the strategic context of business, enterprises possess, beyond mere financial resources, the transformational capacity to create game-changing development models by unleashing their power of entrepreneurial vitality, innovation and creativity.” In line with this belief, the Company continues to craft unique models to create a better society. Our **CSR Vision** is **To have a Greener, Safer and Equitable World.**

Our Key Guiding Principles are that:

- ▶ We would like our CSR efforts as value creation for the society and not just as corporate philanthropy.
- ▶ We would like the initiatives to have fundamental impact on the society.
- ▶ We would like to involve our employees to make it organisation wide effort.

During FY 2014-15, we focussed on lot of activities related to CSR across the country. Some of the major ones included

- ▶ Providing financial support to girl students of RMVM, Sidhrawali.
- ▶ Providing financial support to girl students of various Asha Centers in Haryana.

- ▶ Setting up of a RO Plant for providing potable drinking water in the village Hansaka.
- ▶ Providing support to Flood victims of J&K.
- ▶ Carrying out Animal Health camps across various villages.
- ▶ Providing financial support in terms of books and stationary to Girl Child of School in Delhi.
- ▶ Carrying out of eye screening camps of Cataract Surgery.
- ▶ Workshops on Tie and Dye for Village Women.
- ▶ Training programmes on Motorcycle service and repairing for village Youth.
- ▶ Training programmes on Road Safety Education.
- ▶ Training programmes on First Responder for providing First response in case of medical emergency for students.
- ▶ Workshops on Adolescent Education for Boys and Girls.
- ▶ Carrying out of workshops on Yoga for Good Health.
- ▶ Providing financial assistance for preventive healthcare.

In addition, we also involved our employees in a big way. We created a CSR portal where employees pledged their support to CSR initiatives and also volunteer themselves for CSR related activities. A CSR week was also celebrated during FY 2014-15 where

employees participated in various activities including:

- ▶ **Haryali Fir Se:** Tree Plantation at all locations across the country. This was done at orphanages, old age homes and government schools.
- ▶ **Saving Lives:** Blood Donation Camps across locations.
- ▶ **De cluttering Homes:** Collection drive for clothes/books/ration across the country.
- ▶ **Swachh Hero:** Cleanliness Drive in offices – desk/cabin cleaning by all employees across the country.
- ▶ **Let’s Draw:** Poster / Painting / Sketching Competition for employees and employee’s families across the country.
- ▶ **I Express:** Slogan / Rhyme / Poem Competition for employees and employee’s families across the country.
- ▶ **Individual Social Responsibility Pledge:** Employees voluntarily took pledge to contribute to social causes.

The whole week was an exciting, eventful, impactful week- we intend to do this every year. During the year, the Company was recognised as India’s One of the most 50 Caring Companies and Head CSR was also recognised as One of the 50 most Talented CSR Leaders of India.

Annexure V

Secretarial Audit Report

for the Financial Year 2014-15

To,

The Members
Hero MotoCorp Ltd.
34, Community Centre,
Basant Lok, Vasant Vihar,
New Delhi 110 057.

Subject: Secretarial Audit Report for the Financial Year 2014 – 2015.

Dear Sirs,

We have conducted the Secretarial compliances Audit for compliance of applicable statutory provisions and adherence to good corporate practices by **Hero MotoCorp Ltd. (hereinafter called the Company)**. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the **Company's** books, papers, minutes' books, forms and returns filed, other records maintained by the Company and also the information provided by the Company, its officers, agents, and authorised representative during the conduct of Secretarial Audit, we hereby report that in our opinion the Company, during the audit period covering the Financial Year ended on March 31, 2015 has complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns and other records maintained by **Hero MotoCorp Ltd.** for the Financial Year ended on March 31, 2015 according to the provisions of:

- I. The Companies Act, 2013 and Rules made there under;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- IV. Foreign Exchange Management Act, 1999 and rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz.:-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

VI. Other Laws Applicable to the Company as a Business Unit and also Laws applicable to various Manufacturing Units and Other Offices:

We have examined the framework, processes and procedures of compliance of laws applicable on the Company in detail. We have examined reports, compliances with respect to applicable laws on test basis.

Industry Specific Act(s)- Motor Vehicles Act, 1988; The Standard of Weights And Measures Act, 1976.

We have also examined other important laws on test basis.

Select few are mentioned herein:

Taxation Laws- Income Tax Act, 1961; Service Tax Act, 1994; the Customs Act, 1962; Central Sales Tax Act, 1956; Central Excise Act, 1944.

Environment Laws-The Environment (Protection) Act, 1986 ; Air (Prevention and Control of Pollution) Act, 1981; Water (Prevention and Control of Pollution) Act, 1974; The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008.

Labour Laws-Apprentices Act, 1961; Employees State Insurance Act, 1948; Employees Provident Fund And Misc. Provisions Act, 1952; Factories Act, 1948; Payment of Wages Act, 1948; Minimum Wages Act, 1948; Industrial Disputes Act, 1947; Payment of Bonus Act, 1965; Payment of Gratuity Act, 1972; Employees Compensation Act, 1923; The Trade Unions Act, 1926; Contract Labour (Regulation and Abolition) Act, 1970; Maternity Benefit Act, 1961; The Industrial Employment (Standing Order) Act, 1946; The Employment Exchange (Compulsory Notification of Vacancies) Act, 1956; Sexual Harassment of Women at workplace (Prevention, Prohibition and Regulation) Act, 2013.

IPR Laws- Copyright Act, 1957; Trademark Act, 1999; Patent Act, 1970.

Other Miscellaneous Laws – Competition Act, 2002.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (Though not notified for the Financial Year 2014-2015, however the Company is compliant of the same, wherever applicable.)
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange.

During the period under review, the Company has complied with the provisions of Act, Rules, Regulations, Guidelines, standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive

Directors and Independent Directors including Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance (except where the shorter notice was applicable) and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

The system provides for a majority view being carried after recording the views of dissenting members. However, there was no such instance during the period under review.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations

of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

This report is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this Report.

For **Arvind Kohli & Associates**
Company Secretaries



Arvind Kohli
Proprietor
FCS 4434, CP No. 2818

Place : New Delhi
Date : April 29, 2015

Annexure-A

To,
The Members
Hero MotoCorp Ltd.,
Community Centre,
Basant Lok, Vasant Vihar,
New Delhi 110 057.

Our report of even date is to be read along with this letter.

- 1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- 2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in

secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

- 3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- 4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- 5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Arvind Kohli & Associates**
Company Secretaries



Arvind Kohli
Proprietor
FCS 4434, CP No. 2818

Place : New Delhi
Date : April 29, 2015

Annexure VI

Form MGT 9

Extract of the Annual Return

as on the financial year ended March 31, 2015

[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and other details

S. No	Particulars	Details
1	CIN	L35911DL1984PLC017354
2	Registration Date	19-01-1984
3	Name of the Company	Hero MotoCorp Ltd.
4	Category / Sub-Category of the Company	Public Limited - Limited by Shares
5	Address of the Registered office and contact details	34, Community Centre, Basant Lok, Vasant Vihar, New Delhi – 110 057
6	Whether listed company Yes / No	Yes
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032. Tel: 040 - 6716 1500

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II. Principal Business Activities of the Company

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated.

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Motorised two wheelers upto 350cc engine capacity and parts thereof	2910	100

III. Particulars of Holding, Subsidiary and Associate Companies

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	HMC MM Auto Limited	U35923DL2013PLC260142	Subsidiary	60	Section 2(87)
2.	HMCL Netherlands B.V.	N.A.	Subsidiary	100	Section 2(87)
3.	HMCL (NA) Inc	N.A.	Subsidiary	100	Section 2(87)
4.	Hero FinCorp Limited	U74899DL1991PLC046774	Associate	48.42	Section 2(6)

IV. Share Holding Pattern (equity share capital breakup as percentage of total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
(a) Individual/ HUF	62,404,825	-	62,404,852	31.25	51,858,452	-	51,858,452	25.97	5.28
(b) Central Govt	-	-	-	-	-	-	-	-	-
(c) State Govt(s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corp.	17,307,630	-	17,307,630	8.67	17,307,630	-	17,307,630	8.67	0.00
(e) Banks/ FI	-	-	-	-	-	-	-	-	-
(f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1)	79,712,482	-	79,712,482	39.92	69,166,082	-	69,166,082	34.64	5.28

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2) Foreign	-	-	-	-	-	-	-	-	-
(a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
(b) Other - Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corp.	-	-	-	-	-	-	-	-	-
(d) Banks/ FI	-	-	-	-	-	-	-	-	-
(e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(2)	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	79,712,482	-	79,712,482	39.92	69,166,082	-	69,166,082	34.64	5.28
B. Public Shareholding									
1) Institutions									
(a) Mutual Funds	5,232,380	63,470	5,295,850	2.65	6,754,829	63,470	6,818,299	3.41	0.76
(b) Banks/ FI	522,106	18,705	540,811	0.27	2,260,841	18,705	2,279,546	1.14	0.87
(c) Central Govt	-	-	-	-	-	-	-	-	-
(d) State Govt(s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	10,187,517	-	10,187,517	5.10	12,667,836	-	12,667,836	6.34	1.24
(g) FIs	61,484,622	38,200	61,522,822	30.81	81,382,009	38,200	81,420,209	40.77	9.96
(h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1)	77,426,625	120,375	77,547,000	38.83	103,065,515	120,375	103,185,890	51.67	12.84
2) Non-Institutions									
(a) Bodies Corp.									
(i) Indian	3,282,444	28,716	3,311,160	1.66	3,483,112	26,211	3,509,323	1.76	0.1
(ii) Overseas (Foreign Bodies)	24,547,008	-	24,547,008	12.29	8,534,906	-	8,534,906	4.27	8.02
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh.	8,907,120	3,140,676	12,047,796	6.03	9,743,577	3,004,929	12,748,506	6.38	0.35
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	467,639	256,040	723,679	0.36	475,014	256,040	731,054	0.37	0.01
(c) Others (specify)									
Non Resident Indians	232,957	71	233,028	0.12	327,514	70	327,584	0.16	0.04
Clearing Members	562,329	-	562,329	0.28	220,341	-	220,341	0.11	0.17
Trusts	1,003,018	-	1,003,018	0.50	1,263,814	-	1,263,814	0.63	0.13
Sub-total (B)(2)	39,002,515	3,425,503	42,428,018	21.25	24,048,278	3,287,250	27,335,528	13.69	7.56
Total Public Shareholding(B) = (B)(1) + (B)(2)	116,429,140	3,545,878	119,975,018	60.08	127,113,793	3,407,625	130,521,418	65.36	5.28
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A + B + C)	196,141,622	3,545,878	199,687,500	100.00	196,279,875	3,407,625	199,687,500	100.00	0.00

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of shares	% of total shares of the Company	% of total shares pledged/encumbered to total shares	No. of shares	% of total shares of the Company	% of total shares pledged/encumbered to total shares	
1	Bahadur Chand Investments Pvt. Ltd.	17,306,250	8.67	0	17,306,250	8.67	0	-
2	Brijmohan Lall Munjal*	12,396,842	6.21	0	12,396,842	6.21	0	-
3	Renu Munjal*	12,396,840	6.21	0	12,396,840	6.21	0	-
4	Pawan Munjal*	12,396,840	6.21	0	12,396,840	6.21	0	-
5	Suman Kant Munjal*	12,396,840	6.21	0	12,396,840	6.21	0	-
6	Sunil Kant Munjal*	12,396,840	6.21	0	1,850,440	0.93	0	5.28
7	Renu Munjal	100,650	0.05	0	100,650	0.05	0	-
8	Suman Kant Munjal	71,250	0.04	0	71,250	0.04	0	-
9	Pawan Kant Munjal	32,520	0.02	0	32,520	0.02	0	-
10	Suman Kant Munjal	32,500	0.02	0	32,500	0.02	0	-
11	Vasudha Munjal	32,500	0.02	0	32,500	0.02	0	-
12	Aniesha Munjal	32,500	0.02	0	32,500	0.02	0	-
13	Pawan Munjal	32,500	0.02	0	32,500	0.02	0	-
14	Sunil Kant Munjal	32,500	0.02	0	32,500	0.02	0	-
15	Renuka Munjal	32,480	0.02	0	32,480	0.02	0	-
16	Rahul Munjal	10,620	0.01	0	10,620	0.01	0	-
17	Abhimanyu Munjal	10,620	0.01	0	10,620	0.01	0	-
18	Hero FinCorp Ltd.	1,370	0.00	0	1,370	0.00	0	-
19	Hero InvestCorp Ltd.	10	0.00	0	10	0.00	0	-
20	Brijmohan Lall Munjal	10	0.00	0	10	0.00	0	-

* on behalf of Brijmohan Lall Om Prakash

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Mr. Sunil Kant Munjal					
	At the beginning of the year	12,396,840	6.21	12,396,840	6.21
	Date of Decrease in Promoters Shareholding				
	- February 18, 2015	7,000,000	3.51	5,396,840	2.70
	Reasons for decrease				
	- Sale				
	Date of Decrease in Promoters Shareholding				
	- February 19, 2015	3,546,400	1.78	1,850,440	0.93
	Reasons for decrease				
	- Sale				
	At the end of the year	1,850,440	0.93	1,850,440	0.93

Note: Apart from the above there was no change in the share holding of Promoters

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Name	Shareholding		Date of transfer/ end of the year	Increase/ Decrease in share-holding	Reason	Cumulative Shareholding during the year (01.04.2014-31.03.2015)	
		No. of shares at the beginning (01.04.2014)	% of the total shares of the Company				No. of shares	% of the total shares of the Company
1	BC INDIA PRIVATE INVESTORS II	17,141,028	8.58					
				13/06/2014	(5,618,019)	Transfer	11,523,009	5.77
				07/11/2014	(8,600,000)	Transfer	2,923,009	1.46
				14/11/2014	57,417	Transfer	2,980,426	1.49
				31/03/2015			2,980,426	1.49
2	LATHE INVESTMENT PTE LTD	7,405,980	3.71					
				08/08/2014	(1,230,366)	transfer	6,175,614	3.09
				15/08/2014	(111,368)	transfer	6,064,246	3.04
				29/08/2014	(265,379)	transfer	5,798,867	2.90
				05/09/2014	(244,387)	transfer	5,554,480	2.78
				31/03/2015			5,554,480	2.78
3	ABERDEEN GLOBAL INDIAN EQUITY (MAURITIUS) LIMITED	6,389,276	3.20					
				09/05/2014	(161,962)	transfer	6,227,314	3.12
				23/05/2014	(141,638)	transfer	6,085,676	3.05
				30/05/2014	(264,345)	transfer	5,821,331	2.92
				06/06/2014	(269,017)	transfer	5,552,314	2.78
				30/09/2014	(147,178)	transfer	5,405,136	2.71
				03/10/2014	(21,815)	transfer	5,383,321	2.70
				10/10/2014	(83,321)	transfer	5,300,000	2.65
				17/10/2014	(200,000)	transfer	5,100,000	2.55
				31/10/2014	(259,948)	transfer	4,840,052	2.42
				07/11/2014	(240,052)	transfer	4,600,000	2.30
				27/03/2015	(200,000)	transfer	4,400,000	2.20
				31/03/2015	(135,000)	transfer	4,265,000	2.14
4	LIFE INSURANCE CORPORATION OF INDIA	5,263,993	2.64					
				17/10/2014	(273,236)	transfer	4,990,757	2.50
				24/10/2014	(190,840)	transfer	4,799,917	2.40
				31/10/2014	(319,311)	transfer	4,480,606	2.24
				07/11/2014	(226,523)	transfer	4,254,083	2.13
				06/02/2015	110,363	transfer	4,364,446	2.19
				13/02/2015	463,043	transfer	4,827,489	2.42
				20/02/2015	106,499	transfer	4,933,988	2.47
				27/02/2015	379,385	transfer	5,313,373	2.66
				06/03/2015	645,428	transfer	5,958,801	2.98
				13/03/2015	536,734	transfer	6,495,535	3.25
				20/03/2015	258,548	transfer	6,754,083	3.38
				27/03/2015	237,524	transfer	6,991,607	3.50
				31/03/2015	157,268	transfer	7,148,875	3.58
5	EUROPACIFIC GROWTH FUND	4,638,863	2.32			No change		
				31/03/2015			4,638,863	2.32
6	ABERDEEN EMERGING MARKETS FUND	3,354,597	1.68					
				20/06/2014	(357,103)	transfer	2,997,494	1.50
				30/06/2014	(65,897)	transfer	2,931,597	1.47
				19/12/2014	(200,000)	transfer	2,731,597	1.37
				31/03/2015	317,363	transfer	3,048,960	1.53
7	ABERDEEN GLOBAL-EMERGING MARKETS EQUITY FUND	3,030,242	1.52					
				30/09/2014	(101,971)	transfer	2,928,271	1.47
				03/10/2014	(82,588)	transfer	2,845,683	1.43
				10/10/2014	(315,441)	transfer	2,530,242	1.27
				31/10/2014	(148,740)	transfer	2,381,502	1.19
				07/11/2014	(56,715)	transfer	2,324,787	1.16
				14/11/2014	(112,545)	transfer	2,212,242	1.11
				31/03/2015			2,212,242	1.11
8	GOVERNMENT PENSION FUND GLOBAL	2,328,710	1.17					
				11/04/2014	144,591	transfer	2,473,301	1.24
				18/04/2014	116,656	transfer	2,589,957	1.30

Sl. No.	Name	Shareholding		Date of transfer/ end of the year	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2014-31.03.2015)	
		No. of shares at the beginning (01.04.2014)	% of the total shares of the Company				No. of shares	% of the total shares of the Company
				25/04/2014	14,911	transfer	2,604,868	1.30
				02/05/2014	77,921	transfer	2,682,789	1.34
				09/05/2014	17,039	transfer	2,699,828	1.35
				16/05/2014	10,224	transfer	2,710,052	1.36
				04/07/2014	(120,332)	transfer	2,589,720	1.30
				11/07/2014	(107,362)	transfer	2,482,358	1.24
				05/09/2014	133,469	transfer	2,615,827	1.31
				19/09/2014	61,795	transfer	2,677,622	1.34
				30/09/2014	9,555	transfer	2,687,177	1.35
				17/10/2014	32,718	transfer	2,719,895	1.36
				24/10/2014	21,940	transfer	2,741,835	1.37
				14/11/2014	153,241	transfer	2,895,076	1.45
				28/11/2014	(1,081)	transfer	2,893,995	1.45
				05/12/2014	(1,459)	transfer	2,892,536	1.45
				31/12/2014	(125,354)	transfer	2,767,182	1.39
				30/01/2015	14,886	transfer	2,782,068	1.39
				06/02/2015	15,539	transfer	2,797,607	1.40
				13/02/2015	46,456	transfer	2,844,063	1.42
				27/02/2015	78,996	transfer	2,923,059	1.46
				13/03/2015	71,800	transfer	2,994,859	1.50
				20/03/2015	25,762	transfer	3,020,621	1.51
				27/03/2015	31,288	transfer	3,051,909	1.53
				31/03/2015	(1,141)	transfer	3,050,768	1.53
9	ABERDEEN EMERGING MARKETS EQUITY FUND, A SERIES OF THE ABERDEEN INSTITUTIONAL COMMINGLED FUNDS, LLC.	1,649,051	0.83					
				30/09/2014	(151,662)	transfer	1,497,389	0.75
				03/10/2014	(22,479)	transfer	1,474,910	0.74
				10/10/2014	(18,612)	transfer	1,456,298	0.73
				17/10/2014	(67,247)	transfer	1,389,051	0.70
				20/03/2015	303,000	transfer	1,692,051	0.85
				27/03/2015	72,000	transfer	1,764,051	0.88
				31/03/2015			1,764,051	0.88
10	STICHTING PENSIOENFONDS ABP	1,570,653	0.79					
				18/04/2014	(10,281)	transfer	1,560,372	0.78
				02/05/2014	(19,518)	transfer	1,540,854	0.77
				09/05/2014	(4,983)	transfer	1,535,871	0.77
				23/05/2014	(17,419)	transfer	1,518,452	0.76
				30/05/2014	9,513	transfer	1,527,965	0.77
				06/06/2014	49,955	transfer	1,577,920	0.79
				13/06/2014	50,150	transfer	1,628,070	0.82
				20/06/2014	(3,073)	transfer	1,624,997	0.81
				04/07/2014	18,630	transfer	1,643,627	0.82
				11/07/2014	51,457	transfer	1,695,084	0.85
				18/07/2014	5,717	transfer	1,700,801	0.85
				25/07/2014	43,731	transfer	1,744,532	0.87
				01/08/2014	(12,648)	transfer	1,731,884	0.87
				08/08/2014	71,992	transfer	1,803,876	0.90
				15/08/2014	18,908	transfer	1,822,784	0.91
				22/08/2014	(2,418)	transfer	1,820,366	0.91
				29/08/2014	(1,257)	transfer	1,819,109	0.91
				05/09/2014	(2,924)	transfer	1,816,185	0.91
				12/09/2014	15,033	transfer	1,831,218	0.92
				19/09/2014	(642)	transfer	1,830,576	0.92
				30/09/2014	(131)	transfer	1,830,445	0.92
				03/10/2014	(12,574)	transfer	1,817,871	0.91
				10/10/2014	(12,666)	transfer	1,805,205	0.90
				17/10/2014	(96,899)	transfer	1,708,306	0.86
				24/10/2014	15,107	transfer	1,723,413	0.86
				31/10/2014	(29,450)	transfer	1,693,963	0.85

Sl. No.	Name	Shareholding		Date of transfer/ end of the year	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2014-31.03.2015)	
		No. of shares at the beginning (01.04.2014)	%of the total shares of the Company				No. of shares	%of the total shares of the Company
				07/11/2014	25,557	transfer	1,719,520	0.86
				14/11/2014	6,979	transfer	1,726,499	0.86
				21/11/2014	10,165	transfer	1,736,664	0.87
				28/11/2014	(43,165)	transfer	1,693,499	0.85
				05/12/2014	1,154	transfer	1,694,653	0.85
				12/12/2014	3,886	transfer	1,698,539	0.85
				19/12/2014	12,448	transfer	1,710,987	0.86
				16/01/2015	(8,765)	transfer	1,702,222	0.85
				30/01/2015	9,080	transfer	1,711,302	0.86
				06/03/2015	20,612	transfer	1,731,914	0.87
				31/03/2015	17,377	transfer	1,749,291	0.88

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Name	Shareholding		Date of transfer/ end of the year	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2014-31.03.2015)	
		No. of shares at the beginning (01.04.2014)	%of the total shares of the Company				No. of shares	%of the total shares of the Company
1	Mr. Brijmohan Lall Munjal	12396842	6.21		No change	12,396,842	6.21	
				31/3/2015		12,396,842	6.21	
2	Mr. Brijmohan Lall Munjal	10	0.00		No change	10	0.00	
				31/3/2015		10	0.00	
3	Mr. Pawan Munjal	12,396,840*	6.21		No change	12,396,840	6.21	
				31/3/2015		12,396,840	6.21	
4	Mr. Pawan Kant Munjal	32,520**	0.02		No change	32,520	0.02	
				31/3/2015		32,520	0.02	
6	Mr. Pawan Munjal	32,500	0.02		No change	32,500	0.02	
				31/3/2015		32,500	0.02	
7	Mr. Sunil Kant Munjal	12,396,840*	6.21			12,396,840	6.21	
				18/2/2015	(7,000,000)	sale	5,396,840	2.70
				19/2/2015	(3,546,400)	sale	1,850,440	0.93
				31/3/2015		1,850,440	0.93	
8	Mr. Sunil Kant Munjal	32,500	0.02		No change	32,500	0.02	
				31/3/2015		32,500	0.02	
9	Mr. Suman Kant Munjal	12,396,840*	6.21		No change	12,396,840	6.21	
				31/3/2015		12,396,840	6.21	
10	Mr. Suman Kant Munjal	71,250	0.04		No change	71,250	0.04	
				31/3/2015		71,250	0.04	
11	Mr. Suman Kant Munjal	32,500**	0.02		No change	32,500	0.02	
				31/3/2015		32,500	0.02	
12	Mr. Pradeep Dinodia	650#	0.00		No change	650	0.00	
				31/3/2015		650	0.00	
13	Mr. Pradeep Dinodia	0##	0.00			0	0.00	
				28/11/2014	80	purchase	80	0.00
				31/3/2015		80	0.00	
14	Mr. Pradeep Dinodia	0##	0.00			0	0.00	
				30/1/2015	80	purchase	80	0.00
				31/3/2015		80	0.00	

* on behalf of Brijmohan Lall Om Prakash

** on behalf of HUF

jointly with wife

jointly with son

(vi) Indebtness - Indebtedness of the Company including interest outstanding/accrued but not due for payment

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtness
Indebtness at the beginning of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	-	-	-	-
Change in Indebtness during the financial year				
▶ Addition	-	-	-	-
▶ Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtness at the end of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	-	-	-	-

(vii) Remuneration of Directors and Key Managerial Personnels**A. Remuneration to Managing Director, Whole-time Directors and/or Manager**

Sl. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager			Total Amount
		Mr. Brijmohan Lall Munjal	Mr. Pawan Munjal	Mr. Sunil Kant Munjal	
1	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	7.23	7.88	6.04	21.15
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1.79	1.42	1.22	4.44
	(c) Profits in lieu of salary under Section 17(3) Income-Tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission				
	- as % of profit	34.61	34.61	34.61	103.83
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	43.64	43.91	41.87	129.42
	Ceiling as per the Act				346.13

B. Remuneration to other Directors:**1. Independent Directors**

Sl. No.	Particulars of Remuneration	Name of Independent Directors							Total Amount
		Dr. Anand C. Burman	Mr. M. Damodaran	Mr. Pradeep Dinodia	Dr. Pritam Singh	Mr. Ravi Nath	Ms. Shobana Kamineni*	Gen. (Retd.) V.P. Malik	
	Fee for attending Board / Committee meetings	0.03	0.17	0.28	0.17	0.11	-	0.23	1.05
	Commission	0.04	0.19	0.38	0.24	0.12	-	0.30	1.26
	Others, please specify	-	-	-	-	-	-	-	-
	Total B (1)								2.31

* joined w.e.f. March 27, 2015.

2. Other Non- Executive Directors

Sl. No.	Particulars of Remuneration	Name of Non-Executive Director		Total Amount
		Mr. Suman Kant Munjal	Mr. Paul Edgerley	
	Fee for attending board/ committee meetings	0.06	-	0.06
	Commission	-	-	-
	Others, please specify	-	-	-
	Total B(2)			0.06
	Total (B) = (1)+(2)			2.37
	Total Managerial Remuneration (A+B)			131.79
	Ceiling as per the Act			346.13

C. Remuneration to Key Managerial Personnel other than MD/ Manager/ WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	12,543,479	33,707,931	46,251,410
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	797,502	1,893,260	2,690,762
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	199,400	332,600	532,000
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify, PF, Gratuity & Superannuation	963,261	2,270,507	3,233,768
	Total	14,503,642	38,204,298	52,707,940

(viii) Penalties / Punishment/ Compounding of Offences

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ Court]	Appeal made, if any (give Details)
A. Company					
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
B. Directors					
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
C. Other Officers in default					
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-

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.

Business Responsibility Report



Section A: General Information about the Company

1. Corporate Identity Number (CIN) of the Company

L35911DL1984PLC017354

2. Name of the Company

Hero MotoCorp Ltd.

3. Registered Address

34, Community Centre, Basant Lok, Vasant Vihar, New Delhi - 110 057, India

4. Website

www.heromotocorp.com

5. E-mail Id

hmclbr@heromotocorp.com

6. Financial Year reported

FY 2014-15

7. Sector(s) that the Company is engaged in (industrial activity code-wise)

*Group	Class	Sub-Class	Description
309	3091	30911	Manufacture of motorcycle, scooters, and their engine#.

* As per classification under National Industrial Classification, Central Statistical Organisation, Ministry of Statistics and Programme Implementation, Government of India, New Delhi.

It may be noted that we manufacture parts of motorcycles and scooters also.

8. List three key products/services that the Company manufactures/ provides (as in balance sheet).

- Motorcycles;
- Scooters, and
- Parts thereof

We have a global footprint that serves both in 'National and International markets'.

9. Total number of locations where business activity is undertaken by the Company

9.1. Number of International Locations (Provide details of major four)

Name	Location
HMCL Netherlands B.V	Netherlands
HMCL (NA) Inc	Delaware, U.S.A.
HMCL Niloy Bangladesh Ltd.	Bangladesh
HMCL Colombia S.A.S.	Colombia, South America

9.2. Number of National Locations

We have manufacturing plants in four locations across the country

State/Union Territory	Location
Haryana	Dharuhera
Haryana	Gurgaon
Uttarakhand	Haridwar
Rajasthan	Neemrana

10. Markets served by the Company - Local/State/National/ International

We have a global footprint that serves both in ‘National and International markets’. In addition to serving Indian markets Hero MotoCorp also serves International markets through exports, incorporating wholly-owned subsidiaries and joint ventures.

