HMCL: AGM/BC/08 SECT: 16

August 26, 2016

Asst. Vice President,
Listing Department,
National Stock Exchange of India Ltd.,
Exchange Plaza,
Bandra Kurla Complex,
Bandra (E),
MUMBAI - 400 051

The Secretary,
BSE Limited
25th Floor,
Phiroze Jeejeebhoy Towers,
Dalal Street,
MUMBAI - 400 001

Ref: Scrip Code: BSE:500182/NSE: HEROMOTOCO.
ISIN: INE158A01026.

Sub: Intimation of Annual General Meeting and Book Closure.

Dear Sir/Madam,

We wish to inform you that the 33rd Annual General Meeting (AGM) of shareholders of the Company will be held on **Friday, September 23, 2016 at 10:30 A.M.** at Air Force Auditorium, Subroto Park, Dhaula Kuan, New Delhi. Copy of notice convening meeting and Annual Report for financial year 2015-16 are attached for your reference. The Company is providing its shareholders a facility to exercise their right to vote at the 33rd annual general meeting by remote e-voting. The e-voting period will commence at 9:00 A.M. on Monday, September 19, 2016 and end at 5:00 P.M. on Thursday, September 22, 2016. The **cut-off date** for reckoning voting rights of shareholders/beneficial owners for the purpose of e-voting and voting at the AGM shall be **Friday, September 16, 2016 (EOD).**

Further pursuant to Section 91 of the Companies Act, 2013 and Regulation 42 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Register of Members and the Share Transfer books of the Company will remain closed from **Saturday, September 17, 2016** to **Friday, September 23, 2016 (both days inclusive)** for the purpose of annual general meeting of the Company and for determining the entitlement of the shareholders for final dividend of Rs. 32/- per equity share (if declared) for the financial year 2015-16. The final dividend will be paid to those Members/beneficial owners whose names appear in the Register of Members/depository records as at closing hours of business on **Friday, September 16, 2016.**

Thanking you.

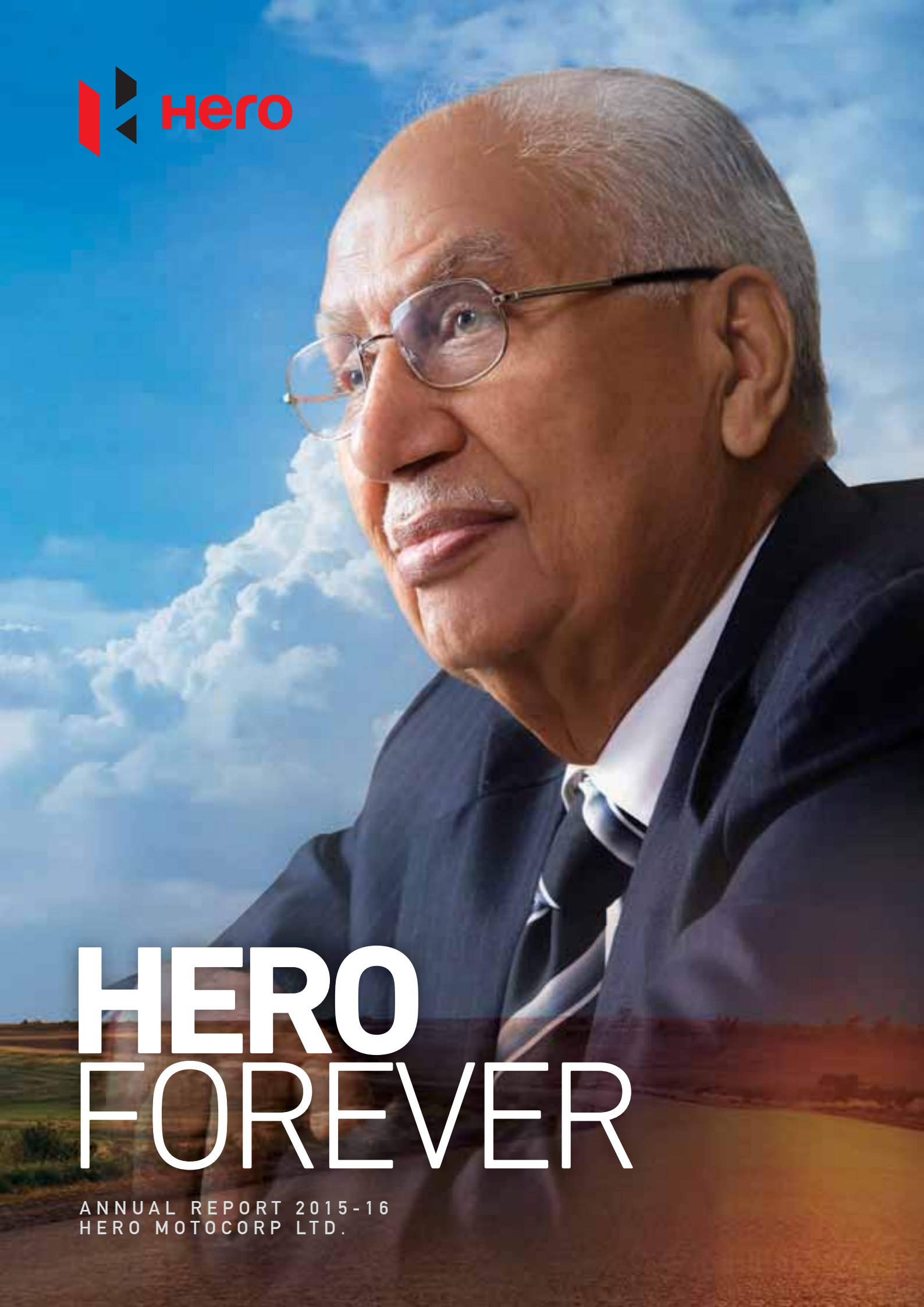
for Hero MotoCorp Ltd.

Hero MotoCorp Ltd. Hero New Delhi

(Neerja Sharma)
Company Secretary

Encl: As above.

Hero MotoCorp Ltd.
Regd. Office: 34,Community Centre, Basant Lok, Vasant Vihar, New Delhi-110057, India
Tel. +91-11-26142451, 46044100, Fax +91-11-26143321, 26143198
HeroMotoCorp.com CIN: L35911DL1984PLC017354 PAN: AAACH0812J



HERO FOREVER

ANNUAL REPORT 2015-16
HERO MOTOCORP LTD.

CONTENTS

CORPORATE OVERVIEW

Tribute to Dr. Brijmohan Lall **01**
Remembering our Hero **02**
Refreshingly Relevant **06**
Excellence has Multiple Locations **08**
Biking with Panache Globally **09**
Revisiting Eventful Quarters **10**
Key Performance Indicators **12**
Message from the Chairman **14**
Global Centre of Innovation and Technology (CIT) **20**
Launch of Hero Duet and Hero Maestro **22**
Focused on 'Greenovation' **24**
Global Progress **26**
Innovation has Arrived in Style **28**
Branding Initiates **30**
Corporate Social Responsibility **32**
Awards and Accolades **36**
Board of Directors **38**
Leadership Team **39**
Ten-year Financial Performance **40**
Economic Value Added (EVA) Statement **42**
Committee Details **43**
Corporate Information **44**

GOVERNANCE REPORTS

Management Discussion and Analysis Report **44**
Board's Report and Annexures **68**
Business Responsibility Report **102**

FINANCIAL STATEMENTS

Standalone Financial Statements **122**
Consolidated Financial Statements **162**

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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 share 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. Readers should keep in mind that 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.

HERO FOREVER

DR. BRIJMOHAN LALL MUNJAL EPITOMISED THE INDOMITABLE SPIRIT OF INDIA; TO RISE AND RECLAIM ITS PLACE IN THE COMITY OF NATIONS, DESPITE IMMENSE CHALLENGES IN THE WAY.

He saw the broad canvas of history unfolding before him. From the suffering under colonial rule, the ravages of Partition, the raising of the Tricolour, Licence Raj, to the liberalisation of the economy, triumphs of Indian entrepreneurship across the world, and the digital age of the twenty-first century. Not only did he live through all this, he turned challenges into opportunities, and worked hard with dignity, until he saw light at the end of the tunnel. His vision was to help empower India through building institutions of excellence.

From humble beginnings, Dr. Munjal went on to set-up a world-class ethical, value-based and professional enterprise that today employs over 35,000 people; and has verticals ranging from two-wheelers and cycles to auto parts, from BPO and financial services to insurance distribution, clean energy and real estate. Hero Group is now a US$ 5 billion enterprise, which includes Hero MotoCorp, the World's largest two-wheeler manufacturer with operations across continents.

His passion for institution building was not confined to businesses alone. He built and nurtured a large number of social enterprises in the realms of adult education, women's empowerment, healthcare and education. The trusts that he set-up now successfully run numerous well-known primary, secondary, vocational and tertiary education institutes across multiple states of India. He believed, "there is no greater investment and no better return than that in education. It benefits not only an individual but society at large."

Dr. Brijmohan Lall Munjal was an entrepreneur, philanthropist, social engineer and above all a humanist, who inspired millions of people by his exemplary vision. In recognition of his immense contribution, a very large number of prestigious awards were bestowed upon him. At Hero MotoCorp, we are honoured to have been guided by this legend; and will continue to draw inspiration from his extraordinary life.

HE WAS, AND REMAINS OUR UNDYING HERO.