Section B: Financial details of the Company

1. Paid up Capital (₹)

₹ 39.94 crores

2. Total Turnover (₹)

₹ 27,585.30 crores

3. Total Profit After Taxes (₹)

₹ 2,385.64 crores

4. Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit After Tax (%)

Our total spending on CSR is ₹ 2.375 crores which is 0.10% of PAT.

5. List of activities in which expenditure in the above four has been incurred.

- i. Girl Education
- ii. Sanitation
- iii. Road Safety
- iv. Disaster Relief
- v. Tree Plantation

Section C: Other details

1. Does the Company have any Subsidiary Company/ Companies?

Yes. The number of Hero MotoCorp’s subsidiary companies as on March 31, 2015 as per details given in Notes to Consolidated Financial Statements at Note No. 44.

2. Do the Subsidiary Company/ Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(s)

We have initiated the process of involving the Subsidiary companies in the BR initiatives.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

Hero actively engages with its suppliers through its BR initiatives. Currently, percentage of suppliers under the Green Vendor Development Programme (GVDP) is more than 60% of the total supplier universe.

Section D: BR information

1. Details of Director/Directors responsible for BR

1.1 Details of the Director/Directors responsible for implementation of the BR policy/policies
 DIN Number : 00004223
 Name : Mr. Pawan Munjal
 Designation : Chairman, Managing Director & CEO

1.2 Details of the BR head:
 DIN Number : 00004223
 Name : Mr. Pawan Munjal
 Designation : Chairman, Managing Director & CEO

2. Principle-wise (as per National Voluntary Guidelines (“NVG”)) BR Policy/ policies:-

2.1 Do you have policy/policies for:

Principle 1: Ethics, transparency & accountability

Yes. Our policies under this principle include (a) Code of Conduct (b) Vigil Mechanism/ Whistle Blower Policy (c) Insider Trading Code and (d) Policy on Prevention of Sexual Harassment.

Principle 2: Sustainability in life-cycle of product

Currently, we don’t have any laid down policy on Product Life Cycle Sustainability. In this aspect,

we are guided by our policies concerning Quality, Environment and Service. In addition, we have specific certifications that govern our management systems, such as ISO 9001, ISO 14001 and OHSAS 18001.

Principle 3: Employee well-being

Yes. Our policies under this principle include (a) Superannuation / National Pension Scheme (b) Employee Mutual Medical Benefit Scheme (c) Policy on Prevention of Sexual Harassment (d) Post Retirement Medical Insurance Fund Scheme and (e) Our overarching Code of Conduct & Vigil Mechanism and Annual Executive health check-up programme. We also have medi-claim policy for our employees and their dependents.

Principle 4: Stakeholder engagement

Yes. Our policy under this principle includes our Code of Conduct, which guides the manner in which we deal with our stakeholders.

Principle 5: Promotion of human rights

Yes. All our policies are reflective and cognizant of promotion of human rights. Our overarching core values and Code of Conduct fully support promotion of human rights.

Principle 6: Environmental protection

Yes. We have in place Green IT and Environment, which takes care of the environment. Also there are specific certifications such as, ISO 9001, ISO 14001 and OHSAS 18001 that govern the Environmental Management Systems.

Principle 7: Responsible public policy advocacy

No.

Principle 8: Inclusive growth

Yes. During 2014-15 we have formulated a CSR policy.

Principle 9: Customer value

Yes. We have specific policies concerning Service, Warranty and Quality that govern respective aspects in customer value management.

2.2 Has the policy been developed in consultation with relevant stakeholders?

Principle 1: Ethics, transparency & accountability

No formal consultation was undertaken in development of relevant policies. Our policies have been designed keeping in consideration our organisation's requirements, current trends and best practices in the two-wheeler industry.

Principle 2: Sustainability in life-cycle of product

Quality & Environment Policy was developed in consultation with relevant key employees and Top Management. Service policy is informed by needs and expectations of customers, as communicated by our field staff.

Principle 3: Employee well-being

Principle 4: Stakeholder engagement

Principle 5: Promotion of human rights

Answer to Principle 3,4 and 5 is: No formal consultation was undertaken in development of relevant policies. Our policies have been designed keeping in consideration our Organisation's requirements, current trends and best practices in the two-wheeler industry

Principle 6: Environmental protection

We developed our Environment Policy in consultation with relevant key employees and Top Management. Green IT Policy has also been developed in consultation with relevant key employees and Top Management.

Principle 7: Responsible public policy advocacy

Not applicable.

Principle 8: Inclusive growth

The CSR Policy was developed keeping in consideration our Organisation's focus, best practices, and inputs were taken from Top Management, Stakeholders and Government regulations.

Principle 9: Customer value

Service Policy is informed by needs and expectations of customers as communicated by our field staff. The warranty policy has been developed post taking inputs from the field and the plant. Quality Policy was developed in consultation with relevant key employees and Top Management.

2.3 Does the policy conform to any National /International standards? If yes, specify.

Principle 1: Ethics, transparency & accountability

Our Code of Conduct is premised upon eight key principles and is unique. Our Code is emblematic of comprehensive and global best practices in letter and spirit, though it does not conform to any National or International Standards per se. The Code of Conduct conforms to the CODEX as researched and published by Harvard Business School Publishing (HBSP). The Policy on Insider Trading Code has been made based on SEBI Regulation, and the Policy on Prevention of Sexual Harassment has been made based on Sexual Harassment at the Workplace Act & Rules, 2013. The Policy on Vigil Mechanism has been made based on Companies Act, 2013 and the Companies Rules, 2014. The mechanism is also intended to cover the Whistleblower Mechanism aspect of the SEBI's Listing Agreement.

Principle 2: Sustainability in life-cycle of product

Our Environment Policy is informed by our management systems, such as ISO 9001, ISO

14001 and OHSAS 18001, which are governed by global best practices and are also externally audited.

Principle 3: Employee well-being

Our Code of Conduct is premised upon eight key principles and is unique. Our Code is emblematic of comprehensive and global best practices in letter and spirit, though it does not conform to any National or International standards per se. The Code of Conduct conforms to the CODEX as researched and published by Harvard Business School Publishing (HBSP). The National Pension Scheme is run by the Government of India and is being used on an as-is basis. The Policy on Post Retirement Medical Insurance Fund Scheme and Employee Mutual Medical Benefit Scheme has not been made based on any national / international standards. The Policy on Prevention of Sexual Harassment has been made based on Sexual Harassment at the Workplace Act & Rules, 2013.

Principle 4: Stakeholder engagement

Principle 5: Promotion of human rights

Answer to principle 4 and 5 is Our Code of Conduct is premised upon eight key principles and is unique. Our Code is emblematic of comprehensive and global best practices in letter and spirit, though it does not conform to any national or international standards per se. The Code of Conduct conforms to the CODEX, as researched and published by Harvard Business School Publishing (HBSP).

Principle 6: Environmental protection

Our Environment Policy is informed by our management systems, such as ISO 9001, ISO 14001 and OHSAS 18001, which are governed by global best practices and are also externally

audited. Our Green IT policy does not conform to any national/ international standards.

Principle 7: Responsible public policy advocacy

Not applicable.

Principle 8: Inclusive growth

Our CSR Policy is derived by our core values and covers various aspects as per guidelines given by the Ministry of Corporate Affairs, as part of Companies Act 2013.

Principle 9: Customer value

The Service policy is driven by our internal service standards for ensuring customer satisfaction. It has not been prepared to conform to any national or international standards. Our quality policy is informed by ISO 9001 systems on Quality Management, which are governed by global best practices and are also externally audited.

2.4 Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?

Principle 1: Ethics, transparency & accountability

Our Code of Conduct is approved by our Chairman, Managing Director & CEO. The Insider Trading Code has been approved by the Board. The Policy on Prevention of Sexual Harassment is a HR Policy.

Principle 2: Sustainability in life-cycle of product

Principle 3: Employee well-being

Answer to Principle 2 and 3 is : Our policies are signed off by our Chairman, Managing Director & CEO

Principle 4: Stakeholder engagement

Principle 5: Promotion of human rights

Answer to Principle 4 and 5 is: Our Code of Conduct is approved

by our Chairman, Vice Chairman, CEO and Managing Director.

Principle 6: Environmental protection

Our policy on Environment is signed off by our Chairman, Managing Director & CEO

Principle 7: Responsible public policy advocacy

Not applicable.

Principle 8: Inclusive growth

Our CSR Policy has been approved by the Board of Directors and is signed by our Vice Chairman, CEO and Managing Director who is also Chairman of the CSR Committee.

Principle 9: Customer value

Our policy on Quality has been signed off by our Chairman, Managing Director & CEO

2.5 Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?

Principle 1: Ethics, transparency & accountability

We have a committee for Code of Conduct & Vigil Mechanism Policy and Policy on Prevention of Sexual Harassment. The Insider Trading Code is supervised and monitored by the Board of Directors.

Principle 2: Sustainability in life-cycle of product

We have a Management Review Committee that leads the implementation and review of Quality and Environment. Internal teams are responsible for Service Policy.

Principle 3: Employee well-being

Yes. Our policies under this principle include (a) Superannuation / National Pension Scheme (b) Employee Mutual Medical Benefit Scheme (c) Policy on Prevention of Sexual Harassment (d) Post Retirement Medical Insurance Fund Scheme and (e) Our overarching

Code of Conduct & Vigil Mechanism policy.

Principle 4: Stakeholder engagement

Principle 5: Promotion of human rights

Answer to Principle 4 and 5 is: We have a committee for Code of Conduct.

Principle 6: Environmental protection

We have a Management Review Committee that leads the implementation and review of Environment policy. The oversight of Green IT policy rests with the CIO of the Company.

Principle 7: Responsible public policy advocacy

Not applicable.

Principle 8: Inclusive growth

Yes. There is CSR committee of the Board. The oversight of CSR IT policy rests with the Head CSR.

Principle 9: Customer value

Our internal team of Sales, Marketing and Customer Care is responsible for Service Policy. There is a dedicated Warranty Management Team to oversee the implementation of Warranty Policy guidelines. There is a Management Review Committee that leads the implementation and review of Quality policy.

2.6 Web-link for the policy?

Principle 1: Ethics, transparency & accountability

(a) The Code of Conduct can be viewed over the internet at <http://www.heromotocorp.com/en-in/about-us/code-of-conduct.html> and also be viewed over the intranet.

(b) The Code on Insider Trading is available over the internet at <http://www.heromotocorp.com/en-in/investors/corporategovernance.html> as well as intranet

(c) The Policy on Prevention of Sexual Harassment has been circulated through Email communication to all employees.

d) The Policy on Vigil Mechanism is available over the internet at <http://www.heromotocorp.com/en-in/pdf/Vigil-Mechanism-Policy.pdf>

Principle 2: Sustainability in life-cycle of product

The Quality and Environment policies (in brief) can be viewed over the internet at <http://www.heromotocorp.com/en-in/aboutus/keypolicies>.

Principle 3: Employee well-being

(a) The Code of Conduct can be viewed over the internet at <http://www.heromotocorp.com/enin/about-us/code-of-conduct.html> and also be viewed over the intranet.

(b) Rest of the HR policies can be viewed over our intranet. Occupational Health Services Manual has been made available to all employees through our intranet.

Principle 4: Stakeholder engagement

Principle 5: Promotion of human rights

Answer to Principle 4 and 5 is: The Code of Conduct can be viewed over the internet at <http://www.heromotocorp.com/en-in/about-us/code-of-conduct.html> and can also be viewed over the intranet.

Principle 6: Environmental protection

The Environment policy (in brief) can be viewed over the internet at <http://www.heromotocorp.com/en-in/aboutus/keypolicies.html>. The Green IT Policy is available on the intranet.

Principle 7: Responsible public policy advocacy

Not applicable.

Principle 8: Inclusive growth

The CSR Policy can be viewed on our website at <http://www.heromotocorp.com/en-in/pdf/CSR-Policy.pdf>.

Principle 9: Customer value

The Warranty Policy and Service Maintenance schedule can be viewed over the internet at <http://www.heromotocorp.com/en-in/rider-zone/bike-warranty-details-and-policy.html>. The warranty policy is also available on heromotocorp.biz and can be accessed by our field teams and channel partners. The Quality policy (in brief) can be viewed over the internet at <http://www.heromotocorp.com/en-in/about-us/key-policies.html>

2.7 Has the policy been communicated to the relevant internal and external stakeholders?

Principle 1: Ethics, transparency & accountability

With regard to Code of Conduct, all our executive employees have been imparted mandatory training, and acceptance to adherence has been obtained. Regular training programmes are conducted across locations to explain and reiterate the importance of adherence to the Code. The Code of Conduct is informed to all stakeholders via our website and annual reports. Communication campaign was run to further strengthen awareness on Code of Conduct. Additionally, an E learning module is being created to ensure understanding and acceptance to adherence.

The Code on Insider Trading has been communicated to all employees by means of the intranet and relevant posters at major notice boards.

The Policy on Prevention of Sexual Harassment has

been communicated to all the employees via Email. All employees, manager of women employee and managers have been trained on Prevention of Sexual Harassment. Set of internal employees are being trained as master trainers for continuing the training and awareness campaign in future.

Principle 2: Sustainability in life-cycle of product

The Quality and Environment Policy is informed to all stakeholders via our website and intranet. HMCL Quality and Environment Policy has been communicated to all relevant internal stakeholders and communicated to all suppliers through Supplier Quality Manual available on our Supplier portal. The service policy is communicated to all our field team and Dealers, through uploading on FTP Server.

Principle 3: Employee well-being

With regard to Code of Conduct, all our executive employees have been imparted mandatory training and acceptance to adherence has been obtained. Regular training programmes are conducted across locations to explain and reiterate the importance of adherence to the Code. The Code of Conduct is informed to all stakeholders via our website and annual reports. Communication campaign was run to further strengthen awareness on Code of Conduct. Additionally, an E learning module is being created to ensure understanding and acceptance to adherence.

Our Policy on Prevention of Sexual Harassment has been communicated to all employees via Email. All employees, manager of women employee and managers have been trained on Prevention of Sexual Harassment. Set of internal employees are being trained as master trainers for continuing

the training and awareness campaign in future.

Our policies on Employee Mutual Medical Benefit Scheme have been communicated to all employees by means of the intranet. The (a) Superannuation/ National Pension Scheme and (b) Post Retirement Medical Insurance Fund Scheme are communicated to all employees via Email.

Principle 4: Stakeholder engagement

With regard to Code of Conduct, all our executive employees have been imparted mandatory training, and acceptance to adherence has been obtained. Regular training programmes are conducted across locations to explain and reiterate the importance of adherence to the Code. The Code of Conduct is informed to all stakeholders via our website and annual reports. Communication campaign was run to further strengthen awareness on Code of Conduct. Additionally, an E learning module is being created to ensure understanding and acceptance to adherence. In addition, we train stakeholders, such as suppliers on quality and environmental aspects.

Principle 5: Promotion of human rights

Our core values are regularly communicated and new employees are made aware of the same during their induction.

With regard to Code of Conduct, all our executive employees have been imparted mandatory training and acceptance to adherence has been obtained. Regular training programmes are conducted across locations to explain and reiterate the importance of adherence to the Code. The Code of Conduct is informed to all stakeholders via our Website and Annual Reports. Communication campaign was run to further strengthen

awareness on Code of Conduct. Additionally, an E learning module is being created to ensure understanding and acceptance to adherence.

In addition, we train stakeholders such as suppliers on quality and environmental aspects.

Principle 6: Environmental protection

Our Environment Policy is informed to all stakeholders via our Website and Intranet. HMCL Environment Policy has been communicated to all relevant internal stakeholders and communicated to all Suppliers through Supplier Quality Manual available on Supplier portal. The Green IT policy is informed to all stakeholders via intranet.

Principle 7: Responsible public policy advocacy

Not applicable.

Principle 8: Inclusive growth

Our CSR Policy has been communicated to both our internal and external stakeholders via our website and intranet portal. There is a separate section on the Intranet portal for CSR.

Principle 9: Customer value

Our Service Policy is communicated to all our field service staff by uploading on FTP Server. The Quality Policy is informed to all stakeholders via our website and intranet. HMCL Quality Policy has been communicated to all relevant internal stakeholders and communicated to all suppliers through Supplier Quality Manual available on Supplier Portal.

2.8 Does the company have an in-house structure to implement the policy?

Principle 1: Ethics, transparency & accountability

Yes. The Committees ensure smooth implementation of Code of Conduct and Vigil Mechanism and Policy on Prevention

of Sexual Harassment. The Compliance Officer ensures implementation on Insider Trading Code.

Principle 2: Sustainability in life-cycle of product

Our centralised IMS Cell ensures implementation of Quality and Environment Policy. The service team ensures implementation of service guidelines at all dealerships in field.

Principle 3: Employee well-being

Yes. The Committees ensure smooth implementation of Employee Mutual Medical Benefit Scheme, Policy on prevention of Sexual Harassment, Post Retirement Medical Insurance Fund Scheme and Code of Conduct and Vigil Mechanism policy.

Principle 4: Stakeholder engagement

Principle 5: Promotion of human rights

The answer to Principle 4 and 5 is: Yes. A Committee ensures smooth implementation of Code of Conduct.

Principle 6: Environmental protection

Our centralised IMS Cell takes care of implementation of Environment Policy. The implementation of Green IT policy is overseen by the IT Department.

Principle 7: Responsible public policy advocacy

Not applicable.

Principle 8: Inclusive growth

Yes. We have a CSR Committee and a Head of CSR. The implementation of CSR policy is overseen by the Head CSR and his team.

Principle 9: Customer value

Our service team on the field ensures the implementation of service guidelines. The service

team in field and members in warranty section ensure proper implementation of the warranty policy. The centralised IMS Cell takes care of implementation of Quality Policy.

2.9 Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders grievances related to the policy/policies?

Principle 1: Ethics, transparency & accountability

We have a grievance redressal process in place. We strongly encourage employees to raise concerns regarding any violation of the Code and to report these immediately. There are three mechanisms to report a violation:

1. HR department
2. Internal ethics helpline e mail id
3. Further, if our employees are uncomfortable about raising concerns in-person, they can use third party reporting mechanism.

Principle 2: Sustainability in life-cycle of product

We allow any quality and environment related grievances to be resolved through IMS Cell. The Management Review Committee oversees the same. We have a grievance redressal process in place. Customers can raise complaints related to conditions of service, sales and other issues through Area Offices and Zonal Offices located across the Country.

Principle 3: Employee well-being

Principle 4: Stakeholder engagement

Answer to Principle 3 and 4 is: We have an Organisation wide grievance redressal process in place. We strongly encourage employees to raise concerns regarding any violation of the Code and to report these immediately. Our employees are

free to approach our Management and Leadership Teams, if any of the entitlements are not being provided as per processes.

There are three mechanisms to report a violation:

1. HR department
2. Internal ethics helpline e mail id
3. Further, if our employees are uncomfortable about raising concerns in-person, they can use third party reporting mechanism

Principle 4: Stakeholder engagement

We have an organisation wide grievance redressal process in place. We strongly encourage employees to raise concerns regarding any violation of the Code and to report these immediately. Our employees are free to approach our management and leadership teams, if any of the entitlements are not being provided as per processes. There are three mechanisms to report a violation:

1. HR department
2. Internal ethics helpline e mail id
3. Further, if our employees are uncomfortable about raising concerns in-person, they can use third party reporting mechanism

Principle 5: Promotion of human rights

We have a grievance redressal process in place. We strongly encourage employees to raise concerns regarding any violation of the Code and to report these immediately.

There are three mechanisms to report a violation:

1. HR Department
2. Internal ethics helpline Email id
3. Further, if our employees are uncomfortable about raising concerns in-person, they can use third party reporting mechanism

Principle 6: Environmental protection

We allow any quality and environment related grievances to be resolved through IMS Cell. The Management Review Committee oversees the same. The grievances regarding Green IT Policy are addressed by Enterprise Employee Service Desk (IT).

Principle 7: Responsible public policy advocacy

Not applicable.

Principle 8: Inclusive growth

Not applicable.

Principle 9: Customer value

We have a grievance redressal process in place. Customers can raise complaints in case any party violates any conditions on service, sales and other issues. The relevant stakeholder can approach our Zonal / Regional / Area office or our Warranty Sections at Gurgaon plant for redressal of any warranty related issues. We allow any quality related grievances to be resolved through IMS Cell. The Management Review Committee oversees the same.

2.10 Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?

Principle 1: Ethics, transparency & accountability

No.

Principle 2: Sustainability in life-cycle of product

Our management certifications (such as ISO 9001, ISO 14001 and OHSAS 18001) are independently verified by external agencies as per due protocol. This is mandatory for us to retain the certification on qualification of these international standards. Internal and external audits are done periodically to monitor processes meant to deliver on the Service Policy.

Principle 3: Employee well-being

No.

Principle 4: Stakeholder engagement

No.

Principle 5 : Promotion of human rights

No.

Principle 6: Environmental protection

Our management certifications (such as ISO 9001, ISO 14001 and OHSAS 18001) are independently verified by external agencies as per due protocol.

Principle 7: Responsible public policy advocacy

Not applicable.

Principle 8: Inclusive growth

Not applicable.

Principle 9: Customer value

Internal and external audits are done periodically to monitor processes meant to deliver on the Service Policy. Operations meant to deliver Warranty Policy are subject to audit from our finance department. Our management certifications are independently verified by external audit agency as per due protocol. This is mandatory for us to retain the certification on qualification of these international standards.

2A. If answer to S. No. 1 against any principle, is “No”, please explain why:

Principle 1: Ethics, transparency & accountability

Not applicable.

Principle 2: Sustainability in life-cycle of product

Not applicable.

Principle 3: Employee well-being

Not applicable.

Principle 4: Stakeholder engagement

Not applicable.

Principle 5: Promotion of human rights

Not applicable.

Principle 6: Environmental protection

Not applicable.

Principle 7: Responsible public policy advocacy

We have a leadership position in initiating dialogue with policy-makers as members in various industry associations. However, no need for a formal company policy has been felt for undertaking policy advocacy activities.

Principle 8: Inclusive growth

Not applicable.

Principle 9: Customer value

Not applicable.

3. Governance related to BR

Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company.

Our BR performance is assessed annually at the end of Financial Year.

Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

This is our Third Business Responsibility Report and would be published annually. This report can be accessed at <http://www.heromotocorp.com/en-in/responsibility-report/business-responsibility-report.html>

Section E: Principle wise performance

Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs Others?

Currently, the Code of Conduct is applicable to only our employees. The

Insider Trading Code is applicable to designated employees and the Board of Directors of the Company.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

We have not received any complaints with regard to violation of the Code of Conduct, Insider Trading Code, and Policy on Prevention of Sexual Harassment in 2014-15.

Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/ or opportunities.

1) Splendor iSmart was declared the most fuel efficient Motorcycle by iCAT (international centre for automotive technology) with the mileage of 102.5 KMPL.

2) Rainwater harvesting facility executed in five villages of Rajasthan, by providing 94 rain water harvesting shaft, having combined capacity to recharge 1.7 million cubic metre of water per year. This initiative has reduced drastically the water clogging and flooding in the vicinity area, during monsoon season.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional).

Not applicable.

3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?

1) Our Green Vendor Development Programme encourages our suppliers and vendors to adopt green practices and Environment Management systems. The programme with 148 key suppliers is actively pursued by SCP. These initiatives have led to saving of water consumption upto 20K Lakhs litres, which can feed 8400 families for a year and power saving of 100L Kwh will light 50K families for a year.

2) However, it is difficult to ascertain the percentage of inputs sourced from these suppliers accounting towards total inputs due to many different kinds of materials being used by us. We are also in the process of incorporating human rights issues within the supply chain.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Yes. We are procuring goods and services from local & small producers. Among the total suppliers around 80% of our are locally based, in and

around our factories in Haryana and Uttarakhand.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as 10%) Yes, the company has a mechanism for recycling of its waste.

Yes, we have a mechanism for recycling of our waste. We have managed to recycle 90% of our waste water back to the process using Zero liquid discharge platform. Balance 10% is being reused for horticulture activities.

Principle 3

1. Please indicate the Total number of employees.
2. Please indicate the Total number of employees hired on temporary/ contractual/casual basis.
3. Please indicate the Number of permanent women employees.
4. Please indicate the Number of permanent employees with disabilities.
5. Do you have an employee association that is recognised by management?
6. What percentage of your permanent employees is members of this recognised employee association?
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.
8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

1	Total number of employees	7,334
2	Total number of employees hired on temporary/ contractual/ casual basis	16,412
3	Total number of permanent women employees	88
4	Total number of permanent employees with disabilities	33
5	Employee Associations	Hero MotoCorp Workers Union, Gurgaon Plant Hero MotoCorp Workers Union, Dharuhera Plant
6	Percentage Membership of Workers Union(as a percentage of total permanent employees)	Hero MotoCorp Workers Union, Gurgaon Plant (18.5 %) Hero MotoCorp Workers Union, Dharuhera Plant (26.4%)

7	Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in 2014-15 and pending, as of end 2014-15.	None received in any of the category and none pending
8	Percentage of employees who underwent safety and skill up-gradation training (as a percentage of respective total of each category) (2014-15)	
	Permanent employees	79.50%
	Permanent women employees	87.00%
	Temporary/contractual/casual	81.20%
	Employees with disabilities	7.30%

Principle 4

1. Has the company mapped its internal and external stakeholders? Yes/No

Yes. We have mapped and identified external stakeholders, including disadvantaged, vulnerable and marginalised stakeholders. Our stakeholders include – employees, customers, NGOs and communities, dealers, suppliers, investors, media, government and regulators and peers and industry ecosystem.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalised stakeholders?

Our disadvantaged and vulnerable stakeholders include differently-abled employees, women and rural communities in and around our plants.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalised stakeholders?

Differently abled employees: We are an equal opportunity employer and we provide equal opportunities to differently abled, marginalised and people from economically weaker background. All employees have equal opportunity on career growth, coaching and mentoring.

The number of differently abled employees is 41, majority of them being operators at our Gurgaon plant. These employees were given on the job awareness on TPM & Safety and they are also members of cross functional and quality circle teams.

Additionally, differently abled employees of Gurgaon Plant also participated in five external

competitions in various cultural and sports activities at state and national level. Such events, not only motivates them but also energises them.

Women Customers: We believe that mobility holds great significance in women’s lives as it enables them to do more, achieve more and live a fuller life. Two-wheelers offer them the independence they need to meet their goals and ambitions.

Therefore, we want to make the roads as accessible to women as possible. We have used technology to further reduce the concerns women have while riding on the roads. Pleasure scooter which is designed exclusively for women is upgraded with features like an advanced Integrated Braking System that provide for better stability; tubeless tyres that prevents rapid deflation in case of puncture , mobile charging socket so that the riders can stay connected while on the go. The endeavour is to enhance the overall riding experience and safety for women riders.

Over the years, through our thought provoking campaigns we have espoused the cause of equality and freedom of women. This brand philosophy is captured in tagline “Why should boys have all the fun”, which encourages and inspires women to be free and not be constrained by any restrictions or out-dated societal norms and live the life of their dreams.

We have also opened 33 dealerships under the banner ‘Just4Her’ that cater only to female customers and are serviced by female staff, so women feel comfortable visiting us and test-driving Pleasure. To further provide benefits to our female customers

we have an ongoing relationship programme called GoodLife Lady Rider Club. Today this club has over six lakh women members with close to 4.7 lakh active members. All these initiatives further strengthens our relationship with our consumers, as we provide not just the means for mobility in the form of our scooter but also a retail experience and a like-minded community that provides a feeling of solidarity to our female customers.

Rural Community: These are covered under Principle 8

Principle 5

1. Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?

Currently, the Code of Conduct is applicable to only our employees, though we expect our stakeholders to adhere and uphold the standards contained therein.

2. How many stakeholder complaints have been received in the past financial year and what % was satisfactorily resolved by the management?

Currently, the Code of Conduct is applicable to only our employees, though we expect our stakeholders to adhere and uphold the standards contained therein.

Principle 6

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers/ Contractors/ NGOs/ others.

Our policy on environment extends to our suppliers through our Green

Vendor Development Programme and Green Charter.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc?

We do have strategies in place to address these issues including energy conservation, energy efficiency, water management, waste management, CO2 Emission house gases reduction.

3. Does the company identify and assess potential environmental risks? Y/N

Yes. We have a periodic systematic mechanism for environmental impact assessment through its Aspect/ Impact assessment (AIA) activity and Hazard Identification and Risk Assessment (HIRA) technique as a part of our Environmental management System certifications of ISO 14001, and Occupational Health and safety management system certification of OHSAS 18001.

4. Does the company have any project related to Clean Development Mechanism? If Yes, whether any environmental compliance report is filed?

As of now, we do not have any CDM project.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Yes, we have several environment protection related initiatives, broadly classified as:

- i. Green initiatives & Resource conservation
- ii. Energy efficiency measures
- iii. Green supply chain

A more detailed list of such initiatives is available at <http://www.heromotocorp.com/en-in/wecare/greenmanufacturing>

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year

being reported?

Yes.

7. Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

No such notices pending as of 2014-15.

Principle 7

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with.

Major associations we deal with are as follows:

- Confederation of Indian Industry
- Gurgaon Chamber of Commerce & Industries
- PHD Chamber of Commerce
- Society of Indian Automobile Manufacturers

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes specify the broad areas (Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

As a world leader in the 2-wheeler segment, we have taken up the initiative to inculcate a sense of road safety and good riding habits to its customers and public at large. We strongly champion the cause of road safety through several initiatives. We steadily work with a cross-section of stakeholders that include governing/ enforcement agencies, commuters, corporates, schools / colleges and special groups, on aspects germane to safety.

Our safety initiatives are underpinned by our firm belief that a culture of safety requires three fundamental things:

- Knowledge of road rules and regulations
- Skill of riding
- Right behaviour and attitude

We are knowledge partners to programmes run by local traffic

police in several cities in India. We routinely collaborate and partner with traffic police and enforcement agencies on special safety initiatives. Our dealerships inform customers' right at the point of sale about safety aspects, and it is ingrained into the vehicle delivery process. In fact, we pride ourselves on the '4S Concept' (Sales, Service, Spares, Safety) at our dealerships which among firsts for the automobile industry in India. There is a safety corner at our showrooms. Our vehicles are sold with "Road Safety" leaflet/literature, and we have created bespoke safety education videos for our customers.

Our traffic parks in Gurgaon, Delhi, Lucknow and Rourkela testify to our efforts to disseminate safety and good-ridership practices. These traffic parks routinely train members of the general public, senior secondary school students and women riders. We have initiated training programmes for corporates. The training module is structured to impart training on riding posture, braking, slalom riding, balancing and bumpy roads.

We can say with pride that we have over 750 trained instructors, who impart these training modules, among which 76 are advanced trainers who are eligible to 'train the trainers'. We are a key stakeholder of Road Safety Club with Delhi Traffic Police as the nodal agency and organise regular programmes for students. We observe National Road Safety Week every year and our dealerships across India participate actively. As a pioneer in the safety riding activities, we are committed to drive home the message of road safety and healthy environment.

Principle 8

1. Does the company have specified programmes/initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.

Yes. True wealth of our communities is built by progressive endogenous development of assets such as cultural heritage, human resources and long lasting physical infrastructure. We help communities create such assets. We undertake purposeful activities

with the goal to maintain and improve the state of environmental resources affected by human activities. Our environment management aims toward ensuring that the ecosystem services in areas where we operate are protected and maintained for equitable use by future generations.

We organise a number of projects on literacy and health education in collaboration with government and local agencies. We work with the objective of providing village children with additional support to improve their educational standard and to achieve their overall development. Healthcare outreach is an important cog in our social matrix, and we organise several community health camps across the year. With a view to income generation opportunities leading to social and economic development, especially those of women members of the community, we set up a vocational training schedule. We also facilitate dissemination of training programmes leading to enhancement of the value of rural youth in the job market. We also founded activities related to providing safe drinking water and for sanitation we also involve our employees in our CSR activities. Employees were engaged in activities like blood donation, cleanliness drive, collection of items for poor and needy, tree plantation and creating awareness in the organisation & community.

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organisation?**
The programmes are undertaken either directly or through specialised agencies – Raman Kant Munjal Foundation.
3. **Have you done any impact assessment of your initiative?**
As of now no impact assessment of our initiatives has been undertaken.
4. **What is your company’s direct contribution to community development projects - Amount in INR and the details of the projects undertaken?**

Project	Amount (₹ in crores) for 2014-15
i. Disaster Relief	200.00
ii. Girl Education	07.81
iii. Sanitation	14.45
iv. Road safety	15.00
v. Tree Plantation	0.20

Your Company already has in place a robust plan, monitoring mechanism and enabling infrastructure to ensure that CSR activities initiated by the Company are sustainable and truly beneficial to the society in the long run. However, the formal initiatives on CSR could start only in the later part of the Financial Year after the approval of CSR policy by the Board. While the work was initiated only on few programmes, pre-work activities have been detailed out for most of the initiatives and during 2015-16 your Company would see a huge action and corresponding spend on CSR. The current financial year will not only see the statutory spending but will also make up the deficiency of 2014-15, wherein the ground work has taken place.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community?**

We make attempts to ensure that projects continue and sustain within communities beyond our interactions. For example, with a view to promote education among girls, similarly we have set up a RO Plant for safe drinking water. There are number of activities that were done to promote road safety increasing income generation opportunity leading to social and economic development, we set up a vocational training schedule. We also facilitate dissemination of training programmes leading to enhancement of the value of rural youth in the job market.

Principle 9

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

At the end of financial year, 2014-15, 23 consumer complaints were pending on our customer loyalty programme Goodlife. We received 947

customer complaints during FY 2014-15. Out of these cases, we successfully resolved 895 complaints. Thus, 75 (8%) complaints were pending at the end of 2014-2015. We received 27303 complaints in 2014-15 and resolved a total of 26818 complaints. Thus, only 534 complaints (1.9 %) are carried forward to 2015-16. ICMS (Integrated Complaint Management System) is handling all customer complaints including of sales.

2. **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)**

Yes. We provide information as required by the Standards of Weights and Measures Act, 1956. We voluntarily and actively inform all our dealers on any changes in product packaging through notices. We have also been running educative campaigns informing customers to operate vehicles in a more fuel efficient manner and to read the operating manual and the Road Safety leaflet. The leaflet enumerates good to emulate riding practices, fuel saving tips etc. in a reader-friendly and easy to understand manner. Our spare part products come with a dedicated consumer cell phone number, address and email ID, where consumers can reach our executives with feedback, grievances and even queries regarding our products. Besides, consumers can also log in to the corporate website and send in their feedback or complaints.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year?**

We had received four reservations on the advertising from the Advertising Standards Council of India in the last financial year. We have actioned the recommendation on three of the complaints and filed the petition in court for the fourth one. We have got stay order for the same.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

In pursuit of customer delight, we have undertaken mystery shopping exercise across our dealerships to gauge customer experience. We have covered

721 dealers last financial year as part of this exercise. This exercise covered all dealers who have completed minimum one year of operations. We also undertake customised surveys on customer satisfaction for the new products launched last year through a

third party agency. We have completed one of the largest customer surveys in India called as U&A to understand the consumer better.



Financial Statements

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Independent Auditors' Report

TO THE MEMBERS OF
HERO MOTOCORP LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **HERO MOTOCORP LIMITED** ('the Company'), which comprise the Balance Sheet as at March 31, 2015 and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and

fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the Directors as on March 31, 2015, taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2015 from being appointed as a Director in terms of Section 164 (2) of the Act.
 - (f) With respect to the other matters to be included in the

Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i) The Company has disclosed the impact of pending

litigations on its financial position in its financial statements;

ii) The Company did not have any material foreseeable losses on long-term contracts including derivative contracts;

iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm Registration No. 015125N)

JAIDEEP BHARGAVA
Partner
(Membership No. 90295)

New Delhi, May 7, 2015

Annexure to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

1. In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a programme of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified by the Management during the year other than for assets lying with third parties, for which confirmations have been obtained in most of the cases by the Company. According to the information and explanations given to us discrepancies noticed on such verification were not material and have been properly dealt in the books of account.
2. In respect of its inventories:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals other than for inventories lying with third parties at the end of the year for which confirmations have been obtained in most of the cases.
 - (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 were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and discrepancies noticed on such verification were not material and have been properly dealt in the books of account.
3. According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013. In respect of such loans:
 - (a) The receipts of principal amounts and interest have been regular.
 - (b) There is no overdue amount in excess of ₹ 1 lakh remaining outstanding as at the year-end.
4. 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.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits. Therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.
6. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Companies Act, 2013, for the business activity of the Company.
7. According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has been regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.
- (c) 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 wealth tax, customs duty and cess which have not been deposited. The following are the particulars of excise duty, service tax, sales tax and income tax dues not deposited/deposited under protest by the Company on account of disputes:

Name of the Statute	Nature of the Dues	Amount* (₹ in crores)	Amount paid under protest (₹ in crores)	Period to which the amount relates	Forum where dispute is pending
Central Excise Laws	Excise Duty	890.83	395.70	2000-01 and 2002-2014	CESTAT
	Service Tax	0.89	0.45	2004-05 to 2005-06	Supreme Court
		255.08	22.04**	2004-05 to 2011-12	CESTAT
Sales Tax	Sales Tax	1.90	1.90	1998-99 to 2000-2001	Haryana Tax Tribunal
Income tax Act, 1961	Income tax	0.84	-	2002-03	Income Tax Appellate Tribunal
		2,568.59	50.00**	2009-10	
		0.30	-	2001-02	Commissioner (Appeals)
		3.77	-	2006-07	
		2.47	-	2007-08	
		1.19	-	2014-15	
		13.61	-	2011-12 to 2013-14	

* Amount as per demand orders including interest and penalty wherever indicated in the order and excludes disputed dues fully paid.

** Appeal along with stay application has been filed.

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

Name of the Statute	Nature of the Dues	Amount (₹ in crores)	Period to which the amount relates	Forum where dispute is pending
Central Excise Laws	Excise duty	2.57	1986-87 to 1990-91	Supreme Court
		2.82	2004-05 to 2010-11	CESTAT
	Service Tax	0.20	2005	High Court
Income-tax Act, 1961	Income-Tax	1219.02	1987-88, 1989-90, 1992-93, 1993-94, 1995-96, 1996-97, 1997-98, 1998-99, 2000-01, 2005-06, 2006-07	High Court
		22.36	2003-04	Income Tax Appellate Tribunal

- (d) The Company has been regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder within time.
8. The Company does not have accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
9. In our opinion and according to 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.
10. 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.
11. In our opinion and according to the information and explanations given to us, the Company has not taken any term loans during the year.
12. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company other than fraudulent withdrawal of money against fixed deposits held with a bank by the Company (Refer note 17 of the standalone financial statements), has been noticed or reported during the year.

New Delhi, May 7, 2015

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm Registration No. 015125N)

JAIDEEP BHARGAVA
Partner
(Membership No. 090295)

Balance Sheet

as at March 31, 2015

Particulars	Note No.	₹ crores	
		As at March 31, 2015	As at March 31, 2014
I Equity and Liabilities			
1 Shareholders' funds			
(a) Share capital	3	39.94	39.94
(b) Reserves and surplus	4	6,501.39	5,559.93
2 Non-current liabilities			
(a) Long term liabilities	5	31.33	24.45
(b) Long-term provisions	7	65.62	49.98
3 Current liabilities			
(a) Trade payables	8	2,841.87	2,290.59
(b) Other current liabilities	9	307.49	588.08
(c) Short-term provisions	10	734.06	1,544.33
Total		10,521.70	10,097.30
II Assets			
1 Non - current assets			
(a) Fixed assets	11		
(i) Tangible assets		2,818.29	1,897.27
(ii) Intangible assets		94.40	345.98
(iii) Capital work-in-progress		712.55	854.11
(b) Non-current investments	12	863.78	812.88
(c) Deferred tax assets (Net)	6	73.54	105.98
(d) Long-term loans and advances	13	616.82	477.39
(e) Other non-current assets	14	60.19	47.81
2 Current assets			
(a) Current investments	12	2,290.33	3,275.89
(b) Inventories	15	815.49	669.55
(c) Trade receivables	16	1,389.59	920.58
(d) Cash and cash equivalents	17	159.25	117.50
(e) Short - term loans and advances	18	567.66	550.31
(f) Other current assets	19	59.81	22.05
Total		10,521.70	10,097.30
Accompanying notes forming part of the financial statements	1 & 2		

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In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Jaideep Bhargava
Partner

New Delhi
May 7, 2015

For and on behalf of the Board of Directors

Brijmohan Lall Munjal
Chairman
DIN - 0004134

Pawan Munjal
Vice Chairman, Managing Director & CEO
DIN - 00004223

Ravi Sud
Sr. Vice President & CFO

Pradeep Dinodia
Chairman-Audit Committee
DIN - 00027995

Ilam C. Kamboj
Asso. V. P. Legal & Company Secretary

Statement of Profit and Loss

for the year ended March 31, 2015

Particulars	Note No.	₹ crores	
		For the year ended March 31, 2015	For the year ended March 31, 2014
I Revenue from operations	20		
(a) Gross sales of products		29,068.24	27,005.26
Less: Excise duty		1,717.64	1,880.35
		27,350.60	25,124.91
(b) Sale of services and other operating revenue		234.70	150.56
Net revenue from operations		27,585.30	25,275.47
II Other income	21	492.74	446.38
III Total Revenue (I + II)		28,078.04	25,721.85
IV Expenses:			
(a) Cost of materials consumed	22	19,783.88	18,221.53
(b) Changes in inventories of finished goods and work-in-progress	23	(29.97)	8.36
(c) Employee benefits expenses	24	1,172.87	930.04
(d) Finance costs	25	11.09	11.82
(e) Depreciation and amortization expenses	11	539.97	1,107.37
(f) Other expenses	26	3,116.34	2,575.48
Total Expenses		24,594.18	22,854.60
V Profit before exceptional item and tax (III - IV)		3,483.86	2,867.25
VI Exceptional item - Provision for diminution in value of non current investment (refer note no. 39)		155.04	-
VII Profit before tax after exceptional item (V - VI)		3,328.82	2,867.25
VIII Tax expenses			
(a) Current tax		898.91	828.21
(b) Minimum alternate tax relating to earlier years		-	(28.02)
(c) Minimum alternate tax credit utilised		-	196.37
Net current tax		898.91	996.56
Deferred tax		44.27	(238.39)
		943.18	758.17
IX Profit for the year (VII-VIII)		2,385.64	2,109.08
X Basic and diluted earnings per equity share (of ₹ 2 each):	27		
(a) before exceptional items		127.23	105.61
(b) after exceptional items		119.46	105.61

Accompanying notes forming part of the financial statements

1 & 2

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Jaideep Bhargava
Partner

New Delhi
May 7, 2015

For and on behalf of the Board of Directors

Brijmohan Lall Munjal
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Ilam C. Kamboj
Asso. V. P. Legal & Company Secretary

Cash Flow Statement

for the year ended March 31, 2015

Particulars	₹ crores	
	For the year ended March 31, 2015	For the year ended March 31, 2014
A. Cash Flow from Operating Activities		
Net Profit Before Tax	3,328.82	2,867.25
Adjustments for:		
Add: Depreciation and amortisation	539.97	1,107.37
Loss on fixed assets sold/discarded	22.84	13.98
Loss on sale of non-trade current investments	0.21	1.26
Provision for diminution in value of investment:		
Exceptional item: Long term trade investment - Non Current	155.04	-
Long term non trade investment	0.72	0.45
Finance cost	11.09	11.82
Provision for doubtful debts	0.70	0.85
	730.57	1,135.73
Less: Interest on long term and current non-trade investments	50.37	53.10
Interest on loans, deposits etc.	98.86	90.27
Profit on sale of fixed assets	0.68	0.68
Exchange differences	(0.03)	(3.02)
Dividend income:		
On current Investments - Non-Trade	1.50	0.69
On long-term investments-Trade and Non trade	2.25	2.25
Profit on sale of non-trade current investments	320.08	300.65
	473.71	444.62
Operating profit before working capital changes	3,585.68	3,558.36
Changes in working capital:		
Adjustment for (increase)/decrease in operating assets:		
Add: Inventories	(145.94)	(32.79)
Trade receivables	(469.74)	(259.46)
Short-term loans and advances	(237.35)	(16.76)
Long-term loans and advances	(23.00)	(131.92)
Other current assets	(30.78)	-
	(906.81)	(440.93)
Adjustment for increase/(decrease) in operating liabilities:		
Less: Trade payables	551.96	417.25
Other current liabilities	(6.53)	52.74
Other long-term liabilities	6.88	3.47
Short-term provisions	2.95	2.15
Long-term provisions	15.64	19.82
	570.90	495.43
Cash generated from operations	3,249.77	3,612.86
Less: Direct taxes paid	999.77	649.45
Net cash from operating activities	2,250.00	2,963.41

Particulars	₹ crores	
	For the year ended March 31, 2015	For the year ended March 31, 2014
B. Cash Flow from Investing Activities		
Proceeds from sale of fixed assets	2.71	4.05
Sale / (Purchase) of investments (net)	1,354.16	(8.66)
Investment in Associates	(167.90)	(0.16)
Investment in Subsidiaries	(87.49)	(157.18)
Inter corporate deposits received back	515.00	625.00
Inter corporate deposits paid	(295.00)	(605.00)
Interest received on long term and current non-trade investments	31.01	51.58
Interest received on loans, deposits etc.	98.86	90.27
Dividend income		
On current Investments - Non-Trade	1.50	0.69
On long-term investments-Trade and Non trade	2.25	2.25
Capital expenditure on fixed assets, including capital advances	(1,155.68)	(936.80)
Payment of deferred credits	(287.34)	(685.36)
Net cash (used) in investing activities	12.08	(1,619.32)
C. Cash Flow from Financing Activities		
Interest paid	(11.09)	(11.82)
Dividends paid	(1,897.03)	(1,199.29)
Tax on dividend	(322.40)	(203.82)
Net cash (used) in financing activities	(2,230.52)	(1,414.93)
D. Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	31.56	(70.84)
Cash and cash equivalents at the beginning of the year	66.41	134.95
Add: on account of amalgamation (refer note 36)	-	2.30
Cash and cash equivalents at the end of the year		
Cash and bank balances	97.97	66.41
	97.97	66.41
Reconciliation		
Cash and Bank balances as per Balance Sheet	159.25	117.50
Less: Unpaid dividend current account with Banks	61.28	51.09
Net Cash and cash equivalents at the end of the year	97.97	66.41

Accompanying notes forming part of the financial statements

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Jaideep Bhargava
Partner

New Delhi
May 7, 2015

For and on behalf of the Board of Directors

Brijmohan Lall Munjal
Chairman
DIN - 0004134

Pawan Munjal
Vice Chairman, Managing Director & CEO
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Ravi Sud
Sr. Vice President & CFO

Pradeep Dinodia
Chairman-Audit Committee
DIN - 00027995

Ilam C. Kamboj
Asso. V. P. Legal & Company Secretary

Notes to the Financial Statements

for the year ended March 31, 2015

Note No. 1 - Corporate Information

Hero MotoCorp Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956 on January 19, 1984. The name of the Company has been changed from Hero Honda Motors Limited to Hero MotoCorp Limited on July 29, 2011. The shares of the Company are listed on two stock exchanges in India i.e. National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The Company is engaged in the manufacturing and selling of motorised two-wheelers, spare parts and related services. The Company is a leading two wheeler manufacturer and has a dominant presence in domestic market.

and the estimates are recognised in the periods in which the results are known / materialise.

iii) Operating Cycle

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

iv) 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. Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets.

Depreciation is charged on a pro-rata basis at the straight line method rates prescribed in Schedule II to the Companies Act, 2013. Assets covered under employee benefit schemes are amortised over a period of five years.

Intangible assets, comprising of expenditure on model fee etc, incurred are amortised on a straight line method over a period of five years. Licenses for Technical know-how / export licenses have been amortised on a straight line basis upto June 30, 2014 i.e forty two months (refer note 11).

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment.

Leasehold land has been amortised over the period of lease.

v) Preoperative expenses pending allocation

Expenses directly related to construction activity or incidental thereto, are allocated to fixed assets at the time of completion of the project.

vi) Investments

Current investments are stated at lower of cost and fair value computed categorywise. Long term investments are stated at cost less provision for diminution other than temporary, if any. Premium paid on purchase of debt securities is amortised over the period of maturity.

vii) Inventories

Raw materials and components, stores and spares, loose tools, 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

viii) Employee benefits

a) Defined contribution plan

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

Note No. 2 - Significant Accounting Policies

i) Accounting convention

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention.

ii) Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results

- 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.

ix) Employee share based payments

The Company has formulated Employee Stock Option Schemes (ESOS) in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Schemes provide for grant of options to employees of the Company to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period. In accordance with the SEBI Guidelines; the excess, if any, of the closing market price on the day prior to the grant of the options under ESOS over the exercise price is amortised on a straight-line basis over the vesting period.

x) 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.

The exchange differences arising on restatement / settlement of long-term

foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets or amortised on settlement / over the maturity period of such items in line with Notification No. GSR 378(E) dated May 11, 2011 issued by The Ministry of Corporate Affairs, Government of India.

In respect of forward contracts, the forward premium or discount is recognised as income or expense over the life of contract in the Statement of Profit and Loss 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 statement of profit and loss.

xi) Sales

Sale of goods is recognised on transfer of significant risk and reward of ownership to the buyer, which generally coincides with 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.

Sale of services is recognized on rendering of services as per contractual terms.

Scrap is accounted for on sale basis.

xii) Warranty claims

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claim will arise - being typically two to five years.

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

xiii) Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss.

xiv) 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.

Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Tangible Fixed Assets and Intangible Assets.

xv) Earnings per share

Earnings per share are computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year.

xvi) 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.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic

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for the year ended March 31, 2015

benefit associated with it will flow to the Company.

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.

xvii) Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date.

These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

xviii) 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.

Note No. 3 - Share capital

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number	₹ crores	Number	₹ crores
Authorised				
Equity shares of ₹ 2 each with voting rights	250,000,000	50.00	250,000,000	50.00
Cumulative convertible preference shares of ₹ 100 each	400,000	4.00	400,000	4.00
Cumulative redeemable preference shares of ₹ 100 each	400,000	4.00	400,000	4.00
	250,800,000	58.00	250,800,000	58.00
Issued, Subscribed and fully Paid up				
Equity Shares of ₹ 2 each with voting rights (Refer (i), (ii), (iii) and (iv) below)	199,687,500	39.94	199,687,500	39.94
Total	199,687,500	39.94	199,687,500	39.94

- (i) There is no movement in share capital during the year, previous year and immediately preceding previous year.
- (ii) Rights, preference and restriction attached to shares:
Equity shares of ₹ 2 each:
- In respect of equity shares, voting right shall be in same proportion as the capital paid upon such equity share.
 - The dividend proposed by the Board of Directors which is subject to the approval of the shareholders in the Annual General Meeting shall be in the same proportion as the capital paid upon such equity share.
 - In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion to capital paid upon such equity share.
- (iii) Shareholder holding more than 5 percent shares:

Particulars	Equity Shares As at March 31, 2015		Equity Shares As at March 31, 2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Mr. Brijmohan Lall Munjal *	12,396,842	6.21	12,396,842	6.21
Ms. Renu Munjal *	12,396,840	6.21	12,396,840	6.21
Mr. Suman Munjal *	12,396,840	6.21	12,396,840	6.21
Mr. Pawan Munjal *	12,396,840	6.21	12,396,840	6.21
Mr. Sunil Kant Munjal *	1,850,440	0.93	12,396,840	6.21
M/S Bahadur Chand Investments (P) Ltd	17,306,250	8.67	17,306,250	8.67
M/S BC India Private Investors	2,980,426	1.49	17,141,028	8.58

* Hold shares on behalf of Brijmohan Lall Om Prakash (partnership firm)

- (iv) Refer note no. 40 for details relating to stock options

Note No. 4 - Reserves and surplus

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
(a) Capital Reserves		
On shares forfeited (#₹ 4,250)	#	#
Share premium account on forfeited shares reissued(##₹ 25,500)	##	##
(b) Share options outstanding account	0.67	-
(c) General Reserve		
Opening balance	2,145.79	1,926.32
Add: Transferred on account of amalgamation**	-	4.47
Add: Transferred from Statement of profit and loss	250.00	215.00
Closing balance	2,395.79	2,145.79
(d) Surplus - in Statement of profit and loss		
Opening balance	3,414.14	3,039.98
Less: On account of depreciation as per Schedule II of Companies Act 2013*	22.97	-
	3,391.17	3,039.98
Add: Profit for the year	2,385.64	2,109.08
Less:		
Interim dividend - ₹ 30 per equity share (previous year ₹ Nil)**	599.06	1.16
Dividend proposed to be distributed to equity share holders (₹ 30 per share, (previous year ₹ 65 per share))	599.06	1,297.97
Tax on dividend**	223.76	220.79
Transfer to General Reserve	250.00	215.00
Closing balance	4,104.93	3,414.14
Total	6,501.39	5,559.93

* Represents depreciation (net of deferred tax ₹ 11.83 crores) on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life as at March 31, 2014.

** In previous year, as per the scheme of amalgamation, the Transferor Company i.e. Hero Investment Private Limited was entitled to utilise its income/available cash for declaration of payment of dividend to its shareholders until the effective date i.e. May 16, 2013 but after the appointed date i.e. January 1, 2013. Accordingly, the company declared and paid interim dividend of ₹ 1.16 crores (tax on dividend of ₹ 0.20 crore thereon) to its shareholders in accordance with the scheme.

Note No. 5 - Long term liabilities

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
Trade payables	31.33	24.45
Total	31.33	24.45

Note No. 6 - Deferred tax (assets)/ liabilities (net)

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
Deferred tax liabilities		
Others	6.31	4.80
	6.31	4.80
Deferred tax assets		
Accumulated depreciation	70.92	102.54
Accrued expenses deductible on payment	4.27	3.90
Others	4.66	4.34
	79.85	110.78
Deferred tax (assets)/ liabilities (net)	(73.54)	(105.98)

Notes to the Financial Statements

for the year ended March 31, 2015

Note No. 7 - Long term provisions

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
(a) Employees benefits - accumulated leaves	9.56	8.62
(b) Warranties	56.06	41.36
Total	65.62	49.98

Note No. 8 - Trade payables

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
Trade payables	2,841.87	2,290.59
Total	2,841.87	2,290.59

- (i) According to the records available with the Company, dues payable to entities that are classified as Micro and Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 during the year is ₹ Nil (previous year ₹ 0.01 crores). Further no interest has been paid or was payable to such parties under the said Act during the year.

Dues to Micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Company. This has been relied upon by the auditors.

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Note No. 9 - Other current liabilities

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
(a) Current maturities of deferred payment credits (unsecured) (Refer Note (i) below)	-	284.26
(b) Unclaimed dividend (Refer Note (ii) below)	61.29	51.09
(c) Other payables		
Statutory dues	99.95	81.50
Security deposits dealers and others	51.61	47.79
Advances from dealers	81.36	110.16
Other liabilities	13.28	13.28
Total	307.49	588.08

- (i) In year 2010-11, the Company has entered into a Memorandum of Understanding (MOU) with Honda Motor Company Limited Japan (Honda) for right and license to manufacture, assemble, sell and distribute certain products/parts and export license for certain products and their service parts under the intellectual property rights. Liability payable upto June 30, 2014 has been included under other current liabilities above.

- (ii) Unclaimed dividend does not include any amount outstanding as on March 31, 2015 which are required to be credited to the Investor Education and Protection Fund (Fund).

Note No. 10 - Short term provisions

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
(a) Employees benefits - accumulated leaves	2.79	2.85
(b) Provisions -Others		
Taxation	-	15.67
Warranties	10.26	7.25
Proposed equity dividend	599.06	1,297.97
Tax on proposed dividend	121.95	220.59
Total	734.06	1,544.33

Note No. 11 - Fixed assets

Particulars	Gross Block			Accumulated depreciation/amortisation				Net block			
	Opening balance as at April 1, 2014	Additions	Deletions/adjustments	Closing balance as at March 31, 2015	Opening balance as at April 1, 2014	Depreciation/amortisation charge for the year	On disposals	Other/transition adjustments*	Upto March 31, 2015	As at March 31, 2015	As at March 31, 2014
(a) Tangible assets											
Land											
- Freehold	82.80	-	-	82.80	-	-	-	-	-	82.80	82.80
- Leasehold#	200.01	0.20	-	200.21	11.38	3.08	-	-	14.46	185.75	188.63
Buildings	497.19	437.55	0.09	934.65	116.23	27.77	0.04	18.49	162.45	772.20	380.96
Plant and equipment	2,437.30	765.67	53.35	3,149.62	1,293.89	208.69	31.48	6.28	1,477.38	1,672.24	1,143.41
Furniture and fixtures	22.48	8.63	1.00	30.11	7.73	2.81	0.88	0.70	10.36	19.75	14.75
Vehicles	38.47	4.30	8.64	34.13	19.34	4.75	5.87	0.11	18.33	15.80	19.13
Office equipment	22.77	9.78	0.25	32.30	5.64	5.16	0.23	5.52	16.09	16.21	17.13
Data Processing equipment	114.52	25.94	0.70	139.76	64.06	19.08	0.66	3.74	86.22	53.54	50.46
Total	3,415.54	1,252.07	64.03	4,603.58	1,518.27	271.34	39.16	34.84	1,785.29	2,818.29	1,897.27
(b) Intangible assets											
Model fee	535.81	-	-	535.81	422.03	57.00	-	-	479.03	56.78	113.78
Technical know-how/ export licenses**	2,892.59	3.08	-	2,895.67	2,694.66	201.01	-	-	2,895.67	-	197.93
Software	65.00	13.97	-	78.97	30.73	10.62	-	-	41.35	37.62	34.27
Total	3,493.40	17.05	-	3,510.45	3,147.42	268.63	-	-	3,416.05	94.40	345.98
Total (a+b)	6,908.94	1,269.12	64.03	8,114.03	4,665.69	539.97	39.16	34.84	5,201.34	2,912.69	2,243.25
(c) Capital work in progress @											
- Including intangible assets under development (crores)										712.55	854.11
										3,625.24	3,097.36

Note :

* Includes ₹ 0.04 crore (Previous year ₹ 0.20 crore) transferred to Pre-operative expenditure.