DR. BRIJMOHAN LALL MUNJAL

FOUNDER CHAIRMAN, HERO GROUP
1ST JULY, 1923 - 1ST NOVEMBER, 2015

REMEMBERING OUR HERO

1923

1st. JULY, 1923 - BIRTH
KAMALIA, DISTRICT LAYALLPUR
BRITISH INDIA

PARENTS
FATHER : BAHADUR CHAND MUNJAL
MOTHER : THAKUR DEVI MUNJAL

1930
JOINED GURUKUL NEAR KAMALIA

1938
STARTED WORKING IN
A LOCAL FARM

1943
WORKED IN ARMY ORDINANCE
DEPOT QUETTA, PAKISTAN

1947
BOARDED THE LAST TRAIN OUT
OF KAMALIA MOVED TO AMRITSAR
MOVED TO AGRA MARRIED
SANTOSH MUNJAL

1949
STARTED HIS OWN BUSINESS IN BOMBAY

1951
MOVED TO LUDHIANA & JOINED HIS
BROTHERS TO TRADE IN BICYCLE
COMPONENTS

1953
STARTED MANUFACTURING
BICYCLE COMPONENTS

CHILDREN
RAMAN
GEETA
SUMAN
PAWAN
SUNIL

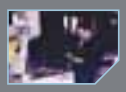
1955

1956
HERO CYCLES ESTABLISHED
IN LUDHIANA

1959
FIRST TRIP TO GERMANY
TO IMPORT LATEST TECHNOLOGY
FOR BICYCLE CHAIN MACHINERY

MET MR. ERNST MANN
HIS TECHNOLOGY GURU

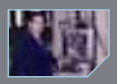
1960
ROCKMAN CYCLES ESTABLISHED IN LUDHIANA
TO MANUFACTURE CHAIN AND BICYCLE HUBS



1962
MUNJAL GASES ESTABLISHED AND BECOMES
THE SECOND ANCILLARY IN LUDHIANA

1964
PRESIDENT OF THE
MANAGING SOCIETY OF
DAYANAND MEDICAL
COLLEGE & HOSPITAL
LUDHIANA

1968
STARTED LUDHIANA
FLYING CLUB



1969
HIGHWAY INDUSTRIES
ESTABLISHED IN LUDHIANA

1976
ON THE BOARD OF DIRECTORS OF
PUNJAB NATIONAL BANK

1977
ROTARY DISTT. GOVERNOR

1978
STARTED BAHADURCHAND MUNJAL
ARYA MODEL SCHOOL, LUDHIANA &
LUDHIANA MANAGEMENT
ASSOCIATION

MAJESTIC AUTO ESTABLISHED
IN LUDHIANA TO
MANUFACTURE MOPEDS

1980

1981
MUNJAL CASTINGS
ESTABLISHED IN LUDHIANA

1983
HERO HONDA ESTABLISHED IN NEW DELHI

1985
MUNJAL SHOWA
ESTABLISHED IN GURGAON

1987
SUNBEAM AUTO ESTABLISHED
IN GURGAON

PRESIDENT OF CII

1988
GUJARAT CYCLES ESTABLISHED
HERO CYCLES ESTABLISHED IN SAHIBABAD
HERO MOTORS ESTABLISHED IN SAHIBABAD

1990
HERO COLD ROLLING DIVISION
ESTABLISHED IN LUDHIANA

1991
HERO FINLEASE ESTABLISHED

1994
BUSINESSMAN OF THE YEAR BY BUSINESS
INDIA GROUP OF PUBLICATIONS

1995
PRESIDENT OF SIAM
NATIONAL AWARD FOR OUTSTANDING
CONTRIBUTION TO THE DEVELOPMENT
OF INDIAN SMALL SCALE INDUSTRY

1997
DISTINGUISHED ENTREPRENEURSHIP
AWARD FROM THE PHD CHAMBER
OF COMMERCE & INDUSTRY

1998
BUSINESS LEADER OF THE YEAR
BY BUSINESS BARON

2000
CONFERRED SIR JAHANGIR GHANDY
MEDAL FOR INDUSTRIAL PEACE
BY XLRI JAMSHEDPUR

2001
ERNST & YOUNG ENTREPRENUER
OF THE YEAR

2003
LIFETIME ACHIEVEMENT AWARD
FROM THE ALL INDIA MANAGEMENT
ASSOCIATION (AIMA) FOR MANAGEMENT

2003

2004
DOCTORATE BY BANARAS HINDU
UNIVERSITY, VARANASI

HERO BPO ESTABLISHED

2005
THE PRESIDENT OF INDIA BESTOWS
PADMA BHUSHAN

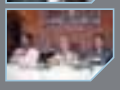
DOCTOR OF LETTERS
(HONORIS CAUSA) BY HEMWATI NANDAN
BAHUGUNA GARHWAL UNIVERSITY,
SRINAGAR GARHWAL

LIFETIME ACHIEVEMENT AWARD
BY ET AWARDS
FOR CORPORATE EXCELLENCE

2006
HERO REALTY ESTABLISHED

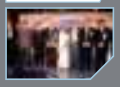
2007
HERO MINDMINE ESTABLISHED

2009
SIAM GOLDEN JUBILEE AWARD
FOR OUTSTANDING CONTRIBUTION
TO AUTOMOBILE INDUSTRY



2010
BML MUNJAL GREEN MEADOWS PUBLIC
SCHOOL, HARIDWAR, UTTARAKHAND

HERO STEELS ESTABLISHED



2011
LIFETIME ACHIEVEMENT
AWARD BY ERNST & YOUNG

DOCTOR OF SCIENCE BY IIT KHARAGPUR

LIFETIME ACHIEVEMENT AWARD FOR THE
ASIA PACIFIC ENTREPRENEURSHIP
AWARD BY ENTERPRISE ASIA

FINLEASE RENAMED AS
HERO FINCORP

HERO HONDA RENAMED
AS HERO MOTOCORP

2012
HERO FUTURE ENERGIES
ESTABLISHED

2014
BML MUNJAL UNIVERSITY
GURGAON, HARYANA

THE CNB VISIONEER AWARD FOR
OUTSTANDING CONTRIBUTION TO THE
INDIAN AUTOMOTIVE INDUSTRY BY NDTV
PROFIT CAR & BIKE AWARDS 2013

1st NOVEMBER 2015
DR. BML MUNJAL LIVES FOREVER

WE MAKE ICONIC PRODUCTS AND BRANDS.

WE PROVIDE UNIQUE EXPERIENCES THAT EVOKE POWERFUL EMOTIONS OF EMPOWERMENT.

WE INTRODUCE SMARTER APPROACHES AND GREEN TECHNOLOGIES IN OUR DESIGN AND ENGINEERING, BECAUSE OUR CUSTOMERS ACROSS THE WORLD DESERVE IT.

FOR OVER THREE DECADES, WE HAVE BEEN CONSISTENTLY ASSIGNING THE HIGHEST PRIORITY TO MATTERS THAT IMPACT OUR CUSTOMERS' WELL-BEING AND QUALITY OF LIFE. AND THAT'S THE STARTING POINT OF EVERY STORY OF INNOVATION AT HERO.

INNOVATION FOR US IS ABOUT IMPROVING THE MANNER IN WHICH WE FUNCTION.

IT IS ABOUT HAVING DEEP DISCUSSIONS WITH CUSTOMERS; AND APPRECIATING THEIR PERSPECTIVES IN AN EVOLVING SOCIETY; ABOUT REACHING OUT TO NEW GEOGRAPHIES WITH HIGH BENCHMARKS OF DURABILITY, COMFORT, SAFETY, EFFICIENCY, FUEL ECONOMY AND AESTHETICS.

WE OBSERVE GLOBAL TRENDS AND ASPIRATIONS; INTEGRATE CUSTOMER INSIGHTS INTO OUR THOUGHT PROCESS; DISRUPT MARKETS; AND BUILD BRANDS THAT ENJOY A FORMIDABLE FAN FOLLOWING ACROSS THE WORLD.

INNOVATION TAKES US AHEAD, FROM MARKET LEADERSHIP TO THOUGHT LEADERSHIP.

Hero

REFRESHINGLY RELEVANT

WE INNOVATE FOR INDIA AND THE WORLD. IT'S BOTH OUR PASSION AND COMMITMENT, AS THE WORLD'S LARGEST MANUFACTURER OF TWO-WHEELERS, BASED IN INDIA. OUR AIM IS TO CREATE EXCEPTIONAL CUSTOMER EXPERIENCES IN WHATEVER WE DO – FROM INSPIRING IDEAS THAT WE BRING ON BOARD, TO THE PRECISION OF OUR MANUFACTURING, CULMINATING WITH OUR EXTENSIVE NETWORK ACROSS GEOGRAPHIES.

WE NURTURE NEW IDEAS PASSIONATELY AND DILIGENTLY

WE SET NEW PARADIGMS OF PERSONAL MOBILITY

WE GO BEYOND THEM

WE WORK TO MAKE BRANDS REMAIN RELEVANT IN MINDS AND MARKETS ACROSS DECADES

WE ARE HERO MOTOCORP

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 new identity – Hero MotoCorp Ltd. – reflects its commitment towards providing sturdy and solid world-class mobility solutions with a renewed focus on steadily moving ahead and expanding the footprint in the global arena.

MISSION

Hero MotoCorp's mission is to become a global enterprise fulfilling its customers' needs and aspirations for mobility, solidity and sturdiness. We aim to set benchmarks in technology, style and quality to convert its 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.

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.