** Includes ₹ 34.80 crores being depreciation adjusted in the statement of profit and loss on transition to Schedule II of The Companies Act, 2013 on tangible fixed assets with nil remaining life as at March 31, 2014.

Includes land of ₹ 15.84 crores at Halol (Gujrat) and ₹ 78.36 crores at Jaipur pending registration in the name of the Company.

*** Includes net increase of ₹ 3.08 crores (previous year net increase of ₹ 46.86 crores) due to fluctuation in exchange rates.

@ Including pre-operative expenses ₹ 1.37 crores (previous year ₹ 7.97 crores) relating to salaries, wages and other related project expenses of Neemrana plant (refer note no. 38).

** In line with Notification No. G.S.R. 378 (E) dated May 11, 2011 issued by The Ministry of Corporate Affairs, Government of India, the exchange differences arising after April 1, 2007 on reporting of long term foreign currency monetary items at rates at the end of year compared to those at which they were initially recorded, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, have been added to or deducted from the cost of the asset and is depreciated over the balance useful life of the asset.

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for the year ended March 31, 2015

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Note No. 11 - Fixed assets (continued)

Particulars	Gross Block			Accumulated depreciation/amortisation				Net block As at March 31, 2014
	Opening balance as at April 1, 2013	Additions	Deletions/ adjustments	Closing balance as at March 31, 2014	Opening balance as at April 1, 2013	Depreciation/ amortisation charge for the year	On disposals	
(d) Tangible assets								
Land								
- Freehold	82.80	-	-	82.80	-	-	-	82.80
- Leasehold#	184.17	15.84	-	200.01	9.46	1.79	0.13	188.63
Buildings	485.56	12.71	1.08	497.19	101.10	15.38	-	380.96
Plant and equipment	2,313.38	185.27	61.35	2,437.30	1,162.23	178.23	46.60	1,143.41
Furniture and fixtures	21.65	3.71	2.88	22.48	8.98	1.35	2.62	14.75
Vehicles	39.60	4.40	5.53	38.47	18.42	5.14	4.22	19.13
Office equipment	18.78	4.00	0.01	22.77	4.65	0.99	-	17.13
Data Processing equipment	102.13	14.86	2.47	114.52	51.47	14.85	2.28	50.46
Total	3,248.07	240.79	73.32	3,415.54	1,356.31	217.73	55.97	1,897.27
(e) Intangible assets								
Model fee	535.81	-	-	535.81	353.96	68.07	-	113.78
Technical know-how/ export licenses*	2,845.73	46.86	-	2,892.59	1,881.56	813.10	-	197.93
Software	55.46	9.54	-	65.00	22.26	8.47	-	34.27
Total	3,437.00	56.40	-	3,493.40	2,257.78	889.64	-	345.98
Total (d+e)	6,685.07	297.19	73.32	6,908.94	3,614.09	1,107.37	55.97	2,243.26
(f) Capital work in progress @								854.11
- Including intangible assets under development	₹ 288.71 crores (previous year ₹ Nil)							3,097.36

Note :

Includes land of ₹ 15.84 crores at Halol (Gujrat) and ₹ 78.36 crores at Jaipur pending registration in the name of the Company.

* Includes net increase of ₹ 46.86 crores (previous year net decrease of ₹ 43.86 crores) due to fluctuation in exchange rates.

** Includes ₹ 0.20 crore (Previous year ₹ Nil) transferred to Pre-operative expenditure (pending allocation).

@ Including pre-operative expenses ₹ 7.97 crores (previous year ₹ 0.23 crore) relating to salaries, wages and other related project expenses of Neemrana plant (refer note no 38).

* In line with Notification No. G.S.R. 378 (E) dated May 11, 2011 issued by The Ministry of Corporate Affairs, Government of India, the exchange differences arising after April 1, 2007 on reporting of long term foreign currency monetary items at rates at the end of year compared to those at which they were initially recorded, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, have been added to or deducted from the cost of the asset and is depreciated over the balance useful life of the asset.

Note No. 12 - Investments

₹ crores

	Units as at	Units as at	As at March 31, 2015		As at March 31, 2014	
	March 31, 2015	March 31, 2014	Current	Non Current	Current	Non Current
Long Term Investments (At Cost unless otherwise stated)						
Trade						
Investment in equity instruments						
Unquoted						
of Subsidiaries						
Face Value of USD 1 each						
HMCL Netherlands B.V	12,555,000	-	-	76.42	-	-
Face Value of ₹ 10 each						
HMC MM Auto Limited	12,869,993	1,799,993	-	12.87	-	1.80
HMCL(N A),Inc.(No par Value)	2,466	2,466	-	155.38	-	155.38
			-	244.67	-	157.18
Less: Provision for diminution			-	(155.04)	-	-
			-	89.63	-	157.18
of Associates						
Face Value of ₹ 10 each						
Hero FinCorp Limited	21,910,300	7,310,300	-	224.37	-	56.47
			-	224.37	-	56.47
Non Trade						
Investment in equity instruments						
of Other Entities						
Face Value of ₹ 1 each						
Bombay Stock Exchange Limited	140,400	140,400	-	5.94	-	5.94
Investment in preference shares						
of Other Entities						
Face Value of ₹ 1,000 each						
Tata Capital Limited	100,000	100,000	-	10.00	-	10.00
Total Investment in Equity Shares			-	15.94	-	15.94
Investment in debentures / bonds						
Quoted						
Face Value of ₹ 1,000 each						
12.25% Muthoot Finance Limited-Maturity-14.09.2016	500,000	500,000	-	49.79	-	49.79
12.15% Religare Finvest Limited-Maturity-23.09.2014	-	250,000	-	-	25.00	-
7.34% HUDCO -Maturity-16.02.2023	250,000	250,000	-	25.00	-	25.00
7.18% IRFC -Maturity-19.02.2023	250,000	250,000	-	25.00	-	25.00
8.18% NHPC Tax Free Bonds-Maturity-02.11.2023	161,050	-	-	16.10	-	-
8.51% HUDCO Tax Free Bonds-Maturity-13.01.2024	250,000	-	-	25.00	-	-
8.18% PFC Tax Free Bonds-Maturity-16.11.2023	323,890	-	-	32.39	-	-
Face Value of ₹ 1,00,000 each						
6.70% IRFC Bonds -Maturity-08.03.2020	1,500	1,500	-	15.23	-	15.23
Face Value of ₹ 5,00,000 each						
10.70% Tata Motors Finance Limited-Maturity-28.04.2020	138	138	-	7.18	-	7.18
10.70% Tata Motors Finance Limited-Maturity-10.04.2020	400	400	-	20.82	-	20.82
Face Value of ₹ 10,00,000 each						
8.45% Rural Electrification Corporation -Maturity-19.02.2015	-	200	-	-	20.07	-
13% Religare Finvest Limited-Maturity-30.05.2017	100	100	-	10.00	-	10.00
14% Religare Enterprise Limited-Maturity-30.06.2017	375	-	-	38.34	-	-
Zero Coupon Bonds						
Rural Electrification Corporation Ltd NCD @ 13,578 maturity ₹ 30,000 per bond-Maturity-15.12.2020	37,000	37,000	-	50.24	-	50.24
			-	315.09	45.07	203.26

Notes to the Financial Statements

for the year ended March 31, 2015

Note No. 12 - Investments

₹ crores

	Units as at		As at March 31, 2015		As at March 31, 2014	
	March 31, 2015	March 31, 2014	Current	Non Current	Current	Non Current
Less: Provision for diminution/amortisation			-	(0.88)	(0.06)	(0.51)
Market value Current ₹ Nil and Non Current ₹ 318.73 crores (previous year Current ₹ 45.19 crores and Non Current ₹ 207.73 crores)			-	314.21	45.01	202.75
Listed -Quoted But Not Traded						
Face Value of ₹ 1,000 each						
8.18% NHPC Tax Free Bonds-Maturity-02.11.2023	-	161,050	-	-	-	16.11
8.18% PFC Tax Free Bonds-Maturity-16.11.2023	-	323,890	-	-	-	32.39
8.51% HUDCO Tax Free Bonds-Maturity-13.01.2024	-	250,000	-	-	-	25.00
Face Value of ₹ 100,000 each						
12.00% Shriram Transport NCD -Maturity-18.07.2014	-	1,300	-	-	13.85	-
Face Value of ₹ 1,000,000 each						
8.91% L&T Finance Limited-Maturity-15.04.2016	150	150	-	15.00	-	15.00
			-	15.00	13.85	88.50
Less: Provision for diminution/amortisation			-	-	(0.80)	-
Maturity Value Current ₹ Nil and Non Current ₹ 15.00 crores (previous year Current ₹ 13.00 crores and Non Current ₹ 88.50 crores)			-	15.00	13.05	88.50
Zero Coupon Bonds						
National Bank For Agriculture and Rural Development						
Bhavishya Nirman Bonds @ 8,182 each						
A 10 Year Zero Coupon Bond of NABARD-maturity ₹ 20,000 per bond	50,200	50,200	-	41.07	-	41.07
Maturity Value Non Current ₹ 100.40 crores (previous year Non Current ₹ 100.40 crores)			-	41.07	-	41.07
Total Investment in debentures / bonds			-	370.28	58.06	332.32
Investment in Mutual Funds						
Listed -Quoted But Not Traded						
Debt fund						
(Units of the face value of ₹ 10 each)						
ICICI Prudential Mutual Fund						
Interval Fund Annual Interval Plan IV Institutional Cumulative	-	10,294,508	-	-	12.00	-
FMP Series 64-3 Years Plan I Cumulative	10,000,000	10,000,000	10.00	-	-	10.00
FMP Series 65-502 Days Plan C Cumulative	-	10,000,000	-	-	10.00	-
FMP Series 66-420 Days Plan A Direct Plan Cumulative	-	25,000,000	-	-	25.00	-
Interval Fund Annual Interval Plan 1 Institutional Cumulative	-	21,168,142	-	-	25.00	-
FMP Series 71-366 Days Plan C Direct Plan Cumulative	17,500,000	20,000,000	-	17.50	20.00	-
FMP Series 72-366 Days Plan I Direct Plan Cumulative	-	15,000,000	-	-	15.00	-
FMP Series 73-391 Days Plan G Direct Plan Cumulative	16,000,000	16,000,000	16.00	-	-	16.00
Birla Sunlife Mutual Fund						
Fixed Term Plan-Series GT (366 Days) -Gr.-Direct	-	27,784,500	-	-	27.78	-
Interval Income Fund-Annual Plan VIII-Gr.-Direct	-	20,000,000	-	-	20.00	-
Fixed Term Plan-Series IL(368 days)-Gr.-Direct	-	20,000,000	-	-	20.00	-
Fixed Term Plan-Series IO(368 days)-Gr.-Direct	-	20,000,000	-	-	20.00	-
Fixed Term Plan-Series JE (368 days)-Gr.-Direct	-	21,725,000	-	-	21.73	-
Fixed Term Plan-Series JY (367 days)-Gr.-Direct	15,000,000	15,000,000	-	15.00	15.00	-
Fixed Term Plan-Series KD (367 days)-Gr.-Direct	-	16,400,550	-	-	16.40	-
Fixed Term Plan-Series KO (399 days)-Gr.-Direct	25,000,000	25,000,000	25.00	-	-	25.00
IDFC Mutual Fund						
Yearly Series Interval Fund Regular Plan-Series I-Growth	25,000,000	25,000,000	25.00	-	25.00	-
Yearly Series Interval Fund Direct Plan-Series II-Growth	25,000,000	25,000,000	25.00	-	25.00	-
Fixed Term Plan Series 9 Direct Plan-Growth	-	25,000,000	-	-	25.00	-

Note No. 12 - Investments

₹ crores

	Units as at	Units as at	As at March 31, 2015		As at March 31, 2014	
	March 31, 2015	March 31, 2014	Current	Non Current	Current	Non Current
Fixed Term Plan Series 65 Direct Plan-Growth	-	15,000,000	-	-	15.00	-
Fixed Term Plan Series 86 Direct Plan-Growth	20,000,000	20,000,000	20.00	-	-	20.00
Reliance Mutual Fund						
Fixed Horizon Fund -XXII-Series 21-Growth Plan	-	20,000,000	-	-	20.00	-
Annual Interval Fund -Series I-Institutional Plan Growth	-	40,825,730	-	-	44.97	-
Annual Interval Fund -Series I-Direct Growth Plan Growth Option	22,822,076	-	30.00	-	-	-
Fixed Horizon Fund -XXII-Series 34-Growth Plan	5,000,000	5,000,000	5.00	-	-	5.00
Fixed Horizon Fund -XXIII-Series 5-Direct Plan-Growth Plan	-	15,000,000	-	-	15.00	-
Fixed Horizon Fund -XXIV-Series 1-Direct Growth Plan	-	20,000,000	-	-	20.00	-
Interval Fund II-Series 3-Direct Plan Growth Plan	20,000,000	20,000,000	20.00	-	20.00	-
Interval Fund II-Series 4-Direct Plan Growth Plan	20,000,000	20,000,000	20.00	-	20.00	-
Fixed Horizon Fund -XXIV-Series 25-Direct Plan-Growth Plan	22,500,000	28,750,000	-	22.50	28.75	-
Fixed Horizon Fund -XXV-Series 2-Direct Plan-Growth Plan	-	20,000,000	-	-	20.00	-
Fixed Horizon Fund -XXV-Series 15-Direct Plan Growth Plan	40,000,000	40,000,000	-	40.00	-	40.00
Fixed Horizon Fund -XXV-Series 20-Direct Plan Growth Plan	20,000,000	20,000,000	-	20.00	-	20.00
Fixed Horizon Fund -XXV-Series 30-Direct Plan Growth Plan	25,000,000	25,000,000	25.00	-	-	25.00
Fixed Horizon Fund -XXVII-Series 11-Direct Plan Growth Plan	20,000,000	-	-	20.00	-	-
BNP Paribas Mutual Fund						
Fixed Term Fund Ser 24 A Direct Growth	-	20,000,000	-	-	20.00	-
Religare Mutual Fund						
Fixed Maturity Plan Series XVII-Plan D (399 Days)-Direct Plan	-	15,000,000	-	-	15.00	-
Fixed Maturity Plan Series XIV-Plan F (1098 Days)-Direct Plan	13,500,000	-	-	13.50	-	-
UTI Mutual Fund						
Fixed Term Income Fund Series XVII-XIII(369 Days)-Direct Growth Plan	-	27,283,000	-	-	27.28	-
Taurus Mutual Fund						
Fixed Maturity Plan 377 Days Series Z-Direct Plan Growth	-	5,036,817	-	-	5.04	-
L&T Mutual Fund						
FMP-VII (February 419 D A) Direct Plan Growth	-	15,000,000	-	-	15.00	-
FMP-VII (March 13 M A) Direct Plan Growth	-	15,000,000	-	-	15.00	-
FMP 8- Plan A- Direct Growth	-	15,000,000	-	-	15.00	-
FMP-VII (March 381 D A) Direct Plan Growth	-	10,000,000	-	-	10.00	-
FMP 8- Plan G- Direct Growth	-	10,291,784	-	-	10.29	-
FMP Series 9- Plan D- Direct Growth	10,000,000	25,000,000	-	10.00	25.00	-
FMP Series 9- Plan G- Direct Growth	-	20,000,000	-	-	20.00	-
FMP Series 10- Plan A- Direct Growth	-	6,000,000	-	-	6.00	-
FMP Series 10- Plan D- Direct Growth	-	10,000,000	-	-	10.00	-
FMP Series 10- Plan H- Direct Growth	10,000,000	10,000,000	10.00	-	-	10.00
FMP Series 10- Plan M- Direct Growth	10,000,000	10,000,000	10.00	-	-	10.00
FMP Series 10- Plan Q- Direct Growth	25,000,000	25,000,000	25.00	-	-	25.00
J P Morgan Mutual Fund						
Fixed Maturity Plan Series 302 Growth	10,000,000	10,000,000	10.00	-	-	10.00
Deutsche Mutual Fund						
Fixed Maturity Plan -Series 23-Direct Plan-Growth	-	25,000,000	-	-	25.00	-
Fixed Maturity Plan -Series 43-Direct Plan-Growth	-	25,000,000	-	-	25.00	-
Fixed Maturity Plan -Series 42-Direct Plan-Growth	-	25,000,000	-	-	25.00	-
Fixed Maturity Plan Series 46-Direct Plan-Growth	-	15,000,000	-	-	15.00	-

Notes to the Financial Statements

for the year ended March 31, 2015

Note No. 12 - Investments

₹ crores

	Units as at	Units as at	As at March 31, 2015		As at March 31, 2014	
	March 31, 2015	March 31, 2014	Current	Non Current	Current	Non Current
Fixed Maturity Plan Series 48-Direct Plan-Growth	-	10,000,000	-	-	10.00	-
Fixed Maturity Plan Series 51-Direct Plan-Growth	-	10,000,000	-	-	10.00	-
Fixed Maturity Plan Series 54-Direct Plan-Growth	10,000,000	10,000,000	10.00	-	-	10.00
Fixed Maturity Plan Series 57-Direct Plan-Growth	20,000,000	20,000,000	20.00	-	-	20.00
(Units of the face value of ₹ 1,000 each)						
Pramerica Mutual Fund						
Fixed Duration Fund series 5-Direct Plan-Growth option	-	100,000	-	-	10.00	-
Fixed Duration Fund series 13-Direct Plan-Growth option	-	50,000	-	-	5.00	-
Total Investment in Mutual Funds			306.00	158.50	845.24	246.00
Repurchase Price Current ₹ 346.01 crores and Non Current ₹ 176.16 crores (previous year Current ₹ 906.56 crores and Non Current ₹ 251.62 crores)						
Total Long Term Investments			306.00	858.72	903.30	807.91
Other than Long Term Investments (At lower of cost or fair value)						
Non Trade						
Investment in debentures / bonds						
Quoted						
Face Value of ₹ 1,000 each						
12.15% Religare Finvest Ltd 12.15NCD 23SEP14	-	50,000	-	-	5.01	-
Face Value of ₹ 1,000,000 each						
9.20% Bank of Baroda RR Perpetual BD 09.10.2019	50	50	-	5.15	-	5.15
8.60% Sardar Sarovar Narmada Nigam Limited 09MR 15	-	260	-	-	6.61	-
			-	5.15	11.62	5.15
Less: Provision for diminution/amortisation			-	(0.09)	(0.14)	(0.18)
Market value Current ₹ Nil and Non Current ₹ 5.06 crores (previous year Current ₹ 11.48 crores and Non Current ₹ 4.97 crores)			-	5.06	11.48	4.97
Investment in Mutual Funds						
Listed -Quoted But Not Traded						
Debt fund						
(Units of the face value of ₹ 10 each)						
IDFC Mutual Fund						
Interval Fund Direct Plan -Series IV-Growth	-	5,000,000	-	-	5.00	-
Reliance Mutual Fund						
Interval Fund I-Half Yearly Interval Fund-Series 2-Direct Plan Growth Plan	-	4,767,263	-	-	5.00	-
Repurchase Price Current ₹ Nil (previous year ₹ 10.08 crores)			-	-	10.00	-
Unquoted						
Debt fund						
(Units of the face value of ₹ 10 each)						
ICICI Prudential Mutual Fund						
Short Term Plan Inst. Growth	-	11,770,847	-	-	25.01	-
Blended Plan B-Direct Plan-Growth Option-I	24,817,467	39,120,303	50.00	-	70.50	-
Banking and PSU Debt Fund-Direct Plan-Growth	-	62,782,668	-	-	84.96	-
Birla Sunlife Mutual Fund						
Dynamic Bond Fund- Retail- Growth	90,522,800	90,522,800	164.32	-	164.32	-
Short Term Fund -Growth-Direct Plan	-	11,321,095	-	-	50.00	-
IDFC Mutual Fund						
SSIF-Short Term -Plan C-Growth	-	43,198,719	-	-	50.45	-
SSIF Medium Term -Plan B -Growth	-	16,729,050	-	-	20.04	-

Note No. 12 - Investments

₹ crores

	Units as at	Units as at	As at March 31, 2015		As at March 31, 2014	
	March 31, 2015	March 31, 2014	Current	Non Current	Current	Non Current
SSIF-Investment Plan-Growth-(Direct Plan)	-	8,621,462	-	-	25.00	-
Dynamic Bond Fund-Growth-(Direct Plan)	-	34,410,485	-	-	50.00	-
Dynamic Bond Fund-Growth-(Regular Plan)	-	18,776,803	-	-	25.00	-
Banking Debt Fund-Direct plan-Growth	-	19,980,419	-	-	20.00	-
Arbitrage Fund -Dividend-(Direct Plan)	-	24,379,222	-	-	30.75	-
Reliance Mutual Fund						
Short Term Growth Plan	-	14,056,349	-	-	29.00	-
Short Term Fund-Direct Growth Plan Growth Option	-	11,254,265	-	-	25.00	-
Dynamic Bond Fund-Direct Plan-Growth Plan	-	28,884,863	-	-	48.00	-
Floating Rate Fund Short Term Plan-Growth	-	27,897,922	-	-	50.28	-
Floating Rate-Short Term Plan -Direct Growth Plan	46,942,186	63,838,312	94.85	-	123.84	-
Corporate Bond Fund-Direct Growth Plan	32,000,000	-	32.00	-	-	-
UTI Mutual Fund						
Short Term Income Fund Institutional Growth Option	-	15,314,052	-	-	20.00	-
L&T Mutual Fund						
Floating Rate Fund Direct Plan-Growth	14,422,938	14,422,938	16.67	-	16.67	-
Ultra Short Term Fund Direct Plan-Growth	-	89,916,686	-	-	179.15	-
Income Opportunities Fund Direct Plan-Growth	28,271,410	15,046,871	40.00	-	20.00	-
Triple Ace Bond Fund-Bonus-Original	5,363,713	5,363,713	6.67	-	6.67	-
JP Morgan Mutual Fund						
India Active Bond Fund Retail-Growth	-	3,981,937	-	-	5.00	-
Short Term Income Fund -Direct Plan-Growth	-	19,155,767	-	-	25.00	-
BNP Paribas Mutual Fund						
MediumTerm Income Fund Direct Plan Growth	25,000,000	25,000,000	25.00	-	25.00	-
Deutsche Mutual Fund						
Banking & PSU Debt Fund-Direct Plan-Growth	-	34,685,620	-	-	35.00	-
Treasury Fund-Investment-Direct Plan Bonus	9,238,367	9,238,367	9.19	-	9.19	-
Short Maturity Fund Direct Plan-Annual Bonus	4,614,440	4,614,440	6.67	-	6.67	-
Ultra Short Term Fund-Direct Plan-Annual Bonus	8,868,007	8,868,007	8.83	-	8.83	-
Cash Opportunities Fund-Direct Plan-Annual Bonus	10,389,886	10,389,886	10.17	-	10.17	-
Arbitrage Fund-Direct Plan-Growth	19,761,318	-	20.08	-	-	-
SBI Mutual Fund						
Dual Advantage Fund -Series VII- Direct-Growth	15,000,000	-	15.00	-	-	-
Dual Advantage Fund -Series VIII- Direct-Growth	25,000,000	-	25.00	-	-	-
(Units of the face value of ₹ 100 each)						
ICICI Prudential Mutual Fund						
Flexible Income-Regular Plan-Growth	-	1,626,944	-	-	27.86	-
Flexible Income-Direct Plan -Growth	-	2,133,884	-	-	49.38	-
(Units of the face value of ₹ 1,000 each)						
Reliance Mutual Fund						
Money Manager Fund-Growth Plan-Growth Option	646,368	1,310,126	80.12	-	162.41	-
Pramerica Mutual Fund						
Credit Opportunities Fund -Growth	-	70,000	-	-	7.00	-
Dynamic Bond Fund-Growth Plan	-	50,000	-	-	5.00	-
Ultra Short Term Bond Fund Direct Plan Growth Option	-	394,855	-	-	50.00	-
Religare Mutual Fund						
Bank Debt Fund-Growth	-	100,000	-	-	10.00	-
Active Income Fund Growth	-	184,838	-	-	25.00	-
Credit Opportunities Fund Direct Plan-Growth	312,215	-	50.00	-	-	-
DSP BlackRock Mutual Fund						
Strategic Bond Fund -Institutional Plan-Growth	-	190,666	-	-	24.20	-
Strategic Bond Fund -Direct Plan-Growth	-	176,115	-	-	25.00	-

Notes to the Financial Statements

for the year ended March 31, 2015

Note No. 12 - Investments

₹ crores

	Units as at	Units as at	As at March 31, 2015		As at March 31, 2014	
	March 31, 2015	March 31, 2014	Current	Non Current	Current	Non Current
Repurchase Price Current ₹ 787.14 crores (previous year Current ₹ 1,842.15 crores)			654.57	-	1,645.35	-
Equity fund						
(Units of the face value of ₹ 10 each)						
L&T Mutual Fund						
Business Cycles Fund Direct Growth	3,000,000	-	3.00	-	-	-
Repurchase Price Current ₹ 3.73 crores (previous year Current ₹ Nil)			3.00	-	-	-
Liquid fund						
(Units of the face value of ₹ 10 each)						
Escorts Mutual Fund						
Liquid Direct Plan-Growth	8,815,873	29,106,997	16.51	-	54.51	-
(Units of the face value of ₹ 100 each)						
ICICI Prudential Mutual Fund						
Liquid Direct plan-Growth	2,415,432	2,636,293	50.00	-	50.00	-
Birla Sunlife Mutual Fund						
Cash Plus-Growth-Direct Plan	12,985,185	2,433,114	290.60	-	50.00	-
(Units of the face value of ₹ 1,000 each)						
Reliance Mutual Fund						
Liquidity Fund- Direct Growth Plan Growth Option	1,559,790	1,146,882	327.20	-	221.40	-
Taurus Mutual Fund						
Liquid Fund-Direct Plan-Super Institutional Growth	330,345	-	50.00	-	-	-
IDFC Mutual Fund						
Cash Fund -Growth-(Direct Plan)	734,163	1,513,918	124.75	-	235.70	-
L&T Mutual Fund						
Liquid Fund Direct Plan-Growth	208,656	-	40.00	-	-	-
Axis Mutual Fund						
Liquid Fund-Direct Plan-Growth	1,794,407	662,821	277.70	-	94.15	-
Kotak Mutual Fund						
Liquid Scheme Plan A-Direct Plan-Growth	352,834	-	100.00	-	-	-
Principal Mutual Fund						
Cash Management Fund-Direct Plan-Growth	367,952	-	50.00	-	-	-
Repurchase Price Current ₹ 1,333.33 crores (previous year Current ₹ 710.28 crores)			1,326.76	-	705.76	-
Total Investment in Mutual Funds			1,984.33	-	2,361.11	-
Total Other than Long Term Investments			1,984.33	5.06	2,375.59	4.97
			2,290.33	863.78	3,275.89	812.88

Note No. 12 - Investments

₹ crores

	As at March 31, 2015		As at March 31, 2014	
	Book value	Market value	Book value	Market value
Aggregate value of				
Quoted investments -Non Current(Repurchase Price/Market Value/Maturity Value)	534.81	615.34	583.98	653.22
Quoted investments-Current (Repurchase Price/Market Value/Maturity Value)	306.00	346.01	925.78	986.31
Unquoted investments-Non Current (Repurchase Price/Maturity Value/Cost)	484.98	329.94	229.59	229.59
Unquoted investments-Current (Repurchase Price/Maturity Value/Cost)	1,984.33	2,124.20	2,351.11	2,552.43
Diminution/amortisation-Non Current	(156.01)	-	(0.69)	-
Diminution/amortisation-Current	-	-	(1.00)	-
	3,154.11	3,415.49	4,088.77	4,421.55

Note No. 13 - Long - term loans and advances

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
Unsecured, considered good		
Capital advances	181.13	149.89
Security Deposits	18.39	9.32
Loans to employees	30.09	24.90
Prepaid expenses	0.46	0.61
Advance income tax	85.19	-
Balance with Government authorities		
- Excise duty	45.84	45.03
- VAT/ sales tax	255.72	247.64
Total	616.82	477.39

Note No. 14 - Other non -current assets

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
Unsecured, considered good		
Accruals		
Interest accrued on investments	60.19	47.81
Total	60.19	47.81

Note No. 15 - Inventories *

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
Raw materials and components	512.98	371.49
Goods in transit of raw materials and components	38.25	74.37
Work in progress (Two wheelers)	31.60	36.19
Finished goods		
- Two wheelers	103.37	68.26
- Goods in transit of two wheelers	2.76	-
- Spare parts	44.21	42.65
Stores and spares	63.92	62.37
Loose tools	18.40	14.22
Total	815.49	669.55

* Lower of cost and net realisable value.

Note No. 16 - Trade receivables

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
(a) Outstanding for a year exceeding six months from the date they were due for payment		
Secured, considered good	3.24	1.25
Unsecured, considered good	12.09	4.70
Unsecured considered doubtful	11.10	10.40
	26.43	16.35
Less: Provision for doubtful trade receivables	11.10	10.40
	15.33	5.95
(b) Others		
Secured, considered good	23.44	20.96
Unsecured, considered good	1,350.82	893.67
Total	1,389.59	920.58

Notes to the Financial Statements

for the year ended March 31, 2015

Note No. 17 - Cash and cash equivalents

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
(a) Cash on hand	0.17	0.29
(b) Balances with banks		
In current accounts	32.61	15.28
In deposit accounts*	65.19	50.84
In dividend current accounts (Earmarked accounts)	61.28	51.09
Total	159.25	117.50

* Balance with banks include deposits amounting to ₹ 28.19 crores (previous year ₹ 50.84 crores) which have an original maturity of more than 12 months and now maturing during the year.

* The Company had placed fixed deposits aggregating ₹ 25.00 crores with Dena Bank on February 18, 2014. Subsequent thereto, it was brought to the notice of the Company that money had been fraudulently withdrawn by pledging fictitious copies of such fixed deposit receipts with concern bank. The Company has filed a recovery suit which is pending in honourable Delhi High Court against the bank. In the interim the Bank has renewed the deposits for a year (along with interest earned thereon) aggregating ₹ 27.28 crores (Previous year ₹ 25.00 crores).

Note No. 18 - Short - term loans and advances

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
Unsecured, considered good		
Loans and advances to related party		
- Inter corporate deposits	-	220.00
Security deposits	0.62	1.07
Loans and advances to employees	23.86	18.36
Prepaid expenses	28.85	34.23
Balance with Government authorities		
- CENVAT/ Service tax credit	281.83	94.33
- VAT/ sales tax	114.21	50.72
- Excise duty -current account	0.38	0.66
- Export incentive receivables	21.90	16.98
Others		
- Advance to vendors	91.95	108.91
- Others	4.06	5.05
Total	567.66	550.31

Note No. 19 - Other current assets

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
Unsecured, considered good		
(a) Accruals		
Interest accrued on investments	17.86	17.41
Incentive on investment made in Neemrana plant from Rajasthan state Government	30.78	-
Other accruals	11.17	4.64
Total	59.81	22.05

Note No. 20 - Revenue From Operations

₹ crores

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
(a) Sale of products		
Two wheelers (66,31,826 Nos. (previous year 62,45,960 Nos.))	26,789.45	25,041.15
Spare parts	2,278.79	1,964.11
	29,068.24	27,005.26
Less: Excise duty	1,717.64	1,880.35
	27,350.60	25,124.91
(b) Income from services		
Dealers support services	25.81	25.72
Goodlife program for customers	60.99	60.85
Services - others	80.60	34.38
	167.40	120.95
(c) Other operating revenue		
Duty drawback and other incentives	24.51	21.69
Incentive on investment made in Neemrana plant from Rajasthan state Government	30.78	-
Miscellaneous income	12.01	7.92
	67.30	29.61
	234.70	150.56
Total	27,585.30	25,275.47

Note No. 21 - Other Income

₹ crores

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
(a) Interest income		
Intercorporate deposits	1.85	7.16
Current - Non trade investments	1.29	3.59
Long term - Non trade investments	49.08	49.51
Others	97.01	83.11
(b) Dividend income		
Current investments - Non trade	1.50	0.69
Long term investments - Trade	2.19	2.19
Long term investments - Non trade	0.06	0.06
(c) Net gain on sale of non trade: *		
Current investments	240.30	221.70
Long term investments	79.57	77.69
(d) Other Non operating Income		
Profit on sale of fixed assets	0.68	0.68
Exchange fluctuation	19.21	-
Total	492.74	446.38

* After adjusting loss on sale of current investments aggregating ₹ 0.21 crore (previous year ₹ 1.26 crores).

Notes to the Financial Statements

for the year ended March 31, 2015

Note No. 22 - Cost of materials consumed

₹ crores

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
(a) Raw materials and components consumed:		
Opening stock	445.86	411.27
Add: Purchase of raw materials and components	19,981.12	18,363.26
	20,426.98	18,774.53
Less: closing stock	551.23	445.86
	19,875.75	18,328.67
Less: - Sale of components to ancillaries on cost to cost basis	1.09	14.29
	19,874.66	18,314.38
Less: Cash discount	61.56	69.43
Consumption of raw materials and components	19,813.10	18,244.95
Less: Scrap sales	29.22	23.42
Net consumption	19,783.88	18,221.53
Materials consumed comprises		
Steel sheets	30.55	44.33
Components	19,844.11	18,270.05
Total	19,874.66	18,314.38

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Note No. 23 - Changes in inventory of finished goods and work-in-progress

₹ crores

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
(a) Opening stock		
Two wheelers	68.26	99.36
Spare parts	42.65	25.86
Work in progress	36.19	30.51
	147.10	155.73
Less: Excise duty on opening stock	14.28	14.55
Net opening stock	132.82	141.18
(b) Closing stock		
Two wheelers	106.13	68.26
Spare parts	44.21	42.65
Work in progress	31.60	36.19
	181.94	147.10
Less: Excise duty on closing stock	19.15	14.28
Net closing stock	162.79	132.82
Net (increase)/ decrease	(29.97)	8.36

Note No. 24 - Employee benefits expenses

₹ crores

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Employee benefits expenses (Refer (i) & (ii) below)		
(i) Salaries and wages	1,024.92	818.55
(ii) Contribution to provident and other funds	80.91	51.65
(iii) Employee Stock Compensation Cost (refer note no 40)	0.67	-
(iv) Staff welfare expenses	66.37	59.84
Total	1,172.87	930.04
	2014-15	2013-14
(i) Defined contribution and other plans		
Employer's contribution to provident fund	38.26	30.56
Employer's contribution to superannuation fund	16.60	12.91
Employer's contribution to Gratuity fund	23.71	6.24
Employer's contribution to ESIC	2.34	1.94
Total	80.91	51.65

(ii) 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 year of employment i.e. five years. The liability of gratuity plan is provided based on actuarial valuation as at the end of each financial year based on which the Company contributes the ascertained liability to Life Insurance Corporation of India by whom the plan assets are maintained.

	For the year ended March 31, 2015	For the year ended March 31, 2014
₹ crores		
i. Change in benefit obligation		
Present value of obligation at the beginning of the year	120.54	109.55
Current Service Cost	8.26	7.35
Interest Expenses	10.30	8.57
Actuarial (Gain) / Loss	14.86	(0.22)
Benefits Paid	(5.48)	(4.71)
Present value of obligation at the end of the year	148.48	120.54

	For the year ended March 31, 2015	For the year ended March 31, 2014
₹ crores		
ii. Fair value of Plan Assets		
Fair value of plan assets at the beginning of the year	120.54	109.55
Expected return on scheme assets	11.07	10.35
Contributions by the Company	23.72	5.87
Benefits Paid	(5.48)	(4.71)
Actuarial Gain / (Loss)	(1.37)	(0.52)
Fair value of plan assets at the end of the year	148.48	120.54

	For the year ended March 31, 2015	For the year ended March 31, 2014
₹ crores		
iii. Return on Plan Assets		
Expected return on plan assets	11.07	10.35
Actuarial Gain / (Loss)	(1.37)	(0.52)
Actual return on plan assets	9.70	9.83

Notes to the Financial Statements

for the year ended March 31, 2015

₹ crores

iv. Amount recognised in the Balance Sheet	For the year ended March 31, 2015	For the year ended March 31, 2014
Present value of defined benefit obligation	148.48	120.54
Fair value of Plan Assets	148.48	120.54

₹ crores

v. Expenses recognised in the statement of profit and loss	For the year ended March 31, 2015	For the year ended March 31, 2014
Current service costs	8.26	7.35
Interest expense	10.31	8.57
Expected return on plan assets	(11.07)	(10.35)
Net actuarial (gain)/loss recognized during the year	16.22	0.30
Expenditure recognized in statement of Profit and Loss	23.72	5.87

₹ crores

vi. Balance Sheet reconciliation	For the year ended March 31, 2015	For the year ended March 31, 2014
Expenses as above	23.72	5.87
Contribution paid	(23.72)	(5.87)

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The actuarial calculations used to estimate defined benefit commitments and expenses are based on the following assumptions, which if changed, would affect the defined benefit commitment's size, funding requirements and expense.

vii. Principal Actuarial assumptions for Gratuity and leave benefits	For the year ended March 31, 2015	For the year ended March 31, 2014
Rate for discounting liabilities	8.00% p.a.	8.75% p.a.
Expected salary increase rate	6.00% p.a. for first four years and 5% thereafter	6.00% p.a.
Expected return on scheme assets	9.40% p.a.	9.40% p.a.
Withdrawal Rate	Upto 30 years: 3% From 31 to 44 years:2% After 44 years: 1%	Upto 30 years: 3% From 31 to 44 years:2% After 44 years: 1%
Mortality table used	India assured Lives Mortality (2006-08) (modified) Ult.	India assured Lives Mortality (2006-08) (modified) Ult.

₹ crores

Experience adjustments	2014-15	2013-14	2012-13	2011-12	2010-11
Gratuity					
Present value of Defined benefit plan	148.48	120.53	109.55	89.95	68.75
Fair value of plan assets	148.48	120.53	109.55	89.95	68.75
Experience gain / (loss) adjustments on plan liabilities	13.31	7.51	4.08	15.28	8.63
Experience gain / (loss) adjustments on plan assets	1.37	0.52	1.30	0.10	0.03

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.

The Company makes annual contribution to Life Insurance Corporation (LIC). As LIC does not disclose the composition of its portfolio investments, accordingly break-down of plan assets by investment type has not been disclosed.

Note No. 25 - Finance costs

₹ crores

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
(a) Interest expenses		
On dealers security deposits	1.85	1.78
On others	9.24	10.04
Total	11.09	11.82

Note No. 26 - Other Expenses

₹ crores

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
(a) Other expenses		
Stores and tools consumed	106.96	98.93
Packing, forwarding, freight etc.	855.68	729.39
Power and fuel	158.47	137.46
Rent	22.20	13.22
Lease rent	22.67	21.75
Repairs and maintenance		
- Buildings	15.84	15.29
- Plant and machinery	70.08	67.87
- Others	52.52	50.52
Insurance charges	48.50	44.98
Rates and taxes	189.46	170.93
Royalty	121.41	116.67
Advertisement and publicity	668.95	493.47
Donations#	10.91	11.71
Expenditure on corporate social responsibility	2.37	-
Auditors' remuneration	1.76	1.44
Exchange fluctuation	-	0.09
Loss on fixed assets sold/discarded	22.84	13.98
Provision for diminution/amortisation in value of investments		
- Long term non trade investment	0.72	0.45
Provision for doubtful debts	0.70	0.85
Miscellaneous expenses	744.30	586.48
Total	3,116.34	2,575.48

Donation included ₹ 8.00 crores (previous year ₹ 11.00 crores) contributed to Satya Electoral Trust.

Note No. 27 - Earnings per equity share

Particulars	Unit	For the year ended March 31, 2015	For the year ended March 31, 2014
(a) Earnings per equity share (EPS):			
Net profit after tax	₹ crores	2,385.64	2,109.08
Weighted average number of equity shares outstanding during the year	Numbers	199,687,500	199,687,500
Nominal Value of Equity Shares	₹	2.00	2.00
Basic and diluted EPS - before exceptional item	₹	127.23	105.61
Basic/ diluted EPS - after exceptional items	₹	119.46	105.61

Notes to the Financial Statements

for the year ended March 31, 2015

Note No. 28 - Contingent Liabilities and Commitments (to the extent not provided for) ₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
(a) Contingent liabilities		
(i) In respect of excise matters	4.09	29.24
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 the management, have a material effect on the result of operations or the financial position of the Company.		
(b) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances paid amounting to ₹ 181.13 crores (previous year ₹ 438.61 crores))	812.33	458.39
Other commitments (Refer note below)		
Total	816.42	487.63

The Company has other commitments for purchase /sales orders which are issued after considering requirements per operating cycle for purchase /sale of goods and services, employees benefits including union agreement in normal course of business. The Company does not have any long term commitments or material non-cancellable contractual commitments/ contracts, which have a material impact on the financial statements.

Note No. 29 - As the Company's business activity falls within a single primary business segment viz. "Two wheelers, its parts and ancillary services" and is a single geographical segment, the disclosure requirements of Accounting Standard (AS-17) "Segment Reporting" are not applicable.

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Note No. 30 - Related party disclosures under Accounting Standard 18

a) Parties over which the Company has control

Subsidiaries

- HMCL (NA) Inc. (w.e.f. May 29, 2013)
- HMCL Netherlands BV (w.e.f. June 20, 2014)
- HMC MM Auto Limited (w.e.f. November 11, 2013)

Subsidiaries of HMCL Netherlands BV

- HMCL Colombia S.A.S. (w.e.f. April 22, 2014)
- HMCL Niloy Bangladesh Limited (w.e.f. June 24, 2014)

b) Parties in respect of which the Company is an associate. { refer note no 36}

- Hero Investment Private Limited (upto May 16, 2013)
- Brijmohan Lall Om Prakash (Firm; from May 17, 2013)

c) Associate of the Company

- Hero FinCorp Limited

d) Key management personnel and their relatives

Mr. Brijmohan Lall Munjal	- Chairman
Mr. Pawan Munjal	- Vice Chairman, CEO and Managing Director
Mr. Sunil Kant Munjal	- Joint Managing Director
Mr. Suman Kant Munjal	- Director

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

Brijmohan Lall & Associates, A.G. Industries Private Limited, Rockman Industries Limited, Cosmic Kitchen Private Limited, Hero InvestCorp Limited, Hero Management Services Limited, Hero Cycles Limited, Hero Corporate Services Limited, Hero Mindmine Institute Limited, Abhyuday Manufacturing and Automotive Limited, Hero Solar Energy Private Limited and Raman Kant Munjal Foundation.

Transactions with related parties during the year

a) Parties over which Company has control

₹ crores

Particulars	This year	Previous year
Equity Investment		
Subsidiaries		
HMCL (NA) Inc *	-	151.44
HMCL Netherlands BV	76.42	-
HMC MM Auto Limited	11.07	1.80
Provision for diminution in value of Investments		
HMCL (NA) Inc *	151.10	-
Sales		
HMCL Colombia S.A.S.	77.98	-
Purchases		
HMC MM Auto Limited	0.03	-
Subvention of expenses		
HMCL Colombia S.A.S.	2.50	-
Recovery of expenses		
HMC MM Auto Limited	-	0.34
Balance outstanding at the year end		
- Receivable	20.43	-
- Payable	0.03	-

* Excluding costs incidental to investments.

b) Parties in respect of which the Company is an associate.

₹ crores

Particulars	This year	Previous year
Dividend*		
Brijmohan Lall Om Prakash	588.85	371.91

*Exclude proposed final dividend.

c) Associate of the Company

₹ crores

Particulars	This year	Previous year
Hero FinCorp Limited		
Lease rental expenses	20.86	20.26
Dividend received	2.19	2.19
Dividend paid	0.01	0.01
Intercorporate deposits given	295.00	605.00
Intercorporate deposits repaid	515.00	625.00
Interest on Inter corporate deposits	1.85	7.16
Investment in equity shares	167.90	0.16
Subvention of expenses- Paid	3.08	-
Security deposit received	0.01	-
Rent received	0.01	-
Balance outstanding at the year end		
- Receivable	-	220.00
- Payable	1.72	8.67

Notes to the Financial Statements

for the year ended March 31, 2015

d) Key management personnel and their relative.

₹ crores

Particulars	This year	Previous year
Managerial Remuneration/Sitting fees		
Mr. Brijmohan Lall Munjal	43.60	36.98
Mr. Pawan Munjal	44.24	37.88
Mr. Sunil Kant Munjal	42.26	35.97
Mr. Suman Kant Munjal	0.06	0.02
Balance outstanding at the year end		
- Payables (including commission)	103.83	89.40

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

₹ crores

Particulars	This year	Previous year
Purchase of raw materials and components etc.	2,346.06	2,005.38
Purchase of Assets	34.35	24.31
Sale of components etc.	-	12.80
Payment towards services etc.	2.03	12.01
Payment towards reimbursement of expenses	4.34	-
Donation	0.40	0.30
Balance outstanding as at the year end		
- Receivable	1.01	-
- Payables	272.91	194.10

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

₹ crores

Particulars	This year	Previous year
Purchase of raw materials and components etc.		
A .G. Industries Private Limited	707.75	680.00
Rockman Industries Limited	1,541.57	1,237.00
Purchase of Assets		
Rockman Industries Limited	21.76	21.47
A.G. Industries Private Limited	0.86	2.84
Hero Solar Energy Private Limited	11.73	-
Sale of components etc.		
Rockman Industries Limited	-	12.80
Payment for services etc.		
Hero Corporate Services Limited	-	3.75
Hero Management Services	0.36	0.23
Hero Mindmine Institute Limited	1.67	1.98
Hero InvestCorp Limited	4.34	-
Abhyuday Manufacturing and Automotive Limited	-	6.05
Donation		
Raman Kant Munjal Foundation	0.40	0.30

Note No. 31 - The Company has entered into operating lease agreements for premises, 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 ₹ 27.87 crores (previous year ₹ 21.75 crores) have been charged under "Lease rentals" and "Rent" in Note 26.

Future lease payments under operating leases non cancellable in nature is as follows:

₹ crores

Particulars	This year	Previous year
Payable not later than one year	15.84	-
Payable later than one year and not later than five years	26.40	-
Total	42.24	-

Note No. 32 - 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, 2015, pending with various authorities:

Name of the Statute	Nature of the Dues	Amount* (₹ in crores)	Amount paid under protest (₹ in crores)	Period to which the amount relates	Forum where dispute is pending
Central Excise Laws	Excise Duty	890.83	395.70	2000-01 and 2002 - 2014	CESTAT
	Service Tax	0.89	0.45	2004-05 to 2005-06	Supreme Court
Sales Tax	Service Tax	255.08	22.04**	2004-05 to 2011-12	CESTAT
	Sales Tax	1.90	1.90	1998-99 to 2000-2001	Haryana Tax Tribunal
Income tax Act, 1961	Income tax	0.84	-	2002-03	Income Tax Appellate Tribunal
		2,568.59	50.00**	2009-10	
	0.30	-	2001-02	Commissioner (Appeals)	
	3.77	-	2006-07		
	2.47	-	2007-08		
	1.19	-	2014-15		
	13.61	-	2011-12 to 2013-14		

* Amount as per demand orders including interest and penalty wherever indicated in the order and excludes disputed fully paid.

** Appeal along with stay application has been filed.

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 (₹ in crores)	Period to which the amount relates	Forum where dispute is pending
Central Excise Laws	Excise duty	2.57	1986-87 to 1990-91	Supreme Court
		2.82	2004-05 to 2010-11	CESTAT
	Service Tax	0.20	2005	High Court
Income-tax Act, 1961	Income-Tax	1,219.02	1987-88, 1989-90, 1992-93, 1993-94, 1995-96 to 1998-99, 2000-01, 2005-06, 2006-07	High Court
		22.36	2003-04	Income Tax Appellate Tribunal

Note No. 33 - 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.

Note No. 34 - The categorywise derivative instruments outstanding as at March 31 are as under:

Purpose	This Year		Previous Year	
	Currency Bought (in million)	Currency Sold (in million)	Currency bought (in million)	Currency sold (in million)
Foreign currency forward contracts				
Hedging	USD 2.00	USD 13.00	JPY 2,500	USD 13.50 USD 24.40
Options contracts				
Hedging				
JPY-Call	-	-	1,000	1,000
JPY-Put	-	-	-	1,000
USD- Call	-	3.00	-	9.15
USD- Put	3.00	3.00	9.57	10.05

Notes to the Financial Statements

for the year ended March 31, 2015

The unhedged foreign currency exposures are as under

	As at March 31, 2015		As at March 31, 2014	
	Amount of foreign currency in million	Amount in ₹ crores	Amount of foreign currency in million	Amount in ₹ crores
Payables	JPY 269.85	14.06	JPY 5492.46	321.44
	USD 11.26	70.37	USD 22.66	136.15
	EUR 0.57	3.85	EUR 2.15	17.81

Note No. 35 - Two wheeler sales are covered by a warranty period of two to five years. The details of provision for warranties are as under:

₹ crores

Particulars	This year	Previous year
Provision at the beginning of the year	48.61	28.46
Additional provision made during the year	48.66	56.60
Amount utilised during the year	30.95	36.45
Provision as at the end of the year	66.32	48.61

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Note No. 36 - Pursuant to Scheme of Arrangement (the Scheme) for amalgamation of Hero Investments Private Limited (HIPL) approved by the Hon'ble High Court of Delhi, which became effective from May 16, 2013 (for which appointed date was January 01, 2013), all the properties and assets, present or future or contingent or of whatsoever nature, be transferred and/or deemed to be transferred to and vested with Hero MotoCorp Limited (HMCL) so as to become the properties of HMCL on the same terms and conditions as were applicable to HIPL.

Note No. 37 - Research and Development

Expenses charged to revenue account

₹ crores

Particulars	This year	Previous Year
Raw Material consumption	0.68	1.02
Consumables	0.34	0.42
Employee benefits	67.82	48.25
Depreciation and amortization	14.80	9.82
Others	41.42	29.65
Total	125.06	89.16

Capital expenditure during the year

₹ crores

Particulars	This year	Previous Year
Building	-	4.13
Equipments	18.43	8.00
Furniture and fixtures	-	0.17
Office equipments	0.01	-
Software	3.51	1.88
Vehicles	0.29	1.97
Data processing equipments	0.23	3.33
	22.47	19.48
Capital work in progress	575.51	18.30
Total	597.98	37.78

Note No. 38 - Pre operative expenses

₹ crores

Particulars	This year	Previous Year
Employee benefit expenses		
Salaries and wages	0.62	3.54
Contribution to provident and other funds	-	0.19
Staff welfare expenses	-	0.03
Other expenses		
Stores and tools consumed	-	0.04
Rent	0.17	0.21
Depreciation and amortization	-	0.20
Miscellaneous expenses	0.58	3.76
Total	1.37	7.97

Note No. 39 - Subsequent to the year end, Erik Buell Racing Inc. (EBR) (alongwith its subsidiary Erik Buell Racing, LLC), an associate of HMCL (NA) Inc. a wholly owned subsidiary of the Company has ceased their operations and entered into Assignment for the Benefit of Creditors under Chapter 128 of the Wisconsin Statutes ("Chapter 128 Process"), which is a process similar to the bankruptcy laws of U.S.A. The said filing has been occasioned by inability of EBR to honor outstanding creditors. Consequently the net worth of HMCL (NA) Inc. has eroded. In view of the above, the Company has made a provision of ₹ 155.04 crores being the diminution in value of its investment held in HMCL (NA) Inc. under the head "Exceptional items" in the statement of profit and loss.

Note No. 40 - The ESOP scheme titled "Employee Incentive Scheme 2014- Options and Restricted Stock Unit" hereafter referred to as "Employee Incentive Scheme 2014" or "the Scheme" was approved by the shareholders through postal ballot on September 22, 2014. 4,990,000 options are covered under the Scheme for 4,990,000 shares. The Scheme allows the issue of options to employees of the Company. Each option comprises one underlying equity share. As per the Scheme, the Remuneration / Compensation Committee grants the options to the employees deemed eligible. The exercise price of each option shall be ₹ 2,159 as defined in the Scheme. The options granted vest over a period of 4 years from the date of the grant in proportions specified in the Scheme. Options may be exercised within 7 years of granting. The difference between the fair price of the share underlying the options granted on the date of grant of option and the exercise price of the option (being the intrinsic value of the option) representing Stock compensation expense is expensed over the vesting period.

Employee Stock option details as on the balance sheet date are as follows

Particulars	Employee Incentive Scheme 2014
Option outstanding at the beginning of the year:	-
Granted during the year:	23,110
Vested during the year:	-
Exercised during the year:	-
Lapsed during the year:	-
Options outstanding at the end of the year:	23,110
Options available for grant:	4,966,890
The weighted average share price at the date of exercise for stock options exercised during the year	-
Weighted average remaining contractual life for options outstanding as at March 31, 2015 (As at March 31, 2014, Nil).	4.43

Exercise price for options outstanding at the end of the year ₹ 2,159.

The fair value of the options has been determined under the Black-Scholes model. The assumptions used in this model for calculating fair value are as below:

Assumptions	March 31, 2015
Risk Free Interest Rate	8.42%-8.47%
Expected Life (in years)	4-5.5
Expected Annual Volatility of Shares	25.37%-27.93%
Expected Dividend Yield	3.17%

Note No. 41 - Additional information

₹ crores

Class of goods	This year	Previous year
a) CIF Value of imports:		
Capital goods	145.98	226.67
Raw materials *	16.92	24.45
Components, spare parts and others *	1,182.28	1,068.88

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

Notes to the Financial Statements

for the year ended March 31, 2015

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

(Value ₹ in crores)

Class of goods	This year		Previous year	
	Value	Percentage (%)	Value	Percentage (%)
Raw materials				
-Imported **	14.33	0.07	24.72	0.13
-Indigenous	16.22	0.08	19.61	0.11
Components				
-Imported **	1,180.09	5.94	1,148.86	6.27
-Indigenous	18,664.02	93.91	17,121.19	93.49
	19,874.66*	100.00	18,314.38*	100.00
Spares consumed (charged to repairs and maintenance)				
-Imported	7.23	16.99	8.74	20.03
-Indigenous	35.32	83.01	34.89	79.97
	42.55	100.00	43.63	100.00

* Includes ₹ 1.55 crores (previous year ₹ 1.62 crores) for two wheelers produced and capitalised during the year.

** Excludes items sold and purchased as indigenous components.

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

₹ crores

	This year	Previous year
Royalty	121.41	116.67
Technical guidance fee	2.67	12.74
Travel and other accounts	150.65	186.37
Advertisement and Publicity	128.84	34.99

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

₹ crores

	This year	Previous year
FOB value of exports	720.18	465.54
Freight and insurance	1.49	4.55

e) Provision and/or payment in respect of Auditors' Remuneration :

₹ crores

	This year	Previous year
a) As Statutory Auditors		
- Audit fee	0.82	0.72
- Limited Review of unaudited financial results	0.64	0.48
- Corporate Governance and other certification	0.22	0.17
b) Tax audit fees	0.06	0.05
c) Out of pocket expenses	#	#

This year ₹ 1,75,000 (previous year ₹ 1,50,000)

Note No. 42 - Previous Year figures have been regrouped/ reclassified wherever necessary to correspond with the current year classifications / disclosures.

Independent Auditors' Report

TO THE MEMBERS OF
HERO MOTOCORP LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **HERO MOTOCORP LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associates comprising of the Consolidated Balance Sheet as at March 31, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the

financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as

evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at 31st March, 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements of HMCL (NA) Inc. and HMCL Netherlands B.V., subsidiaries of the Company and HMCL Columbia S.A.S. and HMCL Niloy Bangladesh Limited, subsidiaries of HMCL Netherlands B.V., whose financial statements reflect total assets of ₹ 171.48 crores as at 31st March, 2015, total revenues of ₹ 30.72 crores and net cash flows amounting to ₹ 55.29 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

The last audited financial statements of Erik Buell Racing Inc. (EBR), an associate

Independent Auditor's Report

of the Group, are for the year ended 31st December, 2013 (Refer Note 40).

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditor's reports of the Holding company, subsidiary company and associate company incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial

statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company and associate company incorporated in India, none of the directors of the Group companies and its associate company incorporated in India is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters

to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates.
- ii. The Group and its associates did not have any material foreseeable losses on long-term contracts including derivative contracts.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its associate company incorporated in India. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary company incorporated in India.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm Registration No. 015125N)

JAIDEEP BHARGAVA
Partner
(Membership No. 90295)

New Delhi, May 7, 2015

Annexure to the Independent Auditors' Report on the Consolidated Financial Statements

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Our reporting on the Order includes 1 subsidiary company and 1 associate company incorporated in India, to which the Order is applicable, which have been audited by us, to the extent considered applicable for reporting under the Order in the case of the consolidated financial statements.

- (i) In respect of the fixed assets of the Holding Company, subsidiary company and associate company incorporated in India:
- (a) The respective entities have maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Holding Company, subsidiary company and associate company incorporated in India have a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the respective entities and the nature of their assets. Pursuant to the program, certain fixed assets were physically verified by the Management of the respective entities during the year other than for assets lying with third parties, for which confirmations have been obtained in most of the cases by the respective entities, wherever applicable. According to the information and explanations given to us discrepancies noticed on such verification were not material and have been properly dealt in the books of account.
- (ii) In respect of the inventories of the Holding Company, subsidiary company and associate company incorporated in India:
- (a) As explained to us, the inventories were physically verified during the year by the Management of the respective entities, wherever applicable, at reasonable intervals other than for inventories lying with third parties at the end of the year for which confirmations have been obtained in most of the cases.
- (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 of the respective entities, wherever applicable, were reasonable and adequate in relation to the size of the respective entities and the nature of their business.
- (c) In our opinion and according to the information and explanations given to us, the respective entities, wherever applicable, have maintained proper records of their inventories and discrepancies noticed on such verification were not material and have been properly dealt in the books of account.
- (iii) According to the information and explanations given to us, the Holding Company incorporated in India has granted loans, to the extent included in the consolidated financial statements, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013. In respect of such loans:
- (a) The receipts of principal amounts and interest have been regular.
- (b) There is no overdue amount in excess of ₹ 1 lakh remaining outstanding as at the year-end.
- The subsidiary company and associate company incorporated in India have not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 by the respective entities.
- (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 in the Holding Company, subsidiary company and associate company incorporated in India commensurate with the size of the respective entities and the nature of their business with regard to purchases of inventory and fixed assets and the sale of goods and services, wherever applicable. During the course of our audit, no major weakness in such internal control system has been observed.
- (v) According to the information and explanations given to us, the Holding Company, subsidiary company and associate company incorporated in India have not accepted any deposit during the year. Therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Holding Company, subsidiary company and associate company incorporated in India.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Sub-Section (1) of Section 148 of the Companies Act, 2013, for the business activity of the Holding Company and Subsidiary Company incorporated in India.
- The provisions of the clause 3(vi) of the Order are not applicable to the associate Company incorporated in India.