GLOBAL LEADERSHIP

No. 1
TWO-WHEELER COMPANY IN THE WORLD FOR THE 15TH CONSECUTIVE YEAR

39%
MARKET SHARE IN THE DOMESTIC TWO-WHEELER MARKET

30+
YEARS OF EXPERIENCE OF CATERING TO VARIED CUSTOMER ASPIRATIONS IN THE TWO-WHEELER INDUSTRY

52.4%
MARKET SHARE IN THE DOMESTIC MOTORCYCLE MARKET

8.1 Mn units
CUMULATIVE INSTALLED CAPACITY ACROSS FIVE WORLD-CLASS FACILITIES; ONE OF THE LARGEST IN THE WORLD

29
COUNTRY GLOBAL PRESENCE

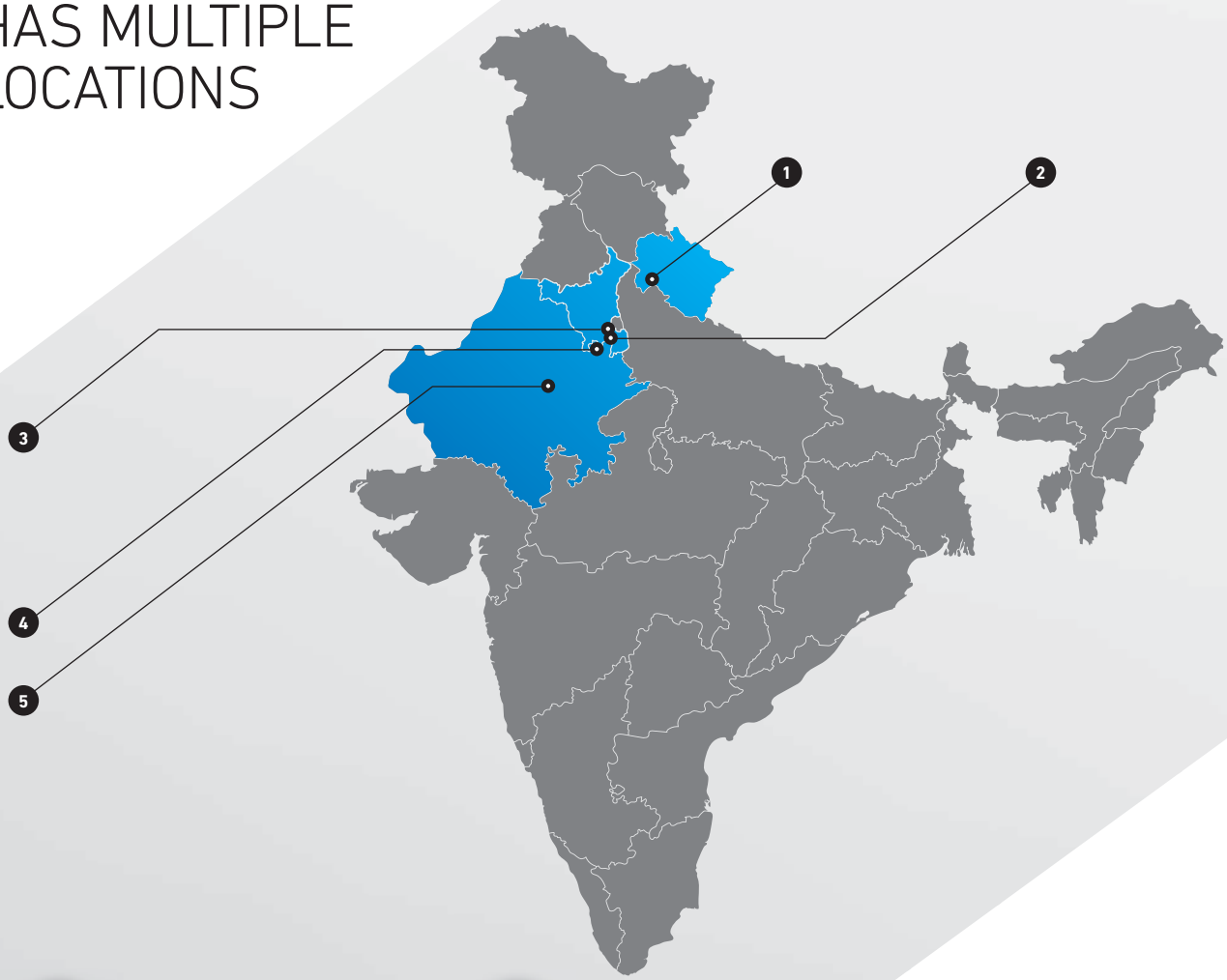
24+
PRODUCTS COMPRISING 100CC, 110CC, 125CC, 150CC, 225CC AND SCOOTER CATEGORY FOR A WIDE CUSTOMER SPECTRUM ACROSS GENDER

7,500+
TEAM MEMBERS, DRIVING THE LEVERS OF HERO'S PROGRESS

65 Mn units
CUMULATIVE SALES ACHIEVED SINCE INCEPTION

6,000+
PAN-INDIA TOUCH POINTS AND PRESENCE IN 100,000+ VILLAGES

EXCELLENCE HAS MULTIPLE LOCATIONS



1

HARIDWAR

2.8 Mn units per annum

2

DHARUHERA

2.1 Mn units per annum

3

GURGAON

2.1 Mn units per annum

4

NEEMRANA

1.05 Mn units per annum

Global Parts Centre

5

JAIPUR

Global Centre of Innovation and Technology (CIT)

BIKING WITH PANACHE GLOBALLY

AMERICAS

1	Colombia
2	Peru
3	Ecuador
4	Guatemala
5	Honduras
6	El Salvador
7	Costa Rica
8	Panama
9	Bolivia
10	Dominican Republic
11	Nicaragua

AFRICA & MIDDLE EAST

12	Nigeria
13	Kenya
14	Tanzania
15	Uganda
16	Angola
17	Ethiopia
18	Mozambique
19	Democratic Republic of Congo
20	Madagascar
21	Burkina Faso
22	Ivory Coast
23	Iran
24	United Arab Emirates
25	Turkey
26	Egypt

ASIA

27	Sri Lanka
28	Nepal
29	Bangladesh
30	India

1

VILLA RICA, COLOMBIA

80,000 units per annum

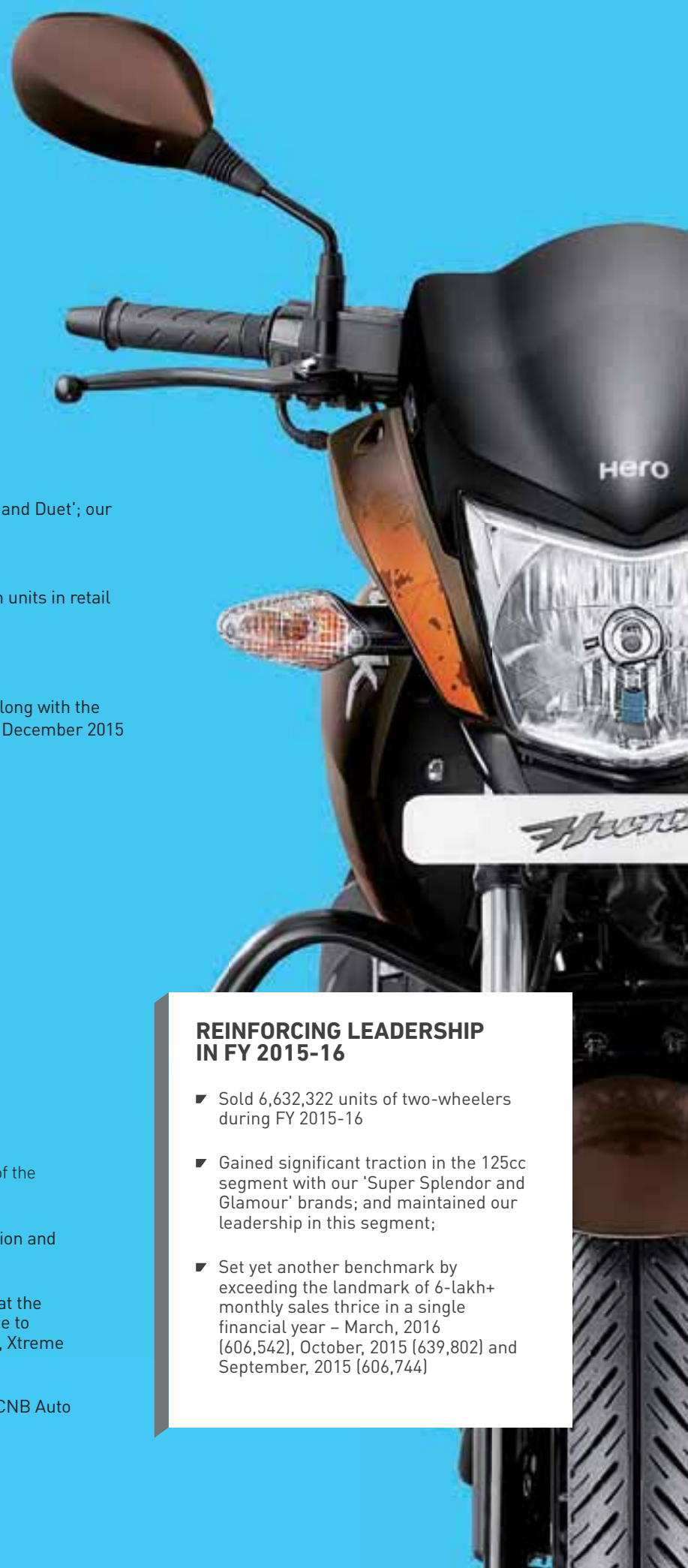
REVISITING EVENTFUL QUARTERS

Q1 APRIL 2015 – JUNE 2015

- Mr. Pawan Munjal was elevated to the position of Chairman of Hero MotoCorp Ltd.
- Online Platform - Within few months, we sold over 100,000 two-wheelers through our tie-up with Snapdeal
- Launched two new models - 'Passion Pro and Xtreme Sports'
- Became the title sponsor of 'Hero Caribbean Premier League' T20 tournament

Q2 JULY 2015 – SEPTEMBER 2015

- Commenced operations at our first overseas manufacturing facility at Villa Rica, Colombia
- Became the title sponsor of the 2015 Men's 'Hero Hockey World League Final'
- Splendor crossed yet another milestone by surpassing 25 million (2.5 crores) units mark in cumulative sales since its launch in 1994



Q3 OCTOBER 2015 – DECEMBER 2015

- Launched two new scooters – the 'Maestro Edge and Duet'; our first products developed by the in-house R&D team
- Consolidated our leadership by clocking 1 million units in retail sales during 35-day festive period
- Launched 'Splendor Pro' in its new avatar
- Hosted the prestigious 'Hero World Challenge', along with the Tiger Woods Foundation, held in the Bahamas in December 2015

Q4 JANUARY 2016 – MARCH 2016

- Awarded the TIME India 'Manufacturing Innovator of the Year 2016'
- Commenced operations of our 'Centre of Innovation and Technology' (CIT) in Jaipur, Rajasthan
- Unveiled an exciting new range of two-wheelers at the Auto Expo- 2016, showcasing directional guidance to future products through 'Splendor iSmart 110CC, Xtreme 200S, XF3R and Duet E'
- Won the best two-wheeler pavilion award at the CNB Auto Expo Awards for the second consecutive year

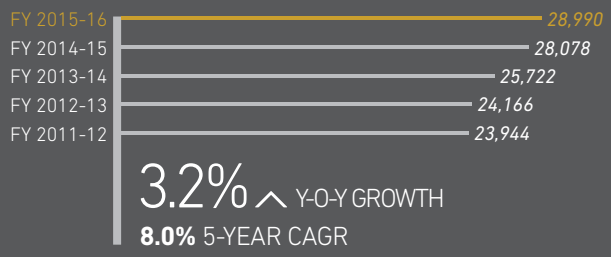
REINFORCING LEADERSHIP IN FY 2015-16

- Sold 6,632,322 units of two-wheelers during FY 2015-16
- Gained significant traction in the 125cc segment with our 'Super Splendor and Glamour' brands; and maintained our leadership in this segment;
- Set yet another benchmark by exceeding the landmark of 6-lakh+ monthly sales thrice in a single financial year – March, 2016 (606,542), October, 2015 (639,802) and September, 2015 (606,744)

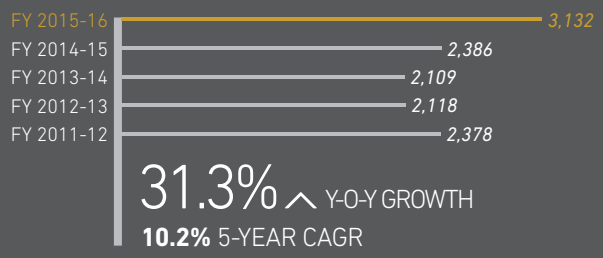
KEY PERFORMANCE INDICATORS

PRODUCT SALES
(NUMBER OF UNITS)

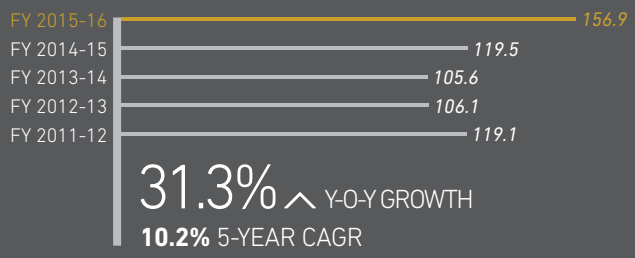
TOTAL NET INCOME
(₹ IN CRORES)