- (vii) According to the information and explanations given to us, in respect of statutory dues of the Holding Company, subsidiary company and associate company incorporated in India:
- (a) The respective entities have been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to the respective entities with the appropriate authorities and the subsidiary company and associate company incorporated in India have generally been regular in depositing Income-tax with the appropriate authorities.
- (b) There were no undisputed amounts payable by the respective entities in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess which have not been deposited as on March 31, 2015 on account of disputes by the aforesaid entities are given below:

Name of the Statute	Nature of the Dues	Amount* (₹ in crores)	Amount paid under protest (₹ in crores)	Period to which the amount relates	Forum where dispute is pending
Central Excise Laws	Excise Duty	890.83	395.70	2000-01 and 2002-2014	CESTAT
	Service Tax	0.89	0.45	2004-05 to 2005-06	Supreme Court
Sales Tax	Sales Tax	255.08	22.04**	2004-05 to 2011-12	CESTAT
		1.90	1.90	1998-99 to 2000-2001	Haryana Tax Tribunal
Income tax Act, 1961	Income tax	0.84	-	2002-03	Income Tax Appellate Tribunal
		2,568.59	50.00**	2009-10	
		0.30	-	2001-02	
		3.77	-	2006-07	
		2.47	-	2007-08	
		1.19	-	2014-15	Commissioner (Appeals)
		13.61	-	2011-12 to 2013-14	
		1.43	-	2004-05, 2006-07, 2010-11, 2011-12	

* Amount as per demand orders including interest and penalty wherever indicated in the order and excludes disputed dues fully paid.

** Appeal along with stay application has been filed.

The following matters have been decided in favour of the aforesaid entities but the department has preferred appeals at higher levels:

Name of the Statute	Nature of the Dues	Amount (₹ in crores)	Period to which the amount relates	Forum where dispute is pending
Central Excise Laws	Excise duty	2.57	1986-87 to 1990-91	Supreme Court
		2.82	2004-05 to 2010-11	CESTAT
Income-tax Act, 1961	Service Tax	0.20	2005	High Court
	Income-Tax	1219.35	1987-88, 1989-90, 1992-93, 1993-94, 1995-96, 1996-97, 1997-98, 1998-99, 2000-01, 2005-06, 2006-07, 2009-10	High Court
		22.36	2003-04	Income Tax Appellate Tribunal

- (d) The Holding Company and associate company incorporated in India have been regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder within time. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the subsidiary company incorporated in India.
- (viii) The Group and its associate do not have consolidated accumulated losses at the end of the financial year and the Group and its associate have not incurred cash losses on a consolidated basis during the financial year covered by our audit and in the immediately preceding financial year.

- (ix) In our opinion and according to the information and explanations given to us, the Holding Company, subsidiary company and associate company incorporated in India have not defaulted in the repayment of dues to banks and have not taken any loans from financial institutions. The associate company incorporated in India has not defaulted in the repayment of dues to debenture holders. The Holding Company and subsidiary company incorporated in India have not issued any debentures.
- (x) According to the information and explanations given to us, the Holding Company, subsidiary company and associate company incorporated in India have not given guarantees for loans taken by others from banks and financial institutions.
- (xi) In our opinion and according to the information and explanations given to us, the term loans have been applied by the subsidiary company and associate company incorporated in India during the year for the purposes for which they were obtained. The Holding Company incorporated in India has not taken any term loans during the year.
- (xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Holding Company, its subsidiary company and associate company incorporated in India and no material fraud on the Holding Company other than fraudulent withdrawal of money against fixed deposits held with a bank by the Company (Refer note no 19 of the consolidated financial statements), its subsidiary company and associate company incorporated in India, has been noticed or reported during the year.

New Delhi, May 7, 2015

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm Registration No. 015125N)

JAIDEEP BHARGAVA
Partner
(Membership No. 090295)

Consolidated Balance Sheet

as at March 31, 2015

Particulars	Note No.	₹ crores	
		As at March 31, 2015	As at March 31, 2014
I Equity and Liabilities			
1 Shareholders' funds			
(a) Share capital	3	39.94	39.94
(b) Reserves and surplus	4	6,500.06	5,582.70
2 Minority Interest		18.54	0.85
3 Non - current liabilities			
(a) Long term borrowings	5	12.00	-
(b) Other long term liabilities	6	31.33	24.45
(c) Long - term provisions	8	66.25	50.02
4 Current liabilities			
(a) Short - term borrowings	9	88.00	-
(b) Trade payables	10	2,854.93	2,291.01
(c) Other current liabilities	11	308.90	588.19
(d) Short - term provisions	12	734.40	1,544.42
Total		10,654.35	10,121.58
II Assets			
1 Non - current assets			
(a) Fixed assets	13		
(i) Tangible assets		2,850.86	1,897.37
(ii) Intangible assets		101.42	349.92
(iii) Capital work-in-progress		719.20	854.74
(b) Non- current investments	14	821.15	830.05
(c) Deferred tax assets (Net)	7	73.54	105.98
(d) Long - term loans and advances	15	648.27	477.43
(e) Other non- current assets	16	60.19	47.81
2 Current assets			
(a) Current investments	14	2,297.35	3,275.89
(b) Inventories	17	861.39	669.55
(c) Trade receivables	18	1,371.82	920.58
(d) Cash and cash equivalents	19	215.78	119.83
(e) Short - term loans and advances	20	573.41	550.38
(f) Other current assets	21	59.97	22.05
Total		10,654.35	10,121.58

Accompanying notes forming part of the financial statements

1 & 2

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Jaideep Bhargava
Partner

New Delhi
May 7, 2015

For and on behalf of the Board of Directors

Brijmohan Lall Munjal
Chairman
DIN - 0004134

Pawan Munjal
Vice Chairman, Managing Director & CEO
DIN - 00004223

Ravi Sud
Sr. Vice President & CFO

Pradeep Dinodia
Chairman-Audit Committee
DIN - 00027995

Ilam C. Kamboj
Asso. V. P. Legal & Company Secretary

Consolidated Statement of Profit and Loss

for the year ended March 31, 2015

Particulars	Note No.	₹ crores	
		For the year ended March 31, 2015	For the year ended March 31, 2014
I Revenue from operations	22		
(a) Gross sales of products		29,020.98	27,005.26
Less: Excise duty		1,717.65	1,880.35
		27,303.33	25,124.91
(b) Sale of services and other operating revenue		234.70	150.56
Net revenue from operations		27,538.03	25,275.47
II Other income	23	492.11	444.19
III Total Revenue (I + II)		28,030.14	25,719.66
IV Expenses:			
(a) Cost of materials consumed	24	19,790.40	18,221.53
(b) Changes in inventories of finished goods and work-in-progress	25	(75.10)	8.36
(c) Employee benefits expenses	26	1,178.72	930.35
(d) Finance costs	27	11.70	11.82
(e) Depreciation and amortization expenses	13	540.45	1,107.37
(f) Other expenses	28	3,147.28	2,576.13
Total Expenses		24,593.45	22,855.56
V Profit before exceptional item and tax (III -IV)		3,436.69	2,864.10
VI Exceptional item - Provision for diminution in value of non current investment (refer note 40)		144.73	-
VII Profit before tax after exceptional items (V -VI)		3,291.96	2,864.10
VIII Tax expenses:			
(a) Current tax		899.18	828.21
(b) Minimum alternate tax relating to earlier years		-	(28.02)
(c) Minimum alternate tax credit utilised		-	196.37
Net current tax		899.18	996.56
Deferred tax		44.27	(238.39)
		943.45	758.17
IX Profit for the year before share of profit / (loss) of associates and minority interest (VII-VIII)		2,348.51	2,105.93
X Share of profit/(loss) of associates		15.15	(3.62)
XI Less: Minority interest profit/(loss)		(1.04)	(0.35)
XII Profit for the year (IX+X-XI)		2,364.70	2,102.66
XIII Basic and diluted earnings per equity share (of ₹ 2 each):	29		
(a) before exceptional items		125.66	105.29
(b) after exceptional items		118.41	105.29
Accompanying notes forming part of the financial statements	1 & 2		

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Jaideep Bhargava
Partner

New Delhi
May 7, 2015

For and on behalf of the Board of Directors

Brijmohan Lall Munjal
Chairman
DIN - 0004134

Pawan Munjal
Vice Chairman, Managing Director & CEO
DIN - 00004223

Ravi Sud
Sr. Vice President & CFO

Pradeep Dinodia
Chairman-Audit Committee
DIN - 00027995

Ilam C. Kamboj
Asso. V. P. Legal & Company Secretary

Consolidated Cash Flow Statement

for the year ended March 31, 2015

₹ crores

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
A. Cash Flow from Operating Activities		
NET PROFIT BEFORE TAX	3,291.96	2,864.10
Adjustments for:		
Add: Depreciation and amortisation	540.45	1,107.37
Loss on fixed assets sold/discarded	22.84	13.98
Loss on sale of non-trade current investments	0.21	1.26
Provision for diminution in value of investment:		
Exceptional item: Long term trade investment - non current	144.73	-
Long term non trade investment	0.72	0.45
Finance cost	11.70	11.82
Exchange differences	0.03	3.02
Impairment of goodwill on consolidation	3.94	-
Provision for doubtful debts	0.70	0.85
	725.32	1,138.75
Less: Interest on long term and current non-trade investments	50.37	53.10
Interest on loans, deposits etc.	99.64	90.27
Profit on sale of fixed assets	0.68	0.68
Foreign currency translation (net)	3.64	-
Dividend income:		
On current Investments - Non-Trade	1.50	0.69
On long-term investments- Non trade	0.06	0.06
Profit on sale of non-trade current investments	320.75	300.65
	476.64	445.45
Operating profit before working capital changes	3,540.64	3,557.40
Changes in working capital:		
Adjustment for (increase)/decrease in operating assets:		
Add: Inventories	(191.84)	(32.79)
Trade receivables	(451.97)	(259.46)
Short-term loans and advances	(243.03)	(16.83)
Long-term loans and advances	(23.14)	(131.96)
Other current assets	(30.78)	-
	(940.76)	(441.04)
Adjustment for increase/(decrease) in operating liabilities:		
Less: Trade payables	564.59	417.93
Other current liabilities	(5.22)	52.74
Other long-term liabilities	6.88	3.47
Short-term provisions	2.99	2.15
Long-term provisions	16.23	19.82
	585.47	496.11
Cash generated from operations	3,185.35	3,612.47
Less: Direct taxes paid	999.84	649.45
Net cash from operating activities	2,185.51	2,963.02

Particulars	₹ crores	
	Year ended March 31, 2015	Year ended March 31, 2014
B. Cash Flow from Investing Activities		
Proceeds from sale of fixed assets	2.71	4.05
Sale / (Purchase) of investments (net)	1,349.29	(8.66)
Investment in Associates	(152.40)	(148.96)
Inter corporate deposits received back	515.00	625.00
Inter corporate deposits paid	(295.00)	(605.00)
Interest received on long term and current non-trade investments	30.85	51.58
Interest received on loans, deposits etc.	99.64	90.27
Dividend income		
On current Investments - Non-Trade	1.50	0.69
On long-term investments-Trade and Non trade	0.06	0.06
Capital expenditure on fixed assets, including capital advances	(1,232.93)	(941.47)
Payment of deferred credits	(287.34)	(685.36)
Net cash from / (used) in investing activities	31.38	(1,617.80)
C. Cash Flow from Financing Activities		
Interest paid	(11.70)	(11.82)
Dividends paid	(1,897.03)	(1,199.29)
Tax on dividend	(322.40)	(203.82)
Proceeds from issue of equity share capital	-	1.20
Proceeds from long-term borrowings	12.00	-
Proceeds from other short-term borrowings	88.00	-
Net cash (used) in financing activities	(2,131.13)	(1,413.73)
D. Increase/(Decrease) In Cash and Cash Equivalents (A+B+C)	85.76	(68.51)
Cash and cash equivalents at the beginning of the year	68.74	134.95
Add: on account of amalgamation (refer note 37)	-	2.30
Cash and cash equivalents at the end of the year		
Cash and bank balances	154.50	68.74
	154.50	68.74
Reconciliation		
Cash and Bank balances as per Balance Sheet	215.78	119.83
Less: Unpaid dividend current account with Banks	61.28	51.09
Net Cash and cash equivalents at the end of the year	154.50	68.74

Accompanying notes forming part of the financial statements

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Jaideep Bhargava
Partner

New Delhi
May 7, 2015

For and on behalf of the Board of Directors

Brijmohan Lall Munjal
Chairman
DIN - 0004134

Pawan Munjal
Vice Chairman, Managing Director & CEO
DIN - 00004223

Ravi Sud
Sr. Vice President & CFO

Pradeep Dinodia
Chairman-Audit Committee
DIN - 00027995

Ilam C. Kamboj
Asso. V. P. Legal & Company Secretary

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

Note No. 1 - Corporate Information

Hero MotoCorp Limited (the Company), its subsidiaries (collectively called as "Group") and associates are engaged in the manufacturing and selling of motorised two-wheelers, spare parts, components and related services along with providing non banking financial services. The Group is a leading two wheeler manufacturer and has a dominant presence in domestic market.

Note No. 2 - Basis Of Consolidation And Significant Accounting Policies

i) Accounting convention

The consolidated financial statements of the Group have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention.

ii) Principles of Consolidation

The consolidated financial statements relate to Hero MotoCorp Limited (the 'Company'), its subsidiary companies, and the Group's share of profit / loss in its associates. The consolidated financial statements have been prepared on the following basis:

a) The financial statements of the subsidiary companies, and associates used in the consolidation are drawn upto the same reporting date as that of the Company i.e., 31 March, 2015, and have been consolidated in the group's

financial statements, other than an associate, for which provision for diminution has been made in as exceptional item in Group's financial statements (refer note no 40).

- b) The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.
- c) The consolidated financial statements include the share of profit / loss of the associate companies which have been accounted for using equity method as per AS 23 Accounting for Investments in Associates in Consolidated Financial Statements. Accordingly, the share of profit / loss of each of the associate companies (the loss/provision being restricted to the cost of investment) has been added to / deducted from the cost of investments.
- d) The excess of cost to the Group of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies were made, is recognised as 'Goodwill' being an asset in the consolidated financial statements and is tested for impairment on annual basis. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in

excess of cost of investments of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Reserves & Surplus', in the consolidated financial statements. Goodwill arising on the acquisition of a foreign entity is translated at the closing rate in case of non-integral operations and by using the exchange rate at the date of the investment in case of integral operations. Capital reserve is translated at the exchange rate on the date of investment.

- e) Minority Interest in the net assets of the consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary companies were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit / loss for the year of the subsidiaries attributable to minority interest is identified and adjusted against the profit after tax of the Group in order to arrive at the income attributable to shareholders of the Company.
- f) The difference between the cost of investment in the associate and the share of net assets at the time of acquisition of shares in the associate is identified in the consolidated financial statements as Goodwill or Capital reserve as the case may be.
- g) Goodwill arising on consolidation is not amortised but tested for impairment.
- h) Following subsidiary companies and associates have been considered in the preparation of the consolidated financial statements:

Name of entity	Relationship	Country of Incorporation	Ownership held by	% of Holding and voting power either directly or indirectly through subsidiary as at	
				March 31, 2015	March 31, 2014
HMCL (NA) Inc	Subsidiary	United States of America	Company	100	100
HMC MM Auto Limited	Subsidiary	India	Company	60	60
HMCL Netherlands BV	Subsidiary	Netherlands	Company	100	-
HMCL Colombia SAS	Subsidiary	Colombia	HMCL Netherlands BV	100	-
HMCL Niloy Bangladesh Limited	Subsidiary	Bangladesh	HMCL Netherlands BV	55	-
Hero FinCorp Limited	Associate	India	Company	48.42	40.39
Erik Buell Racing Inc	Associate	United States of America	HMCL (NA) Inc	Equity holding 49.2 Voting rights 43.9	Equity holding 49.2 Voting rights 43.9

i) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, for all significant matters in the same manner as the Company's separate financial statements.

The financial statements of Erik Buell Racing Inc, an associate of the Group, has not been considered for consolidation as the investment into the same has been provided for (refer note no 40).

iii) Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

iv) Operating Cycle

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

v) 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. Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets.

Depreciation is charged on a pro-rata basis at the straight line method prescribed in Schedule II to the Companies Act, 2013. Assets covered under employee benefit schemes are amortised over a period of five years. Assets costing upto ₹ 5,000 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. Licenses for Technical know-how / export licenses have been amortised on a straight line basis upto June 30, 2014 i.e forty two months (refer note no. 11).

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment.

Leasehold land has been amortised over the period of lease.

vi) Preoperative expenses pending allocation

Expenses directly related to construction activity or incidental thereto, are allocated to fixed assets at the time of completion of the project.

vii) Investments

Current investments are stated at lower of cost and fair value computed categorywise. Long term investments are stated at cost less provision for diminution other than temporary, if any. Premium paid on purchase of debt securities is amortised over the period of maturity.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

viii) Inventories

Raw materials and components, stores and spares, loose tools, 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

ix) Employee benefits

a) Defined contribution plan

Provident fund, Superannuation fund and Employee' State Insurance Corporation (ESIC) are the defined contribution schemes offered by the entities in the Group. The contributions to these schemes are charged to the statement of profit and loss 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.

The exchange differences arising on restatement / settlement of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets or amortised on settlement / over the maturity period of such items in line with Notification No. GSR 378(E) dated May 11, 2011 issued by The Ministry of Corporate Affairs, Government of India.

In respect of forward contracts, the forward premium or discount is recognised as income or expense over the life of contract in the statement of profit and loss 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 statement of profit and loss.

Initial recognition

Net investment in non-integral foreign operations: Net investment in non-integral foreign operations is accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Non-integral foreign operations: Transactions of non-integral foreign operations are translated at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement at the Balance Sheet date

Net investment in non-integral foreign operations: Foreign currency monetary items (other than derivative contracts) of the Company's net investment in non-integral foreign operations outstanding at the Balance Sheet date are restated at the year-end rates.

Non-integral foreign operations: All assets and liabilities of non-integral foreign operations are translated at the year-end rates.

xi) Sales

Sale of goods is recognised on transfer of significant risk and reward of ownership to the buyer, which generally coincides with 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.

Sale of services is recognized on rendering of services as per contractual terms.

Scrap is accounted for on sale basis.

xii) Warranty claims

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claim will arise - being typically two to five years.

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

xiii) Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss.

xiv) 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.

Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Tangible Fixed Assets and Intangible Assets.

xv) Earnings per share

Earnings per share are computed by dividing the profit / (loss) after tax by

the weighted average number of equity shares outstanding during the year.

xvi) Taxation

Current tax is determined on the basis of taxable income and tax credits computed for each of the entities in the Group in accordance with the provisions of applicable tax laws of the respective jurisdictions where the entities are located.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Consolidated Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

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.

The Group offsets deferred tax assets and deferred tax liabilities, and advance income tax and provision for tax, if it has a legally enforceable right and these relate to taxes in income levies by the same governing taxation laws.

xvii) Provisions and contingent liabilities

A provision is recognised when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

xviii) 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.

Note No. 3 - Share capital

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number	₹ crores	Number	₹ crores
Authorised				
Equity shares of ₹ 2 each with voting rights	250,000,000	50.00	250,000,000	50.00
Cumulative convertible preference shares of ₹ 100 each	400,000	4.00	400,000	4.00
Cumulative redeemable preference shares of ₹ 100 each	400,000	4.00	400,000	4.00
	250,800,000	58.00	250,800,000	58.00
Issued, Subscribed and fully Paid up				
Equity Shares of ₹ 2 each with voting rights (Refer (i), (ii), (iii) and (iv) below)	199,687,500	39.94	199,687,500	39.94
Total	199,687,500	39.94	199,687,500	39.94

- (i) There is no movement in share capital during the year, previous year and immediately preceding previous year.
- (ii) Rights, preference and restriction attached to shares:
Equity shares of ₹ 2 each:
- In respect of equity shares, voting right shall be in same proportion as the capital paid upon such equity share.
 - The dividend proposed by the Board of Directors which is subject to the approval of the shareholders in the Annual General Meeting shall be in the same proportion as the capital paid upon such equity share.
 - In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion to capital paid upon such equity share.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

(iii) Shareholder holding more than 5 percent shares:

Particulars	Equity Shares		Equity Shares	
	As at March 31, 2015		As at March 31, 2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Mr. Brijmohan Lall Munjal *	12,396,842	6.21	12,396,842	6.21
Ms. Renu Munjal *	12,396,840	6.21	12,396,840	6.21
Mr. Suman Munjal *	12,396,840	6.21	12,396,840	6.21
Mr. Pawan Munjal *	12,396,840	6.21	12,396,840	6.21
Mr. Sunil Kant Munjal *	1,850,440	0.93	12,396,840	6.21
M/S Bahadur Chand Investments (P) Ltd	17,306,250	8.67	17,306,250	8.67
M/S BC India Private Investors	2,980,426	1.49	17,141,028	8.58

* Hold shares on behalf of Brijmohan Lall Om Prakash (partnership firm)

(iv) Refer note no. 41 for details relating to stock options

Note No. 4 - Reserves and surplus

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
(a) Capital Reserves		
On shares forfeited (#₹ 4,250)	#	#
Share premium account on forfeited shares reissued(##₹ 25,500)	##	##
(b) Share options outstanding account	0.67	-
(c) General Reserve		
Opening balance	2,175.86	1,926.32
Add: Transferred on account of amalgamation**	-	4.47
Add: Consequent to change in Group's interest	0.48	30.07
Add: Transferred from Statement of profit and loss	250.00	215.00
Closing balance	2,426.34	2,175.86
(d) Surplus - in Statement of profit and loss		
Opening balance	3,407.72	3,039.98
Less: On account of depreciation as per Schedule II of Companies Act 2013*	22.97	-
	3,384.75	3,039.98
Add: Profit for the year	2,364.70	2,102.66
Less:		
Interim dividend - ₹ 30 per equity share (previous year ₹ Nil)**	599.06	1.16
Dividend proposed to be distributed to equity share holders (₹ 30 per share, (previous year ₹ 65 per share))	599.06	1,297.97
Tax on dividend***	223.76	220.79
Transfer to General Reserve	250.00	215.00
Closing balance	4,077.57	3,407.72
(e) Foreign currency translation reserve		
Opening balance	(0.88)	-
Add/(less): Effect of foreign exchange rate variation during the year	(3.64)	(0.88)
Closing Balance	(4.52)	(0.88)
Total	6,500.06	5,582.70

* Represents depreciation (net of deferred tax ₹ 11.83 crores) on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life as at March 31, 2014.

** In previous year, as per the scheme of amalgamation, the Transferor Company i.e. Hero Investment Private Limited was entitled to utilise its income/available cash for declaration of payment of dividend to its shareholders until the effective date i.e. May 16, 2013 but after the appointed date i.e. January 1, 2013. Accordingly, the company declared and paid interim dividend of ₹ 1.16 crores (tax on dividend of ₹ 0.20 crore) to its shareholders in accordance with the scheme.

Note No. 5 - Long term Borrowings

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
Term loan from bank- unsecured	12.00	-
Total	12.00	-

Repayable in 18 quarterly installments starting September 07, 2016 last installment due on December 07, 2020. Rate of interest 10.50%. The Group has not defaulted in repayment of term loan and interest thereon.

Note No. 6 - Other Long term liabilities

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
(a) Trade payables	31.33	24.45
Total	31.33	24.45

Note No. 7 - Deferred tax (assets)/ liabilities (net)

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
Deferred tax liabilities		
Others	6.31	4.80
	6.31	4.80
Deferred tax assets		
Accumulated depreciation	70.92	102.54
Accrued expenses deductible on payment	4.27	3.90
Others	4.66	4.34
	79.85	110.78
Deferred tax (assets)/ liabilities (net)	(73.54)	(105.98)

Note No. 8 - Long term provisions

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
(a) Employees benefits - accumulated leaves	10.12	8.66
- gratuity	0.07	-
(b) Warranties	56.06	41.36
Total	66.25	50.02

Note No. 9 - Short term borrowings

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
(a) Loans from Banks- Unsecured	38.76	-
(b) Loans from related party- Unsecured; (refer note no. 32)	49.24	-
Total	88.00	-

Note No. 10 - Trade payables

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
Trade payables	2,854.93	2,291.01
Total	2,854.93	2,291.01

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

Note No. 11 - Other current liabilities

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
(a) Current maturities of deferred payment credits (unsecured) (Refer Note (i) below)	-	284.26
(b) Unclaimed dividend (Refer Note (ii) below)	61.29	51.09
(c) Other payables		
Statutory dues	100.36	81.61
Security deposits dealers and others	51.64	47.79
Advances from dealers	82.33	110.16
Other liabilities	13.28	13.28
Total	308.90	588.19

- (i) In year 2010-11, the Company has entered into a Memorandum of Understanding (MOU) with Honda Motor Company Limited Japan (Honda) for right and license to manufacture, assemble, sell and distribute certain products/parts and export license for certain products and their service parts under the intellectual property rights. Liability payable upto June 30, 2014 has been included under other current liabilities above.
- (ii) Unclaimed dividend does not include any amount outstanding as on March 31, 2015 which are required to be credited to the Investor Education and Protection Fund (Fund).

Note No. 12 - Short term provisions

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
(a) Employees benefits - accumulated leaves	2.83	2.85
- gratuity	0.10	0.09
(b) Provisions - Others		
Taxation	0.20	15.67
Warranties	10.26	7.25
Proposed equity dividend	599.06	1,297.97
Tax on proposed dividend	121.95	220.59
Total	734.40	1,544.42

Note No. 13 - Fixed assets

Particulars	Gross Block			Accumulated depreciation/amortisation			Net block				
	Opening balance as at April 1, 2014	Additions	Deletions/ adjustments	Closing balance as at March 31, 2015	Opening balance as at April 1, 2014	Depreciation / amortisation charge for the year	On disposals	Other/ transition adjustments/ impairment*	Upto March 31, 2015	As at March 31, 2015	As at March 31, 2014
(a) Tangible assets											
Land											
- Freehold	82.80	16.78	-	99.58	-	-	-	-	-	99.58	82.80
- Leasehold#	200.01	0.20	-	200.21	11.38	3.08	-	-	14.46	185.75	188.63
Buildings	497.19	437.55	0.09	934.65	116.23	27.77	0.04	18.49	162.45	772.20	380.96
Plant and equipment	2,437.30	780.62	53.35	3,164.57	1,293.89	208.89	31.48	6.28	1,477.58	1,686.99	1,143.41
Furniture and fixtures	22.48	8.69	1.00	30.17	7.73	2.81	0.88	0.70	10.36	19.81	14.75
Vehicles	38.47	4.42	8.64	34.25	19.34	4.75	5.87	0.11	18.33	15.92	19.13
Office equipment	22.82	9.84	0.25	32.41	5.64	5.17	0.23	5.52	16.10	16.31	17.18
Data Processing equipment	114.57	26.72	0.70	140.59	64.06	19.15	0.66	3.74	86.29	54.30	50.51
Total	3,415.64	1,284.82	64.03	4,636.43	1,518.27	271.62	39.16	34.84	1,785.57	2,850.86	1,897.37
(b) Intangible assets											
Goodwill on consolidation (refer note no 40)	3.94	-	-	3.94	-	-	-	3.94	3.94	-	3.94
Model fee	535.81	-	-	535.81	422.03	57.00	-	-	479.03	56.78	113.78
Technical know-how/ export licenses**	2,892.59	9.58	-	2,902.17	2,694.66	201.14	-	-	2,895.80	6.37	197.93
Software	65.00	14.69	-	79.69	30.73	10.69	-	-	41.42	38.27	34.27
Total	3,497.34	24.27	-	3,521.61	3,147.42	268.83	-	3.94	3,420.19	101.42	349.92
Total (a+b)	6,912.98	1,309.09	64.03	8,158.04	4,665.69	540.45	39.16	38.78	5,205.76	2,952.28	2,247.29
(c) Capital work in progress @											
- Including intangible assets under development ₹ 404.08 crores (previous year ₹ 288.71 crores)										719.20	854.74
										3,671.48	3,102.03

Note :

* Includes ₹ 0.04 crore (Previous year ₹ 0.20 crore) transferred to Pre- operative expenditure.

* Includes ₹ 34.80 crores being depreciation adjusted in the statement of profit and loss on transition to Schedule II of The Companies Act, 2013 on tangible fixed assets with nil remaining life as at March 31, 2014.

Includes land of ₹ 15.84 crores at Halol (Gujrat) and ₹ 78.36 crores at Jaipur pending for registration in the name of the Company.

*** Includes net increase of ₹ 3.08 crores (previous year net increase of ₹ 46.86 crores) due to fluctuation in exchange rates.

@ Including pre operative expenses ₹ 1.37 crores (previous year ₹ 8.59 crores) relating to salaries, wages and other related project expenses (refer note no 39).

In line with Notification No. G.S.R. 378 (E) dated May 11, 2011 issued by The Ministry of Corporate Affairs, Government of India, the exchange differences arising after April 1, 2007 on reporting of long term foreign currency monetary items at rates at the end of year compared to those at which they were initially recorded, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, have been added to or deducted from the cost of the asset and is depreciated over the balance useful life of the asset.

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for the year ended March 31, 2015

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Note No. 13 - Fixed assets (continued)

Particulars	Gross Block			Accumulated depreciation/amortisation				Net block		
	Opening balance as at April 1, 2013	Additions	Deletions/ adjustments	Closing balance as at March 31, 2014	Opening balance as at April 1, 2013	Depreciation / amortisation charge for the year**	On disposals		Other/ transition adjustments/ impairment*	Upto March 31, 2014
(d) Tangible assets										
Land										
- Freehold	82.80	-	-	82.80	-	-	-	-	-	82.80
- Leasehold#	184.17	15.84	-	200.01	9.46	1.79	-	0.13	11.38	188.63
Building	485.56	12.71	1.08	497.19	101.10	15.38	0.25	-	116.23	380.96
Plant and equipment	2,313.38	185.27	61.35	2,437.30	1,162.23	178.23	46.60	0.03	1,293.89	1,143.41
Furniture and fixtures	21.65	3.71	2.88	22.48	8.98	1.35	2.62	0.02	7.73	14.75
Vehicles	39.60	4.40	5.53	38.47	18.42	5.14	4.22	-	19.34	19.13
Office equipment	18.78	4.05	0.01	22.82	4.65	0.99	-	-	5.64	17.18
Data Processing equipment	102.13	14.91	2.47	114.57	51.47	14.85	2.28	0.02	64.06	50.51
Total	3,248.07	240.89	73.32	3,415.64	1,356.31	217.73	55.97	0.20	1,518.27	1,897.37
(e) Intangible assets										
Goodwill on consolidation	-	3.94	-	3.94	-	-	-	-	-	3.94
Model fee	535.81	-	-	535.81	353.96	68.07	-	-	422.03	113.78
Technical know-how/ export licenses*	2,845.73	46.86	-	2,892.59	1,881.56	813.10	-	-	2,694.66	197.93
Software	55.46	9.54	-	65.00	22.26	8.47	-	-	30.73	34.27
Total	3,437.00	60.34	-	3,497.34	2,257.78	889.64	-	-	3,147.42	349.92
Total (d+e)	6,685.07	301.23	73.32	6,912.98	3,614.09	1,107.57	55.97	-	4,665.69	2,247.29
(f) Capital work in progress @										
- Including intangible assets under development										854.74
										3,102.03

Note :

Includes land of ₹ 15.84 crores at Halol (Gujrat) and ₹ 78.36 crores at Jaipur pending for registration in the name of the Company.

* Includes net increase of ₹ 46.86 crores due to fluctuation in exchange rates.

** Includes ₹ 0.20 crore transferred to Pre- operative expenditure (pending allocation).

@ Including pre operative expenses ₹ 8.59 crore relating to salaries, wages and other related project expenses (refer note no 39).

In line with Notification No. G.S.R. 378 (E) dated May 11, 2011 issued by The Ministry of Corporate Affairs, Government of India, the exchange differences arising after April 1, 2007 on reporting of long term foreign currency monetary items at rates at the end of year compared to those at which they were initially recorded, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, have been added to or deducted from the cost of the asset and is depreciated over the balance useful life of the asset.

Note No. 14 - Investments

₹ crores

	Units as at March 31, 2015	Units as at March 31, 2014	As at March 31, 2015		As at March 31, 2014	
			Current	Non Current	Current	Non Current
Long Term Investments (At Cost unless otherwise stated)						
Trade						
Investment in equity instruments						
Unquoted of Associates						
Erik Buell Racing Inc.						
Convertible Preferred Stock series A Equity Shares of USD 0.01 each	9,686	9,686	-	150.09	-	150.09
Cost of acquisition (including Goodwill ₹ 119.65 crores)			-	150.09	-	150.09
Less: Provision for diminution (refer note no 40)			-	(150.09)	-	(9.30)
			-	-	-	140.79
Face Value of ₹ 10 each						
Hero FinCorp Limited						
Cost of acquisition (net of Capital reserve of ₹ 13.08 crores, previous year ₹ 1.19 crores)	21,910,300	7,310,300	-	224.37	-	56.47
Add/(Less): Group's share of profits/(losses) upto March 31, 2015				47.01		33.56
			-	271.38	-	90.03
Non Trade						
Investment in equity instruments of Other Entities						
Face Value of ₹ 1 each						
Bombay Stock Exchange Limited	140,400	140,400	-	5.94	-	5.94
Investment in preference shares of Other Entities						
Face Value of ₹ 1000 each						
Tata Capital Limited	100,000	100,000	-	10.00	-	10.00
Total Investment in Equity Shares			-	15.94	-	15.94
Investment in debentures / bonds						
Quoted						
Face Value of ₹ 1000 each						
12.25% Muthoot Finance Limited-Maturity-14.09.2016	500,000	500,000	-	49.79	-	49.79
12.15% Religare Finvest Limited-Maturity-23.09.2014	-	250,000	-	-	25.00	-
7.34% HUDCO -Maturity-16.02.2023	250,000	250,000	-	25.00	-	25.00
7.18% IRFC -Maturity-19.02.2023	250,000	250,000	-	25.00	-	25.00
8.18% NHPC Tax Free Bonds-Maturity-02.11.2023	161,050	-	-	16.10	-	-
8.51% HUDCO Tax Free Bonds-Maturity-13.01.2024	250,000	-	-	25.00	-	-
8.18% PFC Tax Free Bonds-Maturity-16.11.2023	323,890	-	-	32.39	-	-
Face Value of ₹ 1,00,000 each						
6.70% IRFC Bonds -Maturity-08.03.2020	1,500	1,500	-	15.23	-	15.23
Face Value of ₹ 5,00,000 each						
10.70% Tata Motors Finance Limited-Maturity-28.04.2020	138	138	-	7.18	-	7.18
10.70% Tata Motors Finance Limited-Maturity-10.04.2020	400	400	-	20.82	-	20.82
Face Value of ₹ 10,00,000 each						
8.45% Rural Electrification Corporation-Maturity-19.02.2015	-	200	-	-	20.07	-
13% Religare Finvest Limited-Maturity-30.05.2017	100	100	-	10.00	-	10.00
14% Religare Enterprise Limited-Maturity-30.06.2017	375	-	-	38.33	-	-
Zero Coupon Bonds						
Rural Electrification Corporation Ltd NCD @ 13578 maturity ₹ 30000 per bond-Maturity-15.12.2020	37,000	37,000	-	50.24	-	50.24
			-	315.08	45.07	203.26

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

Note No. 14 - Investments

₹ crores

	Units as at March 31, 2015	Units as at March 31, 2014	As at March 31, 2015		As at March 31, 2014	
			Current	Non Current	Current	Non Current
Less: Provision for diminution/amortisation			-	(0.88)	(0.06)	(0.51)
Market value Current ₹ Nil and Non Current ₹ 318.73 crores (previous year Current ₹ 45.19 crores and Non Current ₹ 207.73 crores)			-	314.20	45.01	202.75
Listed -Quoted But Not Traded						
Face Value of ₹ 1,000 each						
8.18% NHPC Tax Free Bonds-Maturity-02.11.2023	-	161,050	-	-	-	16.11
8.18% PFC Tax Free Bonds-Maturity-16.11.2023	-	323,890	-	-	-	32.39
8.51% HUDCO Tax Free Bonds-Maturity-13.01.2024	-	250,000	-	-	-	25.00
Face Value of ₹ 100,000 each						
12.00% Shriram Transport NCD -Maturity-18.07.2014	-	1,300	-	-	13.85	-
Face Value of ₹ 1,000,000 each						
8.91% L&T Finance Limited-Maturity-15.04.2016	150	150	-	15.00	-	15.00
			-	15.00	13.85	88.50
Less: Provision for diminution/amortisation			-	-	(0.80)	-
Maturity Value Current ₹ Nil and Non Current ₹ 15.00 crores (previous year Current ₹ 13.00 crores and Non Current ₹ 88.50 crores)			-	15.00	13.05	88.50
Zero Coupon Bonds						
National Bank For Agriculture and Rural Development Bhavishya Nirman Bonds @ 8182 each						
A 10 Year Zero Coupon Bond of NABARD- maturity ₹ 20000 per bond	50,200	50,200	-	41.07	-	41.07
Maturity Value Non Current ₹ 100.40 crores (previous year Non Current ₹ 100.40 crores)			-	41.07	-	41.07
Total Investment in debentures / bonds			-	370.27	58.06	332.32
Investment in Mutual Funds						
Listed -Quoted But Not Traded						
Debt fund						
(Units of the face value of ₹ 10 each)						
ICICI Prudential Mutual Fund						
Interval Fund Annual Interval Plan IV Institutional Cumulative	-	10,294,508	-	-	12.00	-
FMP Series 64-3 Years Plan I Cumulative	10,000,000	10,000,000	10.00	-	-	10.00
FMP Series 65-502 Days Plan C Cumulative	-	10,000,000	-	-	10.00	-
FMP Series 66-420 Days Plan A Direct Plan Cumulative	-	25,000,000	-	-	25.00	-
Interval Fund Annual Interval Plan 1 Institutional Cumulative	-	21,168,142	-	-	25.00	-
FMP Series 71-366 Days Plan C Direct Plan Cumulative	17,500,000	20,000,000	-	17.50	20.00	-
FMP Series 72-366 Days Plan I Direct Plan Cumulative	-	15,000,000	-	-	15.00	-
FMP Series 73-391 Days Plan G Direct Plan Cumulative	16,000,000	16,000,000	16.00	-	-	16.00
Birla Sunlife Mutual Fund						
Fixed Term Plan-Series GT (366 Days) -Gr.-Direct	-	27,784,500	-	-	27.78	-
Interval Income Fund-Annual Plan VIII-Gr.-Direct	-	20,000,000	-	-	20.00	-
Fixed Term Plan-Series IL(368 days)-Gr.-Direct	-	20,000,000	-	-	20.00	-
Fixed Term Plan-Series IO(368 days)-Gr.-Direct	-	20,000,000	-	-	20.00	-
Fixed Term Plan-Series JE (368 days)-Gr.-Direct	-	21,725,000	-	-	21.73	-
Fixed Term Plan-Series JY (367 days)-Gr.-Direct	15,000,000	15,000,000	-	15.00	15.00	-
Fixed Term Plan-Series KD (367 days)-Gr.-Direct	-	16,400,550	-	-	16.40	-
Fixed Term Plan-Series KO (399 days)-Gr.-Direct	25,000,000	25,000,000	25.00	-	-	25.00
IDFC Mutual Fund						
Yearly Series Interval Fund Regular Plan-Series I-Growth	25,000,000	25,000,000	25.00	-	25.00	-
Yearly Series Interval Fund Direct Plan-Series II-Growth	25,000,000	25,000,000	25.00	-	25.00	-
Fixed Term Plan Series 9 Direct Plan-Growth	-	25,000,000	-	-	25.00	-
Fixed Term Plan Series 65 Direct Plan-Growth	-	15,000,000	-	-	15.00	-
Fixed Term Plan Series 86 Direct Plan-Growth	20,000,000	20,000,000	20.00	-	-	20.00

Note No. 14 - Investments

₹ crores

	Units as at March 31, 2015	Units as at March 31, 2014	As at March 31, 2015		As at March 31, 2014	
			Current	Non Current	Current	Non Current
Reliance Mutual Fund						
Fixed Horizon Fund -XXII-Series 21-Growth Plan	-	20,000,000	-	-	20.00	-
Annual Interval Fund -Series I-Institutional Plan Growth	-	40,825,730	-	-	44.97	-
Annual Interval Fund -Series I-Direct Growth Plan Growth Option	22,822,076	-	30.00	-	-	-
Fixed Horizon Fund -XXII-Series 34-Growth Plan	5,000,000	5,000,000	5.00	-	-	5.00
Fixed Horizon Fund -XXIII-Series 5-Direct Plan-Growth Plan	-	15,000,000	-	-	15.00	-
Fixed Horizon Fund -XXIV-Series 1-Direct Growth Plan	-	20,000,000	-	-	20.00	-
Interval Fund II-Series 3-Direct Plan Growth Plan	20,000,000	20,000,000	20.00	-	20.00	-
Interval Fund II-Series 4-Direct Plan Growth Plan	20,000,000	20,000,000	20.00	-	20.00	-
Fixed Horizon Fund -XXIV-Series 25-Direct Plan-Growth Plan	22,500,000	28,750,000	-	22.50	28.75	-
Fixed Horizon Fund -XXV-Series 2-Direct Plan-Growth Plan	-	20,000,000	-	-	20.00	-
Fixed Horizon Fund -XXV-Series 15-Direct Plan Growth Plan	40,000,000	40,000,000	-	40.00	-	40.00
Fixed Horizon Fund -XXV-Series 20-Direct Plan Growth Plan	20,000,000	20,000,000	-	20.00	-	20.00
Fixed Horizon Fund -XXV-Series 30-Direct Plan Growth Plan	25,000,000	25,000,000	25.00	-	-	25.00
Fixed Horizon Fund -XXVII-Series 11-Direct Plan Growth Plan	20,000,000	-	-	20.00	-	-
BNP Paribas Mutual Fund						
Fixed Term Fund Ser 24 A Direct Growth	-	20,000,000	-	-	20.00	-
Religare Mutual Fund						
Fixed Maturity Plan Series XVII-Plan D (399 Days)-Direct Plan	-	15,000,000	-	-	15.00	-
Fixed Maturity Plan Series XIV-Plan F (1,098 Days)-Direct Plan	13,500,000	-	-	13.50	-	-
UTI Mutual Fund						
Fixed Term Income Fund Series XVII-XIII(369 Days)-Direct Growth Plan	-	27,283,000	-	-	27.28	-
Taurus Mutual Fund						
Fixed Maturity Plan 377 Days Series Z-Direct Plan Growth	-	5,036,817	-	-	5.04	-
L&T Mutual Fund						
FMP-VII (February 419 D A) Direct Plan Growth	-	15,000,000	-	-	15.00	-
FMP-VII (March 13 M A) Direct Plan Growth	-	15,000,000	-	-	15.00	-
FMP 8- Plan A- Direct Growth	-	15,000,000	-	-	15.00	-
FMP-VII (March 381 D A) Direct Plan Growth	-	10,000,000	-	-	10.00	-
FMP 8- Plan G- Direct Growth	-	10,291,784	-	-	10.29	-
FMP Series 9- Plan D- Direct Growth	10,000,000	25,000,000	-	10.00	25.00	-
FMP Series 9- Plan G- Direct Growth	-	20,000,000	-	-	20.00	-
FMP Series 10- Plan A- Direct Growth	-	6,000,000	-	-	6.00	-
FMP Series 10- Plan D- Direct Growth	-	10,000,000	-	-	10.00	-
FMP Series 10- Plan H- Direct Growth	10,000,000	10,000,000	10.00	-	-	10.00
FMP Series 10- Plan M- Direct Growth	10,000,000	10,000,000	10.00	-	-	10.00
FMP Series 10- Plan Q- Direct Growth	25,000,000	25,000,000	25.00	-	-	25.00
J P Morgan Mutual Fund						
Fixed Maturity Plan Series 302 Growth	10,000,000	10,000,000	10.00	-	-	10.00
Deutsche Mutual Fund						
Fixed Maturity Plan -Series 23-Direct Plan-Growth	-	25,000,000	-	-	25.00	-
Fixed Maturity Plan -Series 43-Direct Plan-Growth	-	25,000,000	-	-	25.00	-
Fixed Maturity Plan -Series 42-Direct Plan-Growth	-	25,000,000	-	-	25.00	-
Fixed Maturity Plan Series 46-Direct Plan-Growth	-	15,000,000	-	-	15.00	-
Fixed Maturity Plan Series 48-Direct Plan-Growth	-	10,000,000	-	-	10.00	-
Fixed Maturity Plan Series 51-Direct Plan-Growth	-	10,000,000	-	-	10.00	-
Fixed Maturity Plan Series 54-Direct Plan-Growth	10,000,000	10,000,000	10.00	-	-	10.00
Fixed Maturity Plan Series 57-Direct Plan-Growth	20,000,000	20,000,000	20.00	-	-	20.00

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

Note No. 14 - Investments

₹ crores

	Units as at March 31, 2015	Units as at March 31, 2014	As at March 31, 2015		As at March 31, 2014	
			Current	Non Current	Current	Non Current
(Units of the face value of ₹ 1,000 each)						
Pramerica Mutual Fund						
Fixed Duration Fund series 5-Direct Plan-Growth option	-	100,000	-	-	10.00	-
Fixed Duration Fund series 13-Direct Plan-Growth option	-	50,000	-	-	5.00	-
Total Investment in Mutual Funds			306.00	158.50	845.24	246.00
Repurchase Price Current ₹ 346.01 crores and Non Current ₹176.16 crores (previous year Current ₹ 906.56 crores and Non Current ₹ 251.62 crores)						
Total Long Term Investments			306.00	816.09	903.30	825.08
Other than Long Term Investments (at lower of cost or fair value)						
Non Trade						
Investment in debentures / bonds						
Quoted						
Face Value of ₹ 1,000 each						
12.15% Religare Finvest Ltd 12.15NCD 23SEP14	-	50,000	-	-	5.01	-
Face Value of ₹ 10,00,000 each						
9.20% Bank of Baroda RR Perpetual BD 09.10.2019	50	50	-	5.15	-	5.15
8.60% Sardar Sarovar Narmada Nigam Limited 09wMR 15	-	260	-	-	6.61	-
			-	5.15	11.62	5.15
Less: Provision for diminution/amortisation			-	(0.09)	(0.14)	(0.18)
Market value Current ₹ Nil and Non Current ₹ 5.06 crores (previous year Current ₹ 11.48 crores and Non Current ₹4.97crores)			-	5.06	11.48	4.97
Investment in Mutual Funds						
Listed -Quoted But Not Traded						
Debt fund						
(Units of the face value of ₹ 10 each)						
IDFC Mutual Fund						
Interval Fund Direct Plan -Series IV-Growth	-	5,000,000	-	-	5.00	-
Reliance Mutual Fund						
Interval Fund I-HalfYearly Interval Fund-Series 2-Direct Plan Growth Plan	-	4,767,263	-	-	5.00	-
Repurchase Price Current ₹ Nil (previous year ₹ 10.08 crores)			-	-	10.00	-
Unquoted						
Debt fund						
(Units of the face value of ₹ 10 each)						
ICICI Prudential Mutual Fund						
Short Term Plan Inst. Growth	-	11,770,847	-	-	25.01	-
Blended Plan B-Direct Plan-Growth Option-I	24,817,467	39,120,303	50.00	-	70.50	-
Banking and PSU Debt Fund-Direct Plan-Growth	-	62,782,668	-	-	84.96	-
Birla Sunlife Mutual Fund						
Dynamic Bond Fund- Retail- Growth	90,522,800	90,522,800	164.32	-	164.32	-
Short Term Fund -Growth-Direct Plan	-	11,321,095	-	-	50.00	-
IDFC Mutual Fund						
SSIF-Short Term -Plan C-Growth	-	43,198,719	-	-	50.45	-
SSIF Medium Term -Plan B -Growth	-	16,729,050	-	-	20.04	-
SSIF-Investment Plan-Growth-(Direct Plan)	-	8,621,462	-	-	25.00	-
Dynamic Bond Fund-Growth-(Direct Plan)	-	34,410,485	-	-	50.00	-
Dynamic Bond Fund-Growth-(Regular Plan)	-	18,776,803	-	-	25.00	-
Banking Debt Fund-Direct plan-Growth	-	19,980,419	-	-	20.00	-

Note No. 14 - Investments

₹ crores

	Units as at March 31, 2015	Units as at March 31, 2014	As at March 31, 2015		As at March 31, 2014	
			Current	Non Current	Current	Non Current
Arbitrage Fund -Dividend-(Direct Plan)	-	24,379,222	-	-	30.75	-
Reliance Mutual Fund						
Short Term Fund Growth Plan	-	14,056,349	-	-	29.00	-
Short Term Fund-Direct Growth Plan Growth Option	-	11,254,265	-	-	25.00	-
Dynamic Bond Fund-Direct Plan-Growth Plan	-	28,884,863	-	-	48.00	-
Floating Rate Fund Short Term Plan-Growth	-	27,897,922	-	-	50.28	-
Floating Rate-Short Term Plan -Direct Growth Plan	46,942,186	63,838,312	94.85	-	123.84	-
Corporate Bond Fund-Direct Growth Plan	32,000,000	-	32.00	-	-	-
UTI Mutual Fund						
Short Term Income Fund Institutional Growth Option	-	15,314,052	-	-	20.00	-
L&T Mutual Fund						
Floating Rate Fund Direct Plan-Growth	14,422,938	14,422,938	16.67	-	16.67	-
Ultra Short Term Fund Direct Plan-Growth	-	89,916,686	-	-	179.15	-
Income Opportunities Fund Direct Plan-Growth	28,271,410	15,046,871	40.00	-	20.00	-
Triple Ace Bond Fund-Bonus-Original	5,363,713	5,363,713	6.67	-	6.67	-
JP Morgan Mutual Fund						
India Active Bond Fund Retail-Growth	-	3,981,937	-	-	5.00	-
Short Term Income Fund -Direct Plan-Growth	-	19,155,767	-	-	25.00	-
BNP Paribas Mutual Fund						
MediumTerm Income Fund Direct Plan Growth	25,000,000	25,000,000	25.00	-	25.00	-
Deutsche Mutual Fund						
Banking & PSU Debt Fund-Direct Plan-Growth	-	34,685,620	-	-	35.00	-
Treasury Fund-Investment-Direct Plan Bonus	9,238,367	9,238,367	9.19	-	9.19	-
Short Maturity Fund Direct Plan-Annual Bonus	4,614,440	4,614,440	6.67	-	6.67	-
Ultra Short Term Fund-Direct Plan-Annual Bonus	8,868,007	8,868,007	8.83	-	8.83	-
Cash Opportunities Fund-Direct Plan-Annual Bonus	10,389,886	10,389,886	10.17	-	10.17	-
Arbitrage Fund-Direct Plan-Growth	19,761,318	-	20.08	-	-	-
SBI Mutual Fund						
Dual Advantage Fund -Series VII- Direct-Growth	15,000,000	-	15.00	-	-	-
Dual Advantage Fund -Series VIII- Direct-Growth	25,000,000	-	25.00	-	-	-
(Units of the face value of ₹ 100 each)						
ICICI Prudential Mutual Fund						
Flexible Income-Regular Plan-Growth	-	1,626,944	-	-	27.86	-
Flexible Income-Direct Plan -Growth	-	2,133,884	-	-	49.38	-
Flexible Income-Direct Plan -Growth	112,284	-	2.78	-	-	-
(Units of the face value of ₹ 1000 each)						
Reliance Mutual Fund						
Money Manager Fund-Growth Plan-Growth Option	646,368	1,310,126	80.12	-	162.41	-
Money Manager Fund-Direct Plan Growth Option	23,151	-	4.24	-	-	-
Pramerica Mutual Fund						
Credit Opportunities Fund -Growth	-	70,000	-	-	7.00	-
Dynamic Bond Fund-Growth Plan	-	50,000	-	-	5.00	-
Ultra Short Term Bond Fund Direct Plan Growth Option	-	394,855	-	-	50.00	-
Religare Mutual Fund						
Bank Debt Fund-Growth	-	100,000	-	-	10.00	-
Active Income Fund Growth	-	184,838	-	-	25.00	-
Credit Opportunities Fund Direct Plan-Growth	312,215	-	50.00	-	-	-
DSP BlackRock Mutual Fund						
Strategic Bond Fund -Institutional Plan-Growth	-	190,666	-	-	24.20	-
Strategic Bond Fund -Direct Plan-Growth	-	176,115	-	-	25.00	-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

Note No. 14 - Investments

₹ crores

	Units as at March 31, 2015	Units as at March 31, 2014	As at March 31, 2015		As at March 31, 2014	
			Current	Non Current	Current	Non Current
Repurchase Price Current ₹ 794.56 crores (previous year Current ₹ 1,842.15 crores)			661.59	-	1,645.35	-
Equity fund						
(Units of the face value of ₹ 10 each)						
L&T Mutual Fund						
Business Cycles Fund Direct Growth	3,000,000	-	3.00	-	-	-
Repurchase Price Current ₹ 3.73 crores (previous year Current ₹ Nil)			3.00	-	-	-
Liquid fund						
(Units of the face value of ₹ 10 each)						
Escorts Mutual Fund						
Liquid Direct Plan-Growth	8,815,873	29,106,997	16.51	-	54.51	-
(Units of the face value of ₹ 100 each)						
ICICI Prudential Mutual Fund						
Liquid Direct plan-Growth	2,415,432	2,636,293	50.00	-	50.00	-
Birla Sunlife Mutual Fund						
Cash Plus-Growth-Direct Plan	12,985,185	2,433,114	290.60	-	50.00	-
(Units of the face value of ₹ 1,000 each)						
Reliance Mutual Fund						
Liquidity Fund- Direct Growth Plan Growth Option	1,559,790	1,146,882	327.20	-	221.40	-
Taurus Mutual Fund						
Liquid Fund-Direct Plan-Super Institutional Growth	330,345	-	50.00	-	-	-
IDFC Mutual Fund						
Cash Fund -Growth-(Direct Plan)	734,163	1,513,918	124.75	-	235.70	-
L&T Mutual Fund						
Liquid Fund Direct Plan-Growth	208,656	-	40.00	-	-	-
Axis Mutual Fund						
Liquid Fund-Direct Plan-Growth	1,794,407	662,821	277.70	-	94.15	-
Kotak Mutual Fund						
Liquid Scheme Plan A-Direct Plan-Growth	352,834	-	100.00	-	-	-
Principal Mutual Fund						
Cash Management Fund-Direct Plan-Growth	367,952	-	50.00	-	-	-
Repurchase Price Current ₹ 1,333.33 crores (previous year Current ₹ 710.28 crores)			1,326.76	-	705.76	-
Total Investment in Mutual Funds			1,991.35	-	2,361.11	-
Total Other than Long Term Investments			1,991.35	5.06	2,372.59	4.97
			2,297.35	821.15	3,275.89	830.05

Note No. 14 - Investments

₹ crores

	As at March 31, 2015		As at March 31, 2014	
	Book value	Market value	Book value	Market value
Aggregate value of				
Quoted investments -Non Current(Repurchase Price/Market Value/ Maturity Value)	534.80	615.33	583.98	653.22
Quoted investments-Current(Repurchase Price/Market Value/Maturity Value)	306.00	346.01	925.78	986.31
Unquoted investments-Non Current (Repurchase Price/Maturity Value/ Cost)	437.41	287.32	256.06	246.76
Unquoted investments-Current (Repurchase Price/Maturity Value/Cost)	1,991.35	2,131.62	2,351.11	2,552.43
diminution/amortisation-Non Current	(151.06)	-	(9.99)	-
diminution/amortisation-Current	-	-	(1.00)	-
	3,118.50	3,380.28	4,105.94	4,438.72

Note No. 15 - Long - term loans and advances

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
Unsecured, considered good		
Capital advances	212.40	149.89
Security Deposits	18.57	9.36
Loans to employees	30.09	24.90
Prepaid expenses	0.46	0.61
Advance income tax	85.19	-
Balance with Government authorities		
- Excise duty	45.84	45.03
- VAT/ sales tax	255.72	247.64
Total	648.27	477.43

Note No. 16 - Other non -current assets

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
Unsecured, considered good		
Accruals		
Interest accrued on investments	60.19	47.81
Total	60.19	47.81

Note No. 17 - Inventories*

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
Raw materials and components	513.44	371.49
Goods in transit of raw materials and components	38.25	74.37
Work in progress (Two wheelers)	31.60	36.19
Finished goods		
Two wheelers	148.50	68.26
Goods in transit of two wheelers	2.76	-
Spare parts	44.21	42.65
Stores and spares	64.23	62.37
Loose tools	18.40	14.22
Total	861.39	669.55

* Lower of cost and net realisable value

Note No. 18 - Trade receivables

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
(a) Outstanding for a year exceeding six months from the date they were due for payment		
Secured, considered good	3.24	1.25
Unsecured, considered good	12.09	4.70
Unsecured, considered doubtful	11.10	10.40
	26.43	16.35
Less: Provision for doubtful trade receivables	11.10	10.40
	15.33	5.95
(b) Others		
Secured, considered good	23.44	20.96
Unsecured, considered good	1,333.05	893.67
Total	1,371.82	920.58

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

Note No. 19 - Cash and cash equivalents

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
(a) Cash on hand	0.18	0.29
(b) Balances with banks		
In current accounts	65.02	17.61
In deposit accounts*	89.30	50.84
In dividend current accounts (Earmarked accounts)	61.28	51.09
Total	215.78	119.83

* Balance with banks include deposits amounting to ₹ 28.19 crores (previous year ₹ 50.84 crores) which have an original maturity of more than 12 months and now maturing during the year.