PROFIT AFTER TAX (PAT)
(₹ IN CRORES)



EARNINGS PER SHARE
(₹)



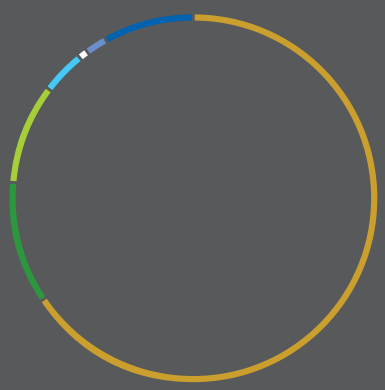
GROSS BLOCK
(₹)

RETURN ON AVERAGE CAPITAL EMPLOYED
(%)

ECONOMIC VALUE ADDED (EVA)
(₹ IN CRORES)

DIVIDEND PER SHARE
(₹)

DISTRIBUTION OF REVENUE, FY 2014-15



Particulars	₹ Crores	%
Materials	19,754	66.3
Operations & Other Expenses	3,271	11.0
Taxes & Duties	2,661	8.9
Employees	1,173	4.0
Interest	11	0.0
Depreciation	540	1.8
Shareholders and Reserves & Surplus	2,386	8.0
Total	**29,796**	**100.0**

DISTRIBUTION OF REVENUE, FY 2015-16

Particulars	₹ Crores	%
Materials	19,315	61.8
Operations & Other Expenses	3,518	11.3
Taxes & Duties	3,520	11.3
Employees	1,320	4.2
Interest	2	0.0
Depreciation	441	1.4
Shareholders and Reserves & Surplus	3,132	10.0
Total	**31,248**	**100.0**

KEY FINANCIAL RATIOS

	2013-14	2014-15	2015-16
PE ratio	21.5	22.1	18.8
Current ratio	0.8	0.9	0.8

EQUITY SHARE INFORMATION

- Market Capitalisation (31st March, 2016): ₹ 58,823 Crores
- Proposed Dividend: ₹ 32 per share (Face value ₹ 2)
- Promoters Holding: 34.64%
- National Stock Exchange (NSE): HEROMOTOCO
- Bombay Stock Exchange (BSE): 500182
- Bloomberg Code: HMCL:IB (BSE) | HMCL: IS (NSE)

MESSAGE FROM THE CHAIRMAN

A LANDMARK YEAR

DEAR SHAREHOLDERS,

ON 1ST NOVEMBER, 2015, MY FATHER AND CHAIRMAN EMERITUS OF OUR COMPANY LEFT FOR HIS HEAVENLY ABODE. HE WILL REMAIN WITH US FOREVER, IN OUR HEARTS, GUIDING AND INSPIRING US ALL INTO THE FUTURE.

A PHILANTHROPIST, A LEADER AND A PEOPLE'S PERSON, MY FATHER ENVISIONED HERO AS THE SYMBOL OF OUR COUNTRY'S ASPIRATIONS AND GROWTH. FROM DEVELOPING WORLD LEADING COMPANIES IN THE BICYCLE AND MOTORCYCLE INDUSTRIES, TO BUILDING ORGANISATIONS OF SOCIAL DEVELOPMENT, DR. BRIJMOHAN LALL ESTABLISHED ENORMOUS INSTITUTIONS THAT CHANGED THE LIVES OF MILLIONS AND SHAPED THE COURSE OF OUR COUNTRY'S INDUSTRIAL GROWTH. HE FOSTERED ENDURING RELATIONSHIPS AND DEMONSTRATED RESPECT AND HARD-WORKING ETHICS THROUGHOUT HIS LIFE, INFLUENCING ALL OF US AT HERO WITH HIS EXEMPLARY PRINCIPLES.

Dr. Brijmohan Lall will continue to be a beacon for India. Bearing his philosophies, our company has remained the world's largest two-wheeler manufacturer for 15 consecutive years. Hero's extended family of loyal and committed supply chain partners is a legacy of his values and work ethics. We, at Hero MotoCorp, are determined to uphold and grow this rich legacy.

INDIAN ECONOMY AND BUSINESS ENVIRONMENT

The world is passing through uncertain times. Across the globe, socio-political turmoil and economic volatility are almost impossible to avoid. The ongoing refugee crisis in Europe; Brexit in UK, the bitterly-fought Presidential election in the US; and the currency crisis in Latin America and Africa – have all contributed towards creating a lot of uncertainties across the globe.

The accelerating pace of change is an everyday reality and Hero MotoCorp remains cognizant of the changing world.

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

This year also marks the 25th year of India's economic liberalisation. The impact of those reforms has been so profound that the India of today is completely unrecognisable from the India of 1991.

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

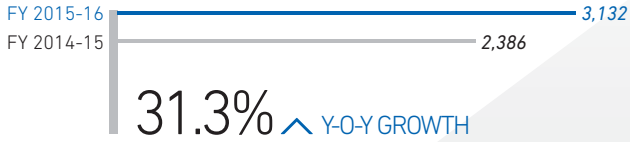
In a nutshell, by eliminating the 'license raj,' the economic reforms of 1991 helped liberalise and unshackle the Indian economy, enabling all of us to think bold and dream big.

Moreover, the current government at the Centre has unleashed the much needed 'second wave' of reforms, providing a strong fillip to the agenda of growth and development. With Prime Minister Shri Narendra Modi's 'Make in India' initiative, the country will be led into an era of a 'manufacturing revolution.' Because of these transformations, now is one of the best times to do business in India and 'from India.'

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

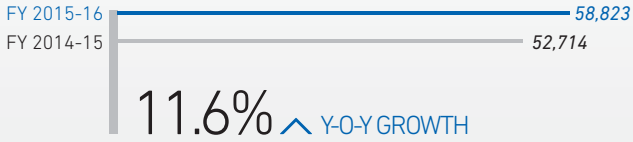
PROFIT AFTER TAX (PAT)

(₹ IN CRORES)



MARKET CAPITALISATION

(₹ IN CRORES)



GLORIOUS FIVE YEARS OF SOLO JOURNEY

The Indian economy faces internal challenges that are inevitable in such a large and diverse country as ours. The domestic automotive industry, which is a significant contributor to the Indian economy, has not remained immune to these challenges. As a result, the two-wheeler industry has gone through a sluggish phase for the past few years.

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

Hero MotoCorp is already a global leader in developing energy-efficient mobility solutions. Be it through our Garden Factory at Neemrana or the fuel-efficient i3S technology, we have set global benchmarks in promoting environment-friendly manufacturing. For carving out a distinctive niche in building sustainable platforms for future growth, Hero MotoCorp was bestowed with the coveted 'Manufacturing Innovator of the Year' award at the inaugural TIME India Awards.

It was indeed a great privilege to receive the award from the Honorable Prime Minister, Shri Narendra Modi at the 'Make in India Week'.

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

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

This fiscal year also marks two very significant milestones in Hero's solo journey as a company. Firstly, in October 2015, Hero introduced the Maestro Edge and Duet scooters - the very first products to have been completely designed and developed by our in-house R&D team. Attractively designed with contemporary styling and loaded with a host of unique features, Maestro Edge and Duet have been well received by customers, helping our company increase its market share in the scooter segment.

Secondly, in February 2016, during the Auto Expo, we showcased another one of our new innovations, Splendor iSmart 110 - the first motorcycle to

AWARDED THE TIME INDIA 'MANUFACTURING INNOVATOR OF THE YEAR 2016'

CENTRE OF INNOVATION AND TECHNOLOGY (CIT)

OUR CENTRE OF INNOVATION AND TECHNOLOGY (CIT), THE CORE OF HERO'S RESEARCH AND DEVELOPMENT, BEGAN OPERATING IN MARCH 2016

have been designed and developed completely in-house by Hero R&D. Splendor iSmart 110 has already received a positive initial response in the market.

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

...AND THE EXCITING ROAD AHEAD

Having laid a strong platform of technology and production capabilities, our aim now is to further expand our portfolio and develop technologies that will have a positive and sustainable impact on the world.

The road ahead is indeed challenging, yet Hero has proven time and again that we are able to turn adversity into opportunity. We are currently working on developing a series of new products across multiple segments, including those in the premium space. We are also working on developing next generation technologies to stay ahead of the curve, so that our company is future-ready.

At the same time, Hero continues to engage with our customers across urban and rural markets. Our innovative rural initiative '*Har Gaon Har Aangan*' (Every Village Every Household) has been one of the most successful rural customer engagement programmes, and will continue to give us the competitive edge in the domestic market. Considering the low two-wheeler penetration in the country, our company sees a tremendous growth potential for many years to come.

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

The domestic market continues to be sluggish due to various factors. However, positive forces such as the above-average monsoons, the increased spend on infrastructure by the government and the Pay Commission payout are expected to further support the market growth this year. With a large distribution network across the country, huge brand equity and trust of customers, our company is well poised to leverage these positive sentiments.

As the Chairman, I promise to continue to uphold the value system that binds the large Hero family together. We at Hero remain proud of our brand and strong equity with our employees, customers and shareholders. We will continue to lead with innovative products, expand geographically to develop our brand globally while continuing to provide superior returns to our shareholders.

On behalf of everyone at Hero MotoCorp, I thank each one of you – our valued shareholders, dealers, ancillaries, vendors, employees including workmen and our customers in India and across the globe for your continued support and faith in us.

Pawan Munjal
Chairman, Managing Director and Chief Executive Officer

DUET

MAESTRO EDGE

WE IN

INNOVATE

WE INNOVATE TO BUILD A ROBUST PRODUCT PORTFOLIO ACROSS CATEGORIES, EXPLORE GROWTH OPPORTUNITIES GLOBALLY, TO EXPLORE AND TO IMPROVE OUR OPERATIONAL EFFICIENCY, AND TO EXPAND OUR REACH TO CUSTOMERS. WE ALSO CONSISTENTLY INVEST IN REINFORCING THE BRAND HERO THAT CUSTOMERS AND STAKEHOLDERS LOVE TO ASSOCIATE WITH.

IT'S AN AWESOME EXPERIENCE TO INNOVATE IN INDIA FOR THE WORLD

Our 'Global Centre of Innovation and Technology' (CIT) at Jaipur, Rajasthan was commissioned during the year. Built with an investment of ₹ 850 crores, the CIT is a reinforcement of our commitment to innovate sustainable mobility solutions. With the CIT now operational, we have the advanced infrastructure and relevant talent pool to cater to national and international markets through indigenous manufacturing capabilities.

CIT houses the best global technologies in product design & development, testing and validation. Home to over 500 automotive experts with global and regional expertise, the operations at CIT is led by Dr. Markus Braunsperger, Chief Technology Officer. Dr. Braunsperger brings with him wealth of experience in the auto industry in international markets.

In line with our commitment to create a sustainable future, CIT has imbibed advanced green technologies into its design, ensuring eco-friendly operations. As a recognition of its efforts, the Centre was granted Platinum rating by the Indian Green Building Council (IGBC). It is the highest rated facility in India's manufacturing sector. Designed by international architects and design consortium, CIT maintains highest ecological standards.

Within a few years of commencing our solo journey, we have significantly scaled up our in-house R&D capabilities to develop consumer-oriented and market-relevant products. We have already established the credentials of our R&D function with the successful launch of Maestro Edge and Duet scooters.

ADVANCED SIMULATION
The CIT has a world-class 16-kilometre-long test track with 45 different surfaces to simulate real-world road conditions, both Indian and global.

GREEN TECHNOLOGIES AT CIT

- The11-storey 'Iconic Tower' designed in a manner that each floor plate orientation is different to have maximum view and light
- Highest level of water and energy optimisation through design innovation
- Orientation of the buildings aligned with the wind direction, thus ensuring natural ventilation and reduced load on cooling systems
- Advanced 'Big Foot' air handlers
- 22 water bodies created at site to ensure maximum recharge through rainwater harvesting
- Distinct 'Green Machine' concept in the boulevard area - Special Flex piping concealed within the boulevard flooring and integrated with 'Big Foot' handlers, reduces the load on cooling systems

LABORATORIES, STUDIOS AND TESTING FACILITIES AT CIT

- Multiple laboratories for part, function and vehicle verification and validation include:
  Material testing | Components/system performance and simulation | Part level durability | Vehicle performance and durability | Noise vibration harshness (NVH) | Chassis/transient/engine dynamo-meters | Anechoic chamber | Road simulator (two posture rig) | Electro Magnetic Compatibility (EMC) and ESA Lab
- Concept design studios equipped with latest design software and clay modelling/milling facility
- Test tracks to simulate all Indian and international road conditions
- Fully-equipped design office having latest simulation software

WE KNOW WHERE WE ARE HEADING.

AND WE ARE GETTING THERE WITH CONFIDENCE.

OUR NEW R&D ECOSYSTEM IS EQUIPPED WITH ADVANCED DESIGN AND ENGINEERING CAPABILITIES. IT WILL HELP US BUILD PRODUCTS THAT WILL STAND OUT FROM THE CROWD AND PEOPLE WILL LOVE TO RIDE. IN A WAY, IT'S LIKE TAKING THE FASTEST LANE TO THE FUTURE.

COUNTLESS IDEAS. HOURS OF RESEARCH, TESTING AND DEEP DISCUSSIONS. THE OUTCOME: TWO NEW SCOOTERS, HERO DUET AND HERO MAESTRO EDGE, THE FIRST OF THE PRODUCTS COMPLETELY DESIGNED AND DEVELOPED BY THE IN-HOUSE R&D TEAM OF HERO MOTOCORP.

MAESTRO EDGE

The all-new 110cc Maestro Edge is a premium product, making a bold statement with dynamic design and features. The scooter comes with unique features, such as digital analogue meter console, external fuel filling, European switches, titanium muffler cover and protector further add to the style quotient. This scooter made its global debut recently in Colombia (named Dash for that market), during the inauguration of Hero's first overseas manufacturing facility.

1 lakh

MAESTRO EDGE AND DUET HAVE BEEN TWO OF OUR MOST SUCCESSFUL LAUNCHES; WE HAVE ALREADY SOLD OVER 1 LAKH UNITS OF EACH PRODUCT AS ON 31ST MARCH, 2016

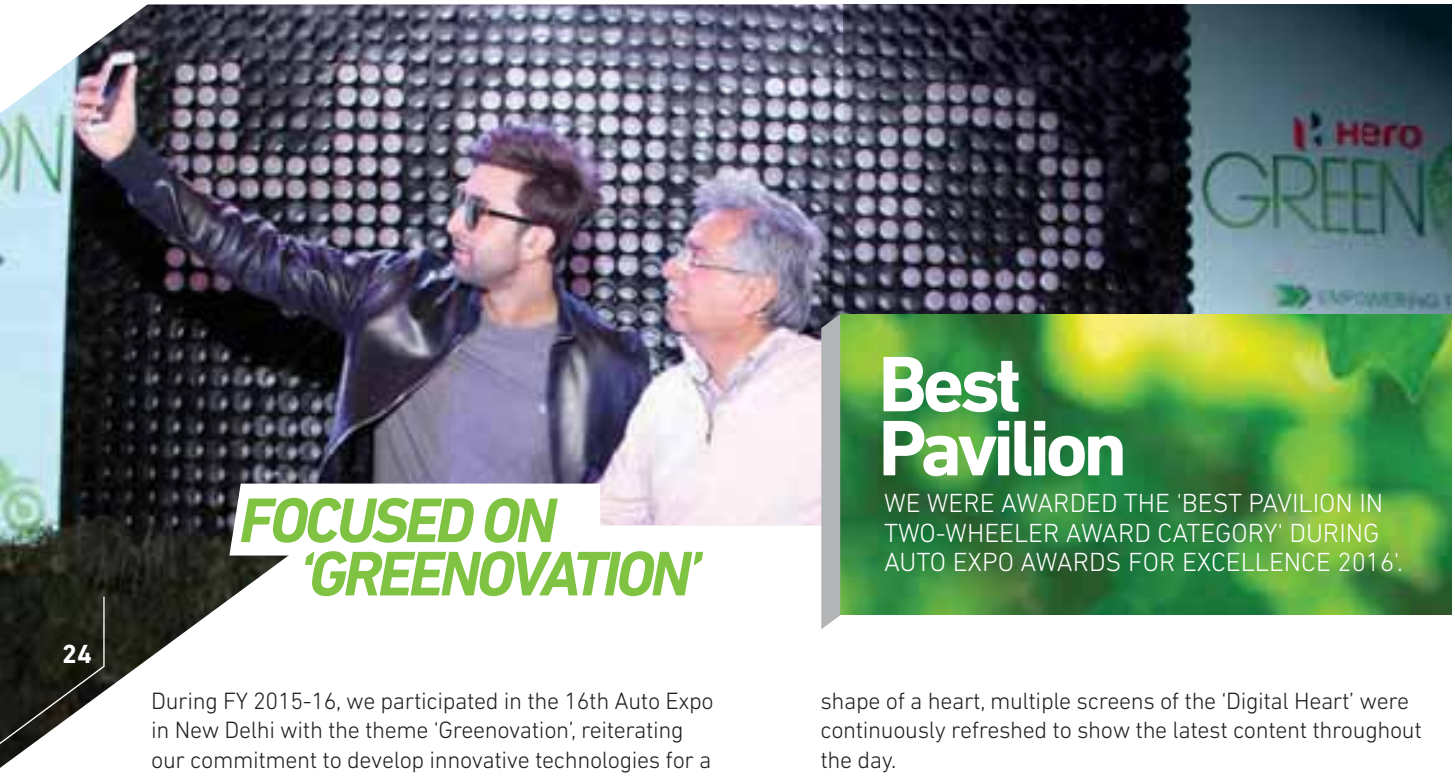
DUET

The attractive 110cc Duet comes with a metal body, making it sturdy and durable. Designed for a wide customer spectrum, its features (under-seat mobile charging port, remote seat opening, remote fuel-lid opening, among others) ensure a great riding experience.

Both these scooters offer multiple safety and convenience features, including side stand indicator, front luggage box, boot light and throttle position sensor (TPS).

HERO ENTHUSIASTS ARE AMBASSADORS. OF SMARTER, GREENER MOBILITY.

AT HERO, OUR FOCUS IS ON CREATING INTELLIGENT AND INTUITIVE WORLD-CLASS PRODUCTS. WE ARE USHERING IN AN ERA OF GREEN MANUFACTURING AND DEVELOPING FUTURISTIC SOLUTIONS FOR A SUSTAINABLE FUTURE.



FOCUSED ON 'GREENOVATION'

Best Pavilion

WE WERE AWARDED THE 'BEST PAVILION IN TWO-WHEELER AWARD CATEGORY' DURING AUTO EXPO AWARDS FOR EXCELLENCE 2016'.

During FY 2015-16, we participated in the 16th Auto Expo in New Delhi with the theme 'Greenovation', reiterating our commitment to develop innovative technologies for a sustainable future.

The highlight of the Hero Greenovation pavilion was a 'Green Wall' consisting of over 8,000 live plants. It was a replica of the wall at our Garden Factory (Manufacturing Plant) in Neemrana, Rajasthan, which generates oxygen equivalent to the daily requirement of 3,700 people.

Our pavilion displayed interesting thoughts and selfies of our customers and fans, who are our real 'Hero'. Formed in the shape of a heart, multiple screens of the 'Digital Heart' were continuously refreshed to show the latest content throughout the day.

The pavilion also offered numerous engagement opportunities for visitors, making the time spent at the Hero stall a memorable one. Besides, there were stunt zones, wheelie machines, RFID integrations, Instagram anti-gravity booth and 360-degree immersive video experiences at the stall. We unveiled an exciting new range of products and concepts at the Auto Expo. We also showcased two new products, new Splendor iSmart 110 and Xtreme 200 S as well as two concept vehicles; XF3R and Duet E.

SPLENDOR iSMART 110

The Splendor iSmart 110 is the first motorcycle developed entirely by our in-house R&D team. This bike is powered by new engine chassis and frame. With i3S technology at its core, the bike is loaded with smart features to make the riding experience more enjoyable.

The new avatar of the bike is designed with a combination of muscular shoulders and chiselled waistline. The crisp, clean and contemporary look of the bike, along with enhanced performance will take the legacy of the world's largest selling motorcycle forward.

XTREME 200 S

Showcasing a directional guidance to future products in the premium category, we unveiled the new Xtreme 200 S during the year. With rear mono suspension and modern safety features like ABS, Xtreme 200 S ensures enhanced performance. The youthful appeal of Xtreme 200 S is further accentuated by aggressive styling elements. The compact packaging of mechanical elements like mono-shock, engine, footrest and muffler cover at the bottom denote weight concentration at the base, further enhancing the formidable look of the motorcycle.

XF3R

Providing a glimpse into the future of Hero's design and development philosophy for performance bikes is the 'Design Concept Vehicle' – XF3R. Based on the concept of 'Born to be Wild', the XF3R is a Street Fighter motorcycle, with attractive design, powerful styling, and a mid-segment, high performance engine. A combination of power and aggression, dynamic stance and grounded core gives the bike an edge over other bikes in this segment. The balance of form and function is the essence of XF3R, which will be reflected in future products in this category.

DUET E

Duet E is an electric scooter concept aimed at providing a comfortable, convenient and environment-friendly commuting option to discerning riders. It highlights our commitment to providing future-ready mobility solutions, based on alternative energy sources.

Our R&D team has come up with a new design for an electric vehicle, perfectly suited for intercity commute. The scooter's aesthetics combine a white colour with flowing green graphics to give elegant and soothing overtones.

The scooter is created in keeping with the smart mobility needs of the future.

FROM SMALL TOWNS TO BIG CITIES.

FOR OVER THREE DECADES, WE HAVE EARNED THE TRUST OF MILLIONS OF CUSTOMERS WORLDWIDE. WE ARE NOW EXTENDING OUR MANUFACTURING OPERATIONS BEYOND INDIA; INTRODUCING SPECIFIC PRODUCTS FOR SELECT GEOGRAPHIES; AND REACHING NEW MARKETS AND MILESTONES.

FIRST GLOBAL FACILITY

During FY 2015-16, Hero MotoCorp's first overseas manufacturing facility in Villa Rica near Cali in Colombia became operational. This plant will act as a hub for exports to the Andean countries.

Spread over 17 acres at the Parque Sur free-trade zone at Villa Rica in the state of Cauca, the plant will have an initial production capacity of 80,000 units per annum, which will be expanded to produce 150,000 units annually, in the next phase. The plant, built at a project cost of US$ 70 million, will generate employment opportunities for local citizens, and contribute to the overall development of the economy. The launch was attended by Honourable President of the Republic of Colombia, Senor Juan Manuel Santos, members of the government of Colombia, Mr. Pawan Munjal and leadership team of HMCL among others.

With the commencement of operations at the manufacturing plant in Colombia, Hero MotoCorp has become the first Indian two-wheeler manufacturer to set-up a manufacturing plant in Latin America.

ACROSS CONTINENTS AND TIME ZONES.

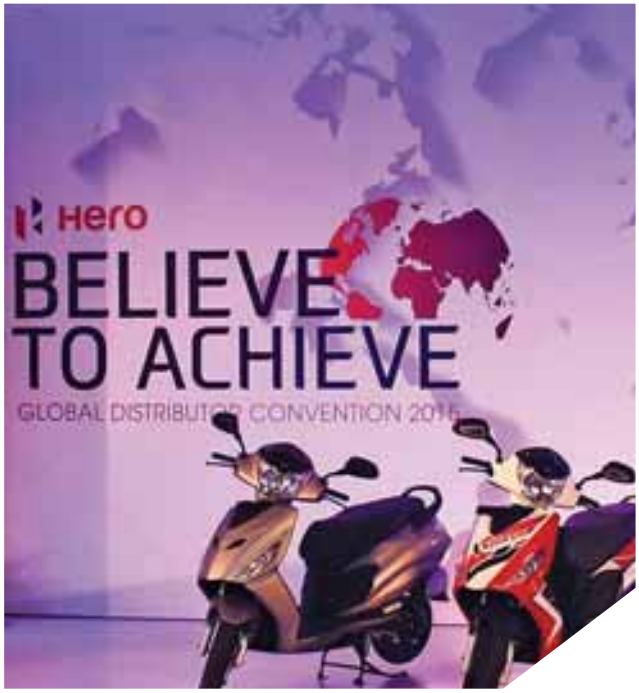
WE ARE ZOOMING AHEAD.

PRESIDENT OF COLOMBIA INAUGURATING HERO MOTOCORP'S FIRST OVERSEAS PLANT AT COLOMBIA

BANGLADESH PLANT

Our Bangladesh plant facility, which we are building in joint venture (JV) with 'Nitol Niloy Group' of Bangladesh, is progressing well. We are using 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.

At present, we are catering to Bangladesh through exports. We have already launched 12 popular motorcycles and scooters, marketed through 195 outlets. Besides, we offer five-year warranty on all products – a 'first' in Bangladesh.



MARKET-WISE HIGHLIGHTS, FY 2015-16

During FY 2015-16, we consolidated our position in existing markets; and also forayed into underpenetrated regions.

SOUTH ASIA

Nepal and Sri Lanka witnessed a distinct shift towards scooters. Our new scooter launches helped gain market share from other market players. Going forward, we aim to further enhance our market share with our focus on scooters in Sri Lanka and Nepal. Our new plant in Bangladesh, slated to become operational in the second half of FY 2016-17, will be a boost for our further growth in the country.

AFRICA

We have designed three motorcycles, Dawn 100, Dawn 125 and Dawn 150, tailored to suit the African conditions. These products are slated to be available in the markets in FY 2016-17. Entering new markets such as Nigeria and brand building in western Africa, will be our focus in FY 2016-17.

MIDDLE EAST

Our Company has performed well in this region with volumes more than doubling during the year. This momentum is expected to continue in FY 2016-17, with focus on developing specific markets such as Iran.

LATIN AMERICA

We saw growth across Guatemala, El Salvador, Nicaragua, Honduras, Costa Rica, Peru and Colombia, and this growth is expected to continue in FY 2016-17 as well. The consolidation of manufacturing operations and network growth should lead to greater volumes coming from Colombia.

OTHER MAJOR INITIATIVES

FIVE-YEAR WARRANTY IN TURKEY

We became the first two-wheeler company in Turkey to offer a five-year warranty. This warranty will be offered on five Hero products, namely Karizma R, Hunk, Thriller Sports and the two newly-launched scooters – Dash and Duet.

MOTOR SHOWS

NADA Motor Show: Held in Kathmandu, the motor show saw a footfall of 50,000+ people spanning over five days, which had participation from major two-wheeler and four-wheeler automobile companies.

Colombo Motor show: The event saw a footfall of over 40,000+ people. Our key models such as Dash scooter, received excellent feedback and Xtreme Sports stunt show was a showstopper at the event.

Istanbul Motor show: Five new models, Dash, Duet, Xtreme Sports, Hunk and Karizma R, were showcased to the public in the motor show. The show witnessed a footfall of over 120,000 people. Our stall was adjudged the 'Best stall of the show'.

Top-of-the-mind recall

HERO HAS THE HIGHEST UNAIDED BRAND RECALL IN NEPAL (100%) AND SRI LANKA (88%) AND ENJOYS AROUND 89% UNAIDED BRAND AWARENESS IN BANGLADESH; ACCORDING TO A BRAND AWARENESS STUDY CONDUCTED IN THESE SOUTH ASIAN MARKETS.

TOTAL GLOBAL SALES GROWTH

(NO. OF UNITS)

INNOVATION HAS ARRIVED IN STYLE

MAESTRO EDGE

DUET

PLEASURE

KARIZMA ZMR

HUNK

PASSION PRO

SPLENDOR iSMART 110

SPLENDOR PLUS

XTREME SPORTS

JOIN THE BRANDWAGON

MAESTRO EDGE

Maestro Edge is positioned as a premium scooter for young men. Our campaign 'Feel the Josh' brings to life the distinct and innovative positioning for Maestro Edge in line with its features, styling and premium pricing. Scooters generally miss the appeal and charisma that motorcycle genetically commands. We disrupted the market with a unique pitch – 'how to bring the soul of a motorcycle in a body of a scooter'. Maestro Edge emerged as the Most Awarded Scooter of the Year 2015.

DUET

Duet is positioned as a unisex scooter. The campaign 'India Ki Nayi Ummeed' captures the language of the neo progressive Indian. It brings to life the stories of advancements and achievements of the masses, in their everyday life.

PLEASURE

Pleasure was revamped with an improved engine that delivered more mileage, better drivability and improved pick-up.

RIDE2PARTY (FOR MAESTRO & PLEASURE)

We executed the first-time pan-India ride campaign for the duo – Maestro and Pleasure. The event was promoted through TV, print, digital and radio platforms. In the activation finale, over 100 lucky winners got a chance to meet the young heartthrobs of the nation – Ranbir Kapoor and Alia Bhatt.

SPLENDOR PRO – MILON KA YARANA

Known for its legendary mileage, Splendor's relationship with its customers goes beyond generations. This brand's new campaign, 'Milon ka Yarana' further strengthened its position. Set against a hummable track, the campaign shows how Splendor's mileage is strengthening familial bonds.

HF DELUXE – TREE OF LIGHT

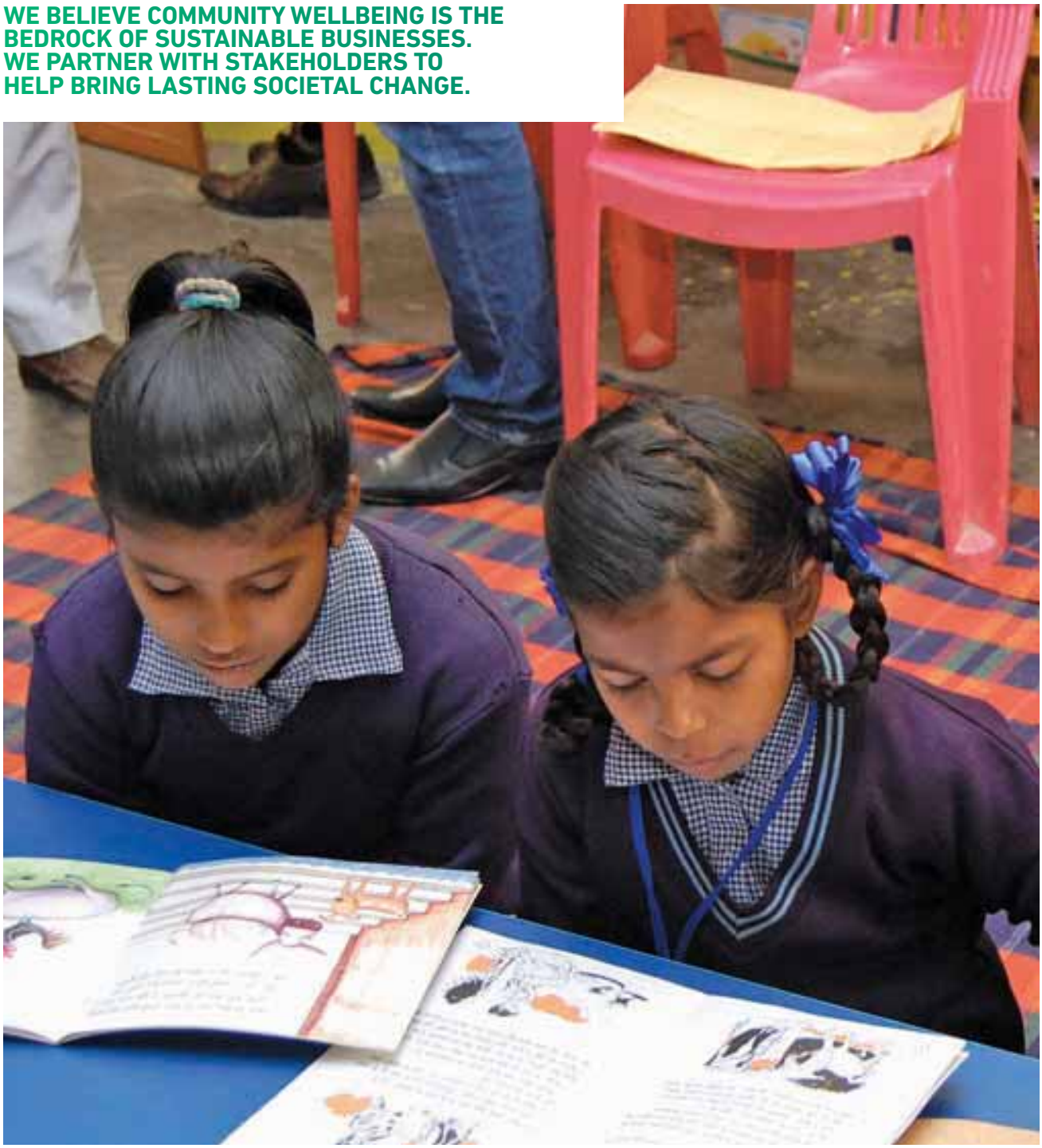
HF Deluxe is positioned as a bike for new and progressive Indians – 'Naye Indian ki Deluxe Bike'. The new 'tree of light' campaign showcases the indomitable spirit of the new Indian, whose feet is on the ground and eyes are on the sky.

XTREME SPORTS

To consolidate our position in the premium segment, we launched the Xtreme Sports campaign in select markets of West Bengal and Odisha. Considering our strong brand equity, East Zone was well poised for the launch of the campaign.

INVESTING IN THE COMMUNITY

WE BELIEVE COMMUNITY WELLBEING IS THE BEDROCK OF SUSTAINABLE BUSINESSES. WE PARTNER WITH STAKEHOLDERS TO HELP BRING LASTING SOCIETAL CHANGE.



WE CARE

We Care is our CSR umbrella under which we operate our flagship programmes:

- Road safety awareness programmes are undertaken under 'Ride Safe India'
- Programmes on empowerment of girls through education are conducted under the umbrella Hamari Pari and Educate to Empower [E2]
- Programmes on clean and green India are undertaken through Happy Earth initiative
- Programmes on using digital platform to promote awareness on social issues are undertaken through Digi Aware initiative

HAMARI PARI AND EDUCATE TO EMPOWER [E2]

During FY 2015-16, we launched the 'Hamari Pari' initiative to recognise the potential of young girls and help fulfil their dreams for a brighter future. Along with this, we introduced another programme, 'Educate to Empower [E2]' to promote education, with primary focus on girls. This initiative emphasises on improving the quality of education, thereby increasing enrolment in schools.

MAJOR HIGHLIGHTS, FY 2015-16

- Counselled 9,330 girls in Punjab and Rajasthan under EduConnect and Hamari Pari programme to help them choose the right career path
- Benefited 6,240 girls in Andhra Pradesh and Delhi through programmes related to overall development, with focus on education, health and hygiene
- Enrolled 8,222 children in schools across Andhra Pradesh, Bihar and Odisha
- Benefited 2,707 girls through Hero 'Mobile Science Lab' project
- Supported 517 girls by distributing books at Shishu Shiksha Sadan Balika School, Allahabad
- Benefited 125 girls through Step Up Samarth programmes in Dharuhera, Haryana
- Helped 96 girls at Matra Anchal Girls Hostel, Haridwar, through building an additional floor
- Enrolled 30 women in Skill Development Centre for beautician and tailoring courses
- Distributed scholarships to eight underprivileged girls for studying at BML University, Gurgaon
- Provided three-year educational support to 10 girls at Haridwar via 'Room To Read'
- Distributed 9,235 books to underprivileged children through a book-collection drive
- Stocked 651 engaging books in a unique library by Room To Read at government schools
- Sensitised people on gender parity through Hamari Pari video, which recorded 28 lakh views

RIDE SAFE

Road safety has been one of our core focus areas. We have been engaging in multiple activities to promote road safety by addressing issues that lead to accidents. Last year, we initiated Ride Safe India as a flagship CSR programme. Within a year of its launch, the programme achieved recognition from the Ministry of Road Transport & Highways, Government of India.

MAJOR HIGHLIGHTS, FY 2015-16

- 98,065 individuals, including students, teachers, law enforcement agents and Hero customers participated in the safe riding programme at our Traffic Training Parks
- Sensitised 39,046 students and general public during the National Road Safety Week
- 22,150 individual received our message of safe riding through 252 rallies and safety walks
- 1,913 activities were conducted during the Safety Week
- 264 students from six schools were enrolled to form Student Police Cadets (SPCs)

COMMUNITY DEVELOPMENT

Besides our flagship programmes, we support the communities through various need-based activities. We organise health camps and eye-care camps, promote animal welfare at villages, distribute books and clothes, install drinking-water facilities, conduct skill-development workshops for women, and provide assistance during natural calamities.

MAJOR HIGHLIGHTS, FY 2015-16

- Benefited 20,000 people by providing aid to Tamil Nadu flood victims
- Benefited 16,516 people at various villages through multiple activities including health camps, farm-management and skill-development workshops, and animal camps
- Collected 3,000 kilograms of clothes and distributed them to people in need
- Covered 588 students and 26 staff members under 5S awareness programme
- Benefited 535 homeless people through our Winter Night Rescue Mission
- Gave 66 motorcycles to forest department through World Wildlife Fund (WWF)
- Distributed study material to 10 schools in NCR; and they also received a building makeover
- Installed 9 Trees of Light in government schools
- Built 1 basketball ground for a government school in Dharuhera
- Installed 1 drinking-water purification machine at a school in Nagpur

98,065
Participants in Ride Safe India

30,369
Beneficiaries of Hamari Pari and E2

1.6 lakh
Plantations done and 82 toilets built under Happy Earth

44,968
Beneficiaries of our community initiatives

AWARDED FOR OUR EFFORTS

During the year, we received multiple awards for our CSR initiatives:

FIVE AWARDS AT WORLD CSR DAY, MUMBAI - FEBRUARY 2016

- Best use of CSR Practices in Automobile Sector
- Best Environment Friendly Project
- Best Initiative for Community Awareness
- Best CIO - for most innovative way of working on CSR
- Top 100 Most Impactful CSR Leaders in World

FIVE AWARDS AT GOLDEN GLOBE TIGERS CONFERENCE IN MALAYSIA, APRIL 2016

- Best Green Organisation of the year
- Best Environment friendly project
- Outstanding contribution in CSR - Corporate segment
- Best CSR practices
- CSR Leadership Award

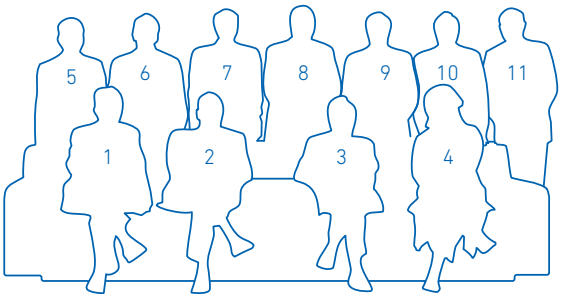
AWARDS AND ACCOLADES

WE RECEIVED THE COVETED TIME INDIA 'MANUFACTURING INNOVATOR OF THE YEAR' AWARD

AT THE INAUGURAL TIME INDIA AWARDS. HONOURABLE PRIME MINISTER OF INDIA, SHRI NARENDRA MODI PRESENTED THE AWARD TO MR. PAWAN MUNJAL, CHAIRMAN, MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER, HERO MOTOCORP AT A GLITTERING CEREMONY IN MUMBAI ON FEBRUARY 13, 2016, AS PART OF THE 'MAKE IN INDIA WEEK'.

Hero
MAESTRO EDGE
FEEL THE JOSH
DL 7S BU 9477
RIDE THE
MOST AWARDED
SCOOTER
OF 2015
Bold, powerful and stylish, Maestro Edge has won the most number of awards in 2015. So, grab your very own Hero Maestro Edge and feel the josh today!
SCOOTER OF THE * YEAR *
SCOOTER OF THE * YEAR *
NDTV
SCOOTER OF THE * YEAR *
SCOOTER OF THE * YEAR *
SCOOTER OF THE * YEAR *
SCOOTER OF THE * YEAR *

BOARD OF DIRECTORS



1
GEN. (RETD.) V. P. MALIK
NON-EXECUTIVE & INDEPENDENT DIRECTOR

2
MR. PRADEEP DINODIA
NON-EXECUTIVE & INDEPENDENT DIRECTOR

3
MR. PAWAN MUNJAL
CHAIRMAN, MANAGING DIRECTOR & CEO

4
MS. SHOBANA KAMINENI
NON-EXECUTIVE & INDEPENDENT DIRECTOR

5
DR. ANAND C. BURMAN
NON-EXECUTIVE & INDEPENDENT DIRECTOR

6
MR. PAUL EDGERLEY
NON-EXECUTIVE DIRECTOR

7
MR. RAVI NATH
NON-EXECUTIVE & INDEPENDENT DIRECTOR

8
MR. M. DAMODARAN
NON-EXECUTIVE & INDEPENDENT DIRECTOR

9
MR. SUNIL KANT MUNJAL
JT. MANAGING DIRECTOR

10
MR. SUMAN KANT MUNJAL
NON-EXECUTIVE DIRECTOR

11
DR. PRITAM SINGH
NON-EXECUTIVE & INDEPENDENT DIRECTOR

LEADERSHIP TEAM

Mr. Sanjay Bhan
Head - Parts Business

Mr. Rajat Bhargava
Head - Strategy & Performance Transformation

Mr. Ashok Bhasin
Head - Sales, Marketing & Customer Care (SMCC)

Dr. Markus Braunsperger
Chief Technology Officer

Mr. Sanjay Jorapur
Chief Human Resources Officer

Mr. Vikram S. Kasbekar
Head of Operations & Supply Chain

Mr. Deepak Mokashi
Head – Global Business

Mr. Malo Le Masson
Head - Global Product Planning

Mr. Neeraj Mathur
Head - Strategic Sourcing & Supply Chain

Mr. Vijay Sethi
Chief Information Officer & Head CSR

Mr. Harjeet Singh
Head - Global Regulatory - Technical

Mr. Ravi Sud
Chief Financial Officer

TEN-YEAR FINANCIAL PERFORMANCE

SALES
(NOS.)

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	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	6,632,322
GROWTH (%)	11.2	0.01	11.5	23.6	17.4	15.4	(2.6)	2.8	6.2	0.01
CAGR (%)	18.5	14.7	12.4	11.9	12.5	13.3	12.7	10.9	7.6	4.2

TOTAL INCOME
(₹ IN CRORES)

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	10,090	10,517	12,565	16,099	19,688	23,944	24,166	25,722	28,078	28,990
GROWTH (%)	13.7	4.2	19.5	28.1	22.3	21.6	0.9	6.4	9.2	3.2
CAGR (%)	17.3	15.1	15.9	16.3	17.3	18.9	18.1	15.4	11.8	8.0

NET SALES
(₹ IN CRORES)

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	9,900	10,332	12,319	15,758	19,245	23,368	23,583	25,125	27,351	28,160
GROWTH (%)	13.6	4.4	19.2	27.9	22.1	21.4	0.9	6.5	8.9	3.0
CAGR (%)	17.3	15.2	16.1	16.3	17.2	18.7	17.9	15.3	11.7	7.9

PROFIT BEFORE EXCEPTIONAL ITEM & TAX
(₹ IN CRORES)

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	1,246	1,410	1,781	2,832	2,485	2,865	2,529	2,867	3,484	4,395
GROWTH (%)	(11.8)	13.2	26.3	59.0	(12.3)	15.3	(11.7)	13.4	21.5	26.1
CAGR (%)	12.4	9.8	10.7	18.4	12.0	18.1	12.4	10.0	4.2	12.1

PROFIT BEFORE TAX AFTER EXCEP-TIONAL ITEM
(₹ IN CRORES)

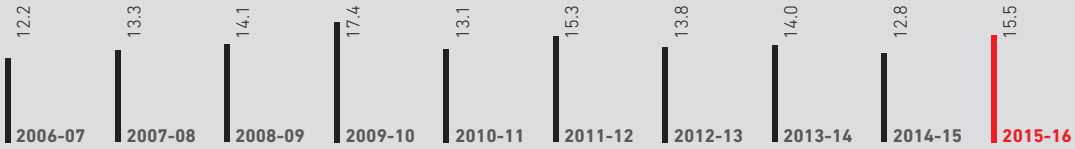
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	1,246	1,410	1,781	2,832	2,405	2,865	2,529	2,867	3,329	4,395
GROWTH (%)	(11.8)	13.2	26.3	59.0	(15.1)	19.1	(11.7)	13.4	16.1	32.0
CAGR (%)	12.4	9.8	10.7	18.4	11.2	18.1	12.4	10.0	3.3	12.8

PROFIT AFTER TAX
(₹ IN CRORES)

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
	858	968	1,282	2,232	1,928	2,378	2,118	2,109	2,386	3,132
GROWTH (%)	(11.7)	12.8	32.4	74.1	(13.6)	23.4	(10.9)	(0.4)	13.1	31.3
CAGR (%)	13.1	10.8	12.0	22.5	14.7	22.6	17.0	10.5	1.3	10.2

OPERATING MARGIN
(%)

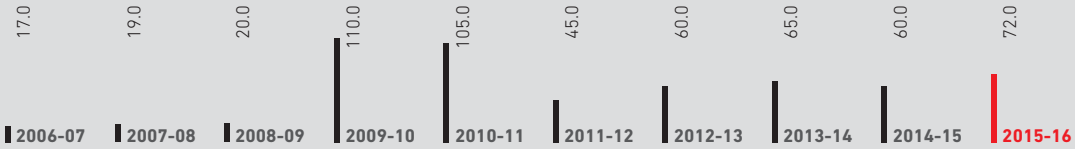
OPBDIT MARGIN
(%)



EARNINGS PER SHARE
(₹)

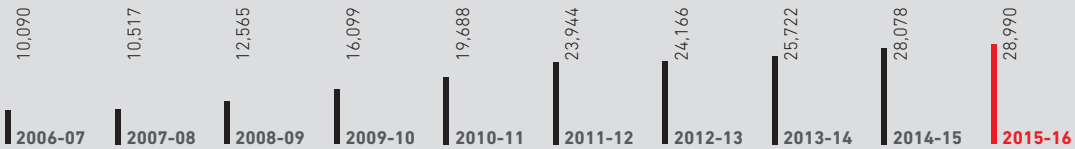
NET WORTH
(₹ IN CRORES)

DIVIDEND PER SHARE
(₹)



DIVIDEND
(%)

TURNOVER
(₹ IN CRORES)



MARKET CAPITALISATION
(₹ IN CRORES)

ECONOMIC VALUE ADDED (EVA) STATEMENT

(₹ Crores)

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Average Capital Employed	2,877	3,499	3,705	3,989	4,866	5,286	5,444	6,071	7,243
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	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	0.6	0.6	0.6	0.6	0.7	0.7	0.8	0.9	1.1
Cost of risk - free debt (%)	7.9	7.0	7.5	8.0	8.5	8.0	8.8	7.7	7.5
Market Premium (%)	10	10	10	10	10	10	10	10	10
Cost of Equity (%)	13.8	12.9	13.8	14.4	15.2	15.2	16.4	16.5	18.8
Economic Value Added (EVA)									
Profit After Tax	968	1,282	2,232	1,928	2,378	2,118	2,109	2,386	3,132
Add: Interest*(1-tax rate)	1.3	1.7	1.4	10.6	14.4	7.9	7.8	7.3	7.3
NOPAT = PAT + Interest*(1-t)	969	1,283	2,233	1,938	2,393	2,126	2,117	2,393	3,140
Cost of Capital	394	448	510	563	715	792	889	1,000	1,358
EVA	575	835	1,723	1,376	1,677	1,334	1,228	1,393	1,781
Return on Capital Employed (%)	33.7	36.7	60.3	48.6	49.2	40.2	38.9	39.4	43.4
Weighted Average Cost of Capital (%)	13.7	12.8	13.8	14.1	14.7	15.0	16.3	16.5	18.8
EVA/Capital Employed (%)	20.0	23.9	46.5	34.5	34.5	25.2	22.6	22.9	24.6
Enterprise Value									
Market Capitalisation	13,869	21,390	38,827	31,739	41,041	30,792	45,425	52,714	58,823
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	4,398
Enterprise Value (EV)	11,303	17,880	33,060	28,030	37,995	27,268	41,219	49,400	54,425
EV/Year End Capital Employed (Times)	3.6	4.6	9.4	6.3	7.2	5.2	7.4	7.6	6.9

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

CORPORATE INFORMATION

COMPANY SECRETARY
Ms. Neerja Sharma

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Web: www.deloittee.com/in

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Mr. Sohrab Prakash

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

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New Delhi - 110 057, India
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Fax: 011-2614 3321, 2614 3198
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Karvy Selenium Tower B,
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Financial District, Nanakramguda,
Serilingampally, Hyderabad - 500 008
Tel No. 040-67161519 / 67161522
Fax: 040-23001153
Email: einward.ris@karvy.com
www.karvycomputershare.com
Toll Free No.: 1-800-3454001

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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
Tel: 01494 673 0000

R&D Centre
Centre of Innovation and Technology
Hero MotoCorp Ltd
SPL-1, RIICO Industrial Area ,
Kukas - Phase - II, Jaipur - 302 028
Tel: 0142 643 0000
Fax: 0142 643 0001

Colombia Plant
HMCL COLOMBIA SAS
Zona Franca Aparque Sur, Lote 6
Villa Rica, Cauca, Colombia
Tel: 2 3120662

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Economic Review **46**
Two-Wheeler Industry in India **49**
Performance Driven by Technology and Innovation **52**
Financial Acumen **54**
Innovative Customer Engagement **56**
Seamless Supply Chain **60**
Advanced Technology for Exceptional Value **62**
People at Hero **64**
Robust Risk Management Framework **66**

ECONOMIC REVIEW

GLOBAL ECONOMY

GLOBAL ECONOMIES IN FY 2015-16, CONTINUED TO OPERATE IN A COMPLEX AND DYNAMIC MACROECONOMIC ENVIRONMENT. ALTHOUGH ECONOMIES ACROSS THE WORLD WERE VOLATILE AND LARGELY SAW UNEVEN GROWTH IN 2015, ONE REDEEMING FEATURE WAS THAT RECOVERY CONTINUED.

3.2%

GLOBAL GROWTH IS PROJECTED TO REMAIN MODEST AT A 3.2% IN 2016.

China continued to unwind its prior excesses; and ended up going through a phase to rebalance for sustainable growth. However, emerging and export economies were negatively impacted by China's action, as it resulted in a broad-based slowdown in global trade, and turbulence in commodity and other markets.

Oil prices responded to the weak market sentiments and excess supply and fell sharply in early 2016. However, stock market sentiments began to stabilise by mid-February 2016; and by the end of March 2016, they had recovered most or all of the lost ground.

According to the International Monetary Fund (IMF), global growth is projected to remain modest at a 3.2% in 2016, and touch 3.5% in 2017. Emerging markets and developing economies are expected to account for a significant share of global growth in 2016. However, the growth rate is likely to rise marginally compared to last year. The estimated outcome is based on a few assumptions:

- Gradual normalisation of conditions in several economies currently under stress
- Successful rebalancing of China's economy, with trend growth rates that - while lower than those of the past two decades - remain high, vis-à-vis worldwide growth
- Pick-up in activity in commodity exporters, albeit with relatively modest growth when compared to the past
- Resilient growth in other emerging markets and developing economies, especially India and other South Asian countries

Global growth trend

(%)

	2015	2016 (P)	2017 (P)
World Output	3.1	3.2	3.5
Advanced Economies	1.9	1.9	2.0
United States	2.4	2.4	2.5
Euro Area	1.6	1.5	1.6
Japan	0.5	0.5	-0.1
United Kingdom	2.2	1.9	2.2
Other Advanced Economies *	2.0	2.1	2.4
Emerging and Developing Economies	4.0	4.1	4.6
China	6.9	6.5	6.2
Sub-Saharan Africa	3.4	3.0	4.0

P: Projections *(Excludes the G7 - Canada, France, Germany, Italy, Japan, United Kingdom, United States and Euro area countries) (Source: International Monetary Fund, 2016)

Latin America

Despite challenges, economic activity across most countries in the continent is expected to pick up in 2017, by 1.5%. Brazil output is expected to contract further on account of recession taking its effect on employment, along with real income and domestic uncertainties continuing to restrain the government's ability to formulate and execute policies.

Among South America's oil exporting countries, Colombia's projected deceleration, with growth easing to 2.5% in 2016 from 3.1% in 2015 is a reflection of low oil prices, along with tightening macroeconomic policies. Elsewhere in South America, the on-going push to correct macroeconomic imbalances and microeconomic distortions can improve prospects for growth.

Sub-Saharan Africa

The region's significant youth demographic dividend, relative stability and focus of governments to implement reforms for infrastructure creation and employment generation are definite positives.

The growth performance in the region differs across countries, with most oil