** The Company had placed fixed deposits aggregating ₹ 25.00 crores with Dena Bank on February 18, 2014. Subsequent thereto, it was brought to the notice of the Company that money had been fraudulently withdrawn by pledging fictitious copies of such fixed deposit receipts with concern bank. The Company has filed a recovery suit which is pending in honourable Delhi High Court against the bank. In the interim the Bank has renewed the deposits for a year (along with interest earned thereon) aggregating ₹ 27.28 crores (Previous year ₹ 25.00 crores).

Note No. 20 - Short - term loans and advances

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
Unsecured, considered good		
Loans and advances to related party		
- Inter corporate deposits	-	220.00
Security deposits	0.65	1.07
Loans and advances to employees	23.86	18.42
Prepaid expenses	28.90	34.23
Balance with Government authorities		
- CENVAT/ Service tax credit	283.73	94.34
- VAT/ sales tax	117.92	50.72
- Excise duty -current account	0.38	0.66
- Export incentive receivables	21.90	16.98
Others		
- Advance to vendors	91.98	108.91
- Others	4.09	5.05
Total	573.41	550.38

Note No. 21 - Other current assets

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
Unsecured, considered good		
(a) Accruals		
Interest accrued on investments	17.86	17.41
Incentive on investment made in Neemrana plant from Rajasthan state Government	30.78	-
Other accruals	11.33	4.64
Total	59.97	22.05

Note No. 22 - Revenue From Operations

₹ crores

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
(a) Sale of products		
Two wheelers	26,742.19	25,041.15
Spare parts	2,278.79	1,964.11
	29,020.98	27,005.26
Less: Excise duty	1,717.65	1,880.35
	27,303.33	25,124.91
(b) Income from services		
Dealers support services	25.81	25.72
Goodlife program for customers	60.99	60.85
Services - others	80.60	34.38
	167.40	120.95
(c) Other operating revenue		
Duty drawback and other incentives	24.51	21.69
Incentive on investment made in Neemrana plant from Rajasthan state Government	30.78	-
Miscellaneous income	12.01	7.92
	67.30	29.61
	234.70	150.56
Total	27,538.03	25,275.47

Note No. 23 - Other Income

₹ crores

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
(a) Interest income		
Intercompany deposits	1.85	7.16
Current - Non trade investments	1.29	3.59
Long term - Non trade investments	49.08	49.51
Others	97.79	83.11
(b) Dividend income		
Current investments - Non trade	1.50	0.69
Long term investments - Non trade	0.06	0.06
(c) Net gain on sale of non trade: *		
Current investments	240.97	221.70
Long term investments	79.57	77.69
(d) Other Non operating Income		
Profit on sale of fixed assets	0.68	0.68
Exchange fluctuation	19.32	-
Total	492.11	444.19

* After adjusting loss on sale of current investments aggregating ₹ 0.21 crores (previous year ₹ 1.26 crores)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

Note No. 24 - Cost of materials consumed

₹ crores

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
(a) Raw materials and components consumed:		
Opening stock	445.86	411.27
Add: Purchase of raw materials and components	19,988.10	18,363.26
	20,433.96	18,774.53
Less: closing stock	551.69	445.86
	19,882.27	18,328.67
Less: Sale of components to ancillaries on cost to cost basis	1.09	14.29
	19,881.18	18,314.38
Less: Cash discount	61.56	69.43
Consumption of raw materials and components	19,819.62	18,244.95
Less: Scrap sales	29.22	23.42
Net consumption	19,790.40	18,221.53
Materials consumed comprises:		
Steel sheets	30.55	44.33
Components	19,850.63	18,270.05
Total	19,881.18	18,314.38

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Note No. 25 - Changes in inventory of finished goods and work-in-progress

₹ crores

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
(a) Opening stock		
Two wheelers	68.26	99.36
Spare parts	42.65	25.86
Work in progress	36.19	30.51
	147.10	155.73
Less: Excise duty on opening stock	14.28	14.55
Net opening stock	132.82	141.18
(b) Closing stock		
Two wheelers	151.26	68.26
Spare parts	44.21	42.65
Work in progress	31.60	36.19
	227.07	147.10
Less: Excise duty on closing stock	19.15	14.28
Net closing stock	207.92	132.82
Net (increase)/ decrease	(75.10)	8.36

Note No. 26 - Employee benefits expenses

₹ crores

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Employee benefits expenses (Refer (i) & (ii) below)		
(i) Salaries and wages	1,030.61	818.73
(ii) Contribution to provident and other funds	80.99	51.77
(iii) Employee Stock Compensation Cost (refer note no 41)	0.67	-
(iv) Staff welfare expenses	66.45	59.85
Total	1,178.72	930.35
	2014-15	2013-14
(i) Defined contribution and other plans		
Employer's contribution to provident fund	38.34	30.56
Employer's contribution to superannuation fund	16.60	12.91
Employer's contribution to Gratuity fund	23.71	6.36
Employer's contribution to ESIC	2.34	1.94
Total	80.99	51.77

(ii) 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 year of employment i.e. five years. The liability of gratuity plan is provided based on actuarial valuation as at the end of each financial year based on which the Company contributes the ascertained liability to Life Insurance Corporation of India by whom the plan assets are maintained.

₹ crores

	Funded		Unfunded	
	For the year ended March 31, 2015	For the year ended March 31, 2014	For the year ended March 31, 2015	For the year ended March 31, 2014
	Funded	Funded	Unfunded	Unfunded
i. Change in benefit obligation				
Present value of obligation at the beginning of the year	120.54	109.55	0.13	-
Current Service Cost	8.26	7.35	0.04	0.01
Interest Expenses	10.30	8.57	0.01	-
Actuarial (Gain) / Loss	14.86	(0.22)	(0.01)	0.05
Benefits Paid	(5.48)	(4.71)	-	-
Acquisition adjustment	-	-	-	0.07
Present value of obligation at the end of the year	148.48	120.54	0.17	0.13
ii. Fair value of Plan Assets				
Fair value of plan assets at the beginning of the year	120.54	109.55	-	-
Expected return on scheme assets	11.07	10.35	-	-
Contributions by the Company	23.72	5.87	-	-
Benefits Paid	(5.48)	(4.71)	-	-
Actuarial Gain / (Loss)	(1.37)	(0.52)	-	-
Fair value of plan assets at the end of the year	148.48	120.54	-	-
iii. Return on Plan Assets				
Expected return on plan assets	11.07	10.35	-	-
Actuarial Gain / (Loss)	(1.37)	(0.52)	-	-
Actual return on plan assets	9.70	9.83	-	-
iv. Amount recognised in the Balance Sheet				
Present value of defined benefit obligation	148.48	120.54	-	0.13
Fair value of Plan Assets	148.48	120.54	-	-
Net liability/(asset) recognised in the balance sheet	-	-	-	0.13
v. Expenses recognised in the statement of profit and loss				
Current service costs	8.26	7.35	0.04	0.01
Interest expense	10.31	8.57	0.01	-
Expected return on plan assets	(11.07)	(10.35)	-	-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

₹ crores

	Funded		Unfunded	
	For the year ended March 31, 2015	For the year ended March 31, 2014	For the year ended March 31, 2015	For the year ended March 31, 2014
	Funded	Funded	Unfunded	Unfunded
Net actuarial (gain)/loss recognized during the year	16.22	0.30	(0.01)	0.05
Acquisition adjustment	-	-	-	0.07
Expenditure recognized in statement of Profit and Loss	23.72	5.87	0.04	0.13
vi. Balance Sheet reconciliation				
Net liability/(asset) at the beginning of the year	-	-	0.13	-
Expenses as above	23.72	5.87	0.04	0.13
Contribution paid	(23.72)	(5.87)	0.17	0.13
The actuarial calculations used to estimate defined benefit commitments and expenses are based on the following assumptions, which if changed, would affect the defined benefit commitment's size, funding requirements and expense.				
vii. Principal Actuarial assumptions for Gratuity and leave benefits				
Rate for discounting liabilities	8.00% p.a.	8.75% p.a.	7.75% p.a.	8.50% p.a.
Expected salary increase rate	6.00% p.a.	6.00% p.a.	5.25% p.a.	6.00% p.a.
		for first four years and 5% thereafter		
Expected return on scheme assets	9.40% p.a.	9.40% p.a.	-	-
Withdrawal Rate	Upto 30 years: 3%			
	From 31 to 44 years:2%			
	After 44 years: 1%			
Mortality table used	India assured Lives Mortality (2006-08) (modified) Ult.			

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Experience adjustments	2014-15	2013-14	2012-13	2011-12	2010-11
Gratuity					
Present value of Defined benefit plan	148.48	120.53	109.55	89.95	68.75
Fair value of plan assets	148.48	120.53	109.55	89.95	68.75
Experience gain / (loss) adjustments on plan liabilities	13.31	7.51	4.08	15.28	8.63
Experience gain / (loss) adjustments on plan assets	1.37	0.52	1.30	0.10	0.03

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.

The Company makes annual contribution to Life Insurance Corporation (LIC). As LIC does not disclose the composition of its portfolio investments, accordingly break-down of plan assets by investment type has not been disclosed.

Note No. 27 - Finance costs

₹ crores

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
(a) Interest expenses		
On dealers security deposits	1.85	1.78
On borrowings	0.61	-
On others	9.24	10.04
Total	11.70	11.82

Note No. 28 - Other Expenses

₹ crores

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
(a) Other expenses		
Stores and tools consumed	106.96	98.93
Packing, forwarding, freight etc.	855.68	729.39
Power and fuel	158.49	137.46
Rent	22.50	13.22
Lease rent	23.17	21.79
Repairs and maintenance		
- Buildings	15.92	15.29
- Plant and machinery	70.32	67.87
- Others	52.53	50.52
Insurance charges	48.61	44.99
Rates and taxes	190.28	171.27
Royalty	121.41	116.67
Advertisement and publicity	678.71	493.47
Donations#	10.91	11.71
Expenditure on corporate social responsibility	2.37	-
Auditors' remuneration	2.01	1.49
Exchange fluctuation	11.89	0.09
Loss on fixed assets sold/discarded	22.84	13.98
Provision for diminution/amortization in value of investments		
- Long term non trade investment	0.72	0.45
Provision for doubtful debts	0.70	0.85
Miscellaneous expenses	751.26	586.69
Total	3,147.28	2,576.13

Donation included ₹ 8.00 crores (previous year ₹ 11.00 crores) contributed to Satya Electoral Trust

Note No. 29 - Earnings per equity share

Particulars	Unit	For the year ended March 31, 2015	For the year ended March 31, 2014
(a) Earnings per equity share (EPS):			
Net profit after tax after exceptional items	₹ crores	2,364.70	2,102.66
Weighted average number of equity shares outstanding during the year	Numbers	199,687,500.00	199,687,500.00
Nominal Value of Equity Shares	₹	2.00	2.00
Basic and diluted EPS - before exceptional item	₹	125.66	105.29
Basic and diluted EPS - after exceptional items	₹	118.41	105.29

Note No. 30 - Contingent Liabilities and Commitments (to the extent not provided for)

₹ crores

Particulars	As at March 31, 2015	As at March 31, 2014
(a) Contingent liabilities		
(i) In respect of excise matters	4.09	29.24
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 the management, have a material effect on the result of operations or the financial position of the Group.		
(b) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances paid amounting to ₹ 181.30 crores (previous year ₹ 438.61 crores))	822.13	458.39
Other commitments (Refer note below)		
Total	826.22	487.63

The Group has other commitments for purchase /sales orders which are issued after considering requirements per operating cycle for purchase /sale of goods and services, employees benefits including union agreement in normal course of business. The Group does not have any long term commitments or material non-cancellable contractual commitments/ contracts, which have a material impact on the financial statements.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

Note No. 31 - As the Group's business activity falls within a single primary business segment viz. "Two wheelers, its parts and ancillary services" and is a single geographical segment, the disclosure requirements of Accounting Standard (AS-17) "Segment Reporting" are not applicable.

Note No. 32 - Related party disclosures under Accounting Standard 18

a) Parties in respect of which the Group is an associate.

Hero Investment Private Limited (upto May 16, 2013) { refer note no. 37}
Brijmohan Lall Om Prakash (Firm; from May 17, 2013) {refer footnote (iii) of Note no. 3 Share Capital}

b) Associates of the Group

Hero FinCorp Limited
Magnet Marelli S.pA
Niloy Motors Limited
Nitol Motors Limited
Erik Buell Racing Inc (from June 28, 2013)

c) Key management personnel and their relatives

Mr. Brijmohan Lall Munjal	- Chairman
Mr. Pawan Munjal	- Vice Chairman, CEO and Managing Director
Mr. Sunil Kant Munjal	- Joint Managing Director
Mr. Suman Kant Munjal	- Director

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

Brijmohan Lall & Associates, A.G. Industries Private Limited, Rockman Industries Limited, Cosmic Kitchen Private Limited, Hero InvestCorp Limited, Hero Management Services Limited, Hero Cycles Limited, Hero Corporate Services Limited, Hero Mindmine Institute Limited, Abhyuday Manufacturing and Automotive Limited, Hero Solar Energy Private Limited and Raman Kant Munjal Foundation.

Transactions with related parties during the year

a) Parties in respect of which the Group is an associate.

Particulars	₹ crores	
	This year	Previous year
Dividend*		
Brijmohan Lall Om Prakash	588.85	371.91

*Exclude proposed final dividend

b) Associates of the Group

Particulars	₹ crores	
	This year	Previous year
Hero FinCorp Limited		
Lease rental expenses	20.86	20.26
Dividend received	2.19	2.19
Dividend paid	0.01	0.01
Intercompany deposits given	295.00	605.00
Intercompany deposits repaid	515.00	625.00
Interest on Inter corporate deposits	1.85	7.16
Investment in equity shares	167.90	0.16
Subvention of expenses- Paid	3.08	-
Security deposit received	0.01	-
Rent received	0.01	-
Erik Buell Racing Inc		
Subscription to Convertible preferred stock Series A	-	150.98
Technical Consultancy and Sponsorship	104.33	126.31
Provision towards value of investments	140.79	-
Magnet Marelli S.p.A		
Investment in Equity	7.38	1.20
Purchase of Goods	0.13	-
Technical Knowhow	6.19	-
Services	0.44	-

₹ crores

Particulars	This year	Previous year
Niloy Motors Limited		
Loans received	0.16	-
Nitol Motors Limited		
Loans received	0.02	-
Balance outstanding at the year end		
- Receivable	-	220.00
- Payable	2.44	19.40

c) Key management personnel and their relatives.

₹ crores

Particulars	This year	Previous year
Managerial Remuneration/Sitting fees		
Mr. Brijmohan Lall Munjal	43.60	36.98
Mr. Pawan Munjal	44.24	37.88
Mr. Sunil Kant Munjal	42.26	35.97
Mr. Suman Kant Munjal	0.06	0.02
Balance outstanding at the year end		
- Payables (including commission)	103.83	89.40

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

₹ crores

Particulars	This year	Previous year
Purchase of raw materials and components etc.	2346.06	2005.38
Purchase of Assets	34.35	24.31
Sale of components etc.	-	12.80
Payment towards services etc.	2.03	12.01
Payment towards reimbursement of expenses	4.34	-
Donation	0.40	0.30
Balance outstanding as at the year end		
- Receivable	1.01	-
- Payables	272.91	194.10

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

₹ crores

Particulars	This year	Previous year
Purchase of raw materials and components etc.		
A .G. Industries Private Limited	707.75	680.00
Rockman Industries Limited	1541.57	1237.00
Purchase of Assets		
Rockman Industries Limited	21.76	21.47
A.G. Industries Private Limited	0.86	2.84
Hero Solar Energy Private Limited	11.73	-
Sale of components etc.		
Rockman Industries Limited	-	12.80
Payment for services etc.		
Hero Corporate Services Limited	-	3.75
Hero Management Services	0.36	-
Hero Mindmine Institute Limited	1.67	1.98
Hero InvestCorp Limited	4.34	-
Abhyuday Manufacturing and Automotive Limited	-	6.05
Donation		
Raman Kant Munjal Foundation	0.40	0.30

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

Note No. 33 - The Group has entered into operating lease agreements for premises, 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 ₹ 28.45 crores (previous year ₹ 21.79 crores) have been charged under "Lease rentals" and "Rent" in Note no. 28. The lease arrangement for leased premises is non cancellable in nature.

Future lease payments under operating leases non cancellable in nature are as follows:

₹ crores

Particulars	This year	Previous year
Payable not later than one year	16.50	0.15
Payable later than one year and not later than five years	27.23	0.15
Total	43.73	0.30

Note No. 34 - The Group's borrowing facilities, comprising fund based and non fund based limits from various bankers, are secured by way of hypothecation of inventories, receivables, movable assets and other current assets.

Note No. 35 - The categorywise derivative instruments outstanding as at March 31 are as under:

Purpose	This Year		Previous Year	
	Currency Bought (in million)	Currency Sold (in million)	Currency bought (in million)	Currency old (in million)
Foreign currency forward contracts				
Hedging	USD 2.00	USD 13.00	JPY 2,500	USD 13.50 USD 24.40
Options contracts				
Hedging				
JPY- Call	-	-	1000	1000
JPY- Put	-	-	-	1000
USD- Call	-	3.00	-	9.15
USD- Put	3.00	3.00	9.57	10.05

The unhedged foreign currency exposures are as under:

	As at March 31, 2015		As at March 31, 2014	
	Amount of foreign currency in million	Amount in ₹ crores	Amount of foreign currency in million	Amount in ₹ crores
Payables	JPY 269.85	14.06	JPY 5,492.46	321.44
	USD 11.33	70.81	USD 22.66	136.15
	EUR 0.60	4.00	EUR 2.15	17.81
	RMB 0.224	0.22	-	-

Note No. 36 - Two wheeler sales are covered by a warranty period of two to five years. The details of provision for warranties are as under:

₹ crores

Particulars	This year	Previous year
Provision at the beginning of the year	48.61	28.46
Additional provision made during the year	48.66	56.60
Amount utilised during the year	30.95	36.45
Provision as at the end of the year	66.32	48.61

Note No. 37 - Pursuant to Scheme of Arrangement (the Scheme) for amalgamation of Hero Investments Private Limited (HIPL) which is engaged in the business of holding securities other than trading, approved by the Hon'ble High Court of Delhi, which became effective from May 16, 2013 (for which appointed date was January 01, 2013), all the properties and assets, present or future or contingent or of whatsoever nature, be transferred and/or deemed to be transferred to and vested with Hero MotoCorp Limited (HMCL) so as to become the properties of HMCL on the same terms and conditions as were applicable to HIPL.

Note No. 38 - Research and Development**Expenses charged to revenue account**

Particulars	₹ crores	
	This year	Previous Year
Raw Material consumption	0.68	1.02
Consumables	0.34	0.42
Employee benefits	67.82	48.25
Depreciation and amortisation	14.80	9.82
Others	41.42	29.65
Total	125.06	89.16

Capital expenditure during the year

Particulars	₹ crores	
	This year	Previous Year
Building	-	4.13
Equipments	18.43	8.00
Furniture and fixtures	-	0.17
Office equipments	0.01	-
Software	3.51	1.88
Vehicles	0.29	1.97
Data processing equipments	0.23	3.33
	22.47	19.48
Capital work in progress	575.51	18.30
Total	597.98	37.78

Note No. 39 - Pre operative expenses

Particulars	₹ crores	
	This year	Previous Year
Employee benefit expenses		
Salaries and wages	0.62	4.01
Contribution to provident and other funds	-	0.19
Staff welfare expenses	-	0.03
Other expenses		
Stores and tools consumed	-	0.04
Rent	0.17	0.21
Depreciation and amortisation	-	0.20
Miscellaneous expenses	0.58	3.91
Total	1.37	8.59

Note No. 40 - Subsequent to the year end, Erik Buell Racing Inc. (EBR) (alongwith its subsidiary Erik Buell Racing, LLC), an associate of the Group, has ceased their operations and entered into Assignment for the Benefit of Creditors under Chapter 128 of the Wisconsin Statutes ("Chapter 128 Process"), which is a process similar to the bankruptcy laws of U.S.A. The said filing has been occasioned by inability of EBR to honor outstanding creditors. Consequently the net worth of HMCL (NA) Inc. has eroded. In view of the above, the Company has made a provision of ₹ 144.73 crores being the diminution in value of its investment held in HMCL (NA) Inc. and impairment of Goodwill on consolidation, under the head "Exceptional items" in the statement of profit and loss.

The last audited financial statements of the associate are for the year ended December 31, 2013.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2015

Note No. 41 - The ESOP scheme titled "Employee Incentive Scheme 2014- Options and Restricted Stock Unit" hereafter referred to as "Employee Incentive Scheme 2014" or "the Scheme" was approved by the shareholders through postal ballot on September 22, 2014. 4,990,000 options are covered under the Scheme for 4,990,000 shares. The Scheme allows the issue of options to employees of the Company. Each option comprises one underlying equity share. As per the Scheme, the Remuneration / Compensation Committee grants the options to the employees deemed eligible. The exercise price of each option shall be ₹ 2,159 as defined in the Scheme. The options granted vest over a period of 4 years from the date of the grant in proportions specified in the Scheme. Options may be exercised within 7 years of granting. The difference between the fair price of the share underlying the options granted on the date of grant of option and the exercise price of the option (being the intrinsic value of the option) representing Stock compensation expense is expensed over the vesting period.

Employee Stock option details as on the balance sheet date are as follows

Particulars	Employee Incentive Scheme 2014
Option outstanding at the beginning of the year:	-
Granted during the year:	23,110
Vested during the year:	-
Exercised during the year:	-
Lapsed during the year:	-
Options outstanding at the end of the year:	23,110
Options available for grant:	4,966,890
The weighted average share price at the date of exercise for stock options exercised during the year	-
Weighted average remaining contractual life for options outstanding as at March 31, 2015 (As at March 31, 2014, Nil).	4.43

Exercise price for options outstanding at the end of the year ₹ 2,159.

The fair value of the options has been determined under the Black-Scholes model. The assumptions used in this model for calculating fair value are as below:

Assumptions	March 31, 2015
Risk Free Interest Rate	8.42%-8.47%
Expected Life (in years)	4-5.5
Expected Annual Volatility of Shares	25.37%-27.93%
Expected Dividend Yield	3.17%

Note No. 42 - Provision and/or payment in respect of Auditors Remuneration

₹ crores

Particulars	This year	Previous year
a) As statutory Auditors		
- Audit fee	1.07	0.72
- Limited Review of unaudited financial results	0.64	0.48
- Corporate Governance and others	0.22	0.17
b) Tax Audit	0.06	0.05
c) In other capacity	-	-
d) Out of pocket expenses	#	#

this year ₹ 175,000 (previous year ₹ 150,000)

Note No. 43 - Previous year figures have been regrouped/ reclassified wherever necessary to correspond with the current year classifications / disclosures.

Note No. 44 – Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act 2013:

Name of the Entity		Net Assets i.e. total asset less liabilities		Share in Profit/(Loss)	
		As % of Consolidated Net Assets	Amount (₹ in crores)	As % of Consolidated Profit or (Loss)	Amount (₹ in crores)
Parent	Hero MotoCorp Limited	98.37	6,451.73	106.72	2,523.64
Subsidiaries	Indian				
	HMC MM Auto Limited	0.16	10.58	(0.12)	(2.94)
	Foreign				
	HMCL Netherlands BV	0.01	0.45	(0.03)	(0.80)
	HMCL Colombia SAS	0.24	15.84	(1.31)	(30.87)
	HMCL Niloy Bangladesh	0.21	14.05	0.01	0.31
	HMCL (NA) Inc	0.01	0.34	(5.96)	(140.84)
	Minority Interest in all subsidiaries	0.28	18.54	0.04	1.04
Associates*	Indian				
	Hero FinCorp Limited	0.72	47.01	0.64	15.15
	Foreign				
	Erik Buell Racing Inc	0.00	-		
Total		100.00	6,558.53	100.00	2,364.70

* Investments as per Equity method

Part "A": Subsidiaries

Particular Name of the Subsidiary	HMC MM Auto Limited		HMCL NA Inc ⁵		HMCL Netherlands BV		HMCL COLOMBIA SAS ³		HMCL NILOY Bangladesh Limited ³	
	Year ended March 31, 2015	Period ended March 31, 2015	Period ended March 31, 2015							
Reporting Currency	INR	USD	INR	USD	INR	USD	INR	COP ⁴	INR	BDT ⁴
Exchange Rate	1.00	1.00	62.47	1.00	62.47	1.00	0.02397	1.00	0.8008	1.00
Reporting Amounts in	INR crore	USD MN	INR crore	USD MN	INR crore	USD MN	INR crore	COP ⁴ 1000MN	INR crore	BDT ⁴ MN
Share Capital	21.45	25.08	156.64	12.56	78.43	12.56	52.19	21.77	25.23	315.08
Reserve	(3.83)	(25.02)	(156.30)	(0.13)	(0.80)	(0.13)	(25.43)	(10.61)	0.31	3.86
Total Assets	33.02	0.34	0.34	12.43	77.67	12.43	151.81	63.34	26.01	324.80
Total Liabilities ²	33.02	0.34	0.34	12.43	77.67	12.43	151.81	63.34	26.01	324.80
Investment	7.02	-	-	12.36	77.18	12.36	-	-	-	-
Turnover ⁶	0.80	-	-	0.00	0.02	0.00	25.28	10.55	0.75	9.34
Profit/(Loss) Before Taxation	(2.94)	(25.01)	(156.22)	(0.13)	(0.80)	(0.13)	(25.42)	(10.60)	0.57	7.09
Provision for Taxation	-	-	-	-	-	-	(0.02)	(0.01)	(0.26)	(3.23)
Profit/(Loss) after Taxation	(2.94)	(25.01)	(156.22)	(0.13)	(0.80)	(0.13)	(25.44)	(10.61)	0.31	3.86
Proposed Dividend	-	-	-	-	-	-	-	-	-	-
%age holding	60%	100%	100%	100%	100%	100%	100%	100%	55%	55%

Note

- Financial information has been extracted from the standalone audited financial statement for the year/period ended March 31, 2015, and have been translated at the exchange rate prevailing on March 31, 2015
- Total liabilities are inclusive of share capital and reserves
- HMCL Colombia SAS and HMCL NILOY Bangladesh Ltd are subsidiaries of HMCL Netherlands BV
- COP - Colombian Peso; BDT - Bangladesh Taka
- Investment made by HMCL NA Inc into Erik Bueil Racing Inc., USD 25 million has been fully provided for, on account of bankruptcy filing under chapter 128 of the Wisconsin Statutes
- Turnover includes other income and other operating revenues.
- HMCL Niloy Bangladesh Limited is yet to commence operations
- There are no subsidiaries which have been liquidated or sold during the year.

Statement pursuant to Section 129 (3)

of the Companies Act, 2013 containing salient features of financial statements of Subsidiaries, Associates and Joint Venture

Part “B”: Associates and Joint Ventures

S. no.	Name of Associates/Joint Ventures	Hero FinCorp Limited	Erik Buell Racing Inc. ***
1	Latest audited Balance Sheet Date	Year ended March 31, 2015	Year ended December 31, 2013
2	Shares of Associate held by the company on the year end		
	No.	21,910,300	9,686
	Amount of Investment in Associates/Joint Venture (₹ in crores)	224.37	***
	Extend of Holding %	48.42%	49.20%
3	Description of how there is significant influence	Equity holding more than 20% but less than 50%	Equity holding more than 20% but less than 50%
4	Reason why the associate/joint venture is not consolidated	-	-
5	Networth attributable to Shareholding as per latest audited Balance Sheet (₹ in crores)	271.38	***
6	Profit / Loss for the year		
	i. Considered in Consolidation	15.15	(140.79)
	i. Not Considered in Consolidation**	16.16	

* Profit/Loss include necessary adjustment on account of dividend distribution tax.

** Represent portion of Profit attributable to other shareholders.

*** Investment into Erik Buell Racing Inc, an associate of company, of ₹ 150.09 crores (USD 25 million) has been fully provided for, on account of bankruptcy filing under chapter 128 of the Wisconsin Statutes. There are no other associate or joint venture which have been liquidated or sold during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

For and on behalf of the Board of Directors

Brijmohan Lall Munjal

Chairman
DIN - 0004134

Jaideep Bhargava

Partner

Pawan Munjal

Vice Chairman, Managing Director & CEO
DIN - 00004223

Pradeep Dinodia

Chairman-Audit Committee
DIN - 00027995

New Delhi

May 7, 2015

Ravi Sud

Sr. Vice President & CFO

Ilam C. Kamboj

Asso. V. P. Legal & Company Secretary





► **Hero MotoCorp Ltd.**

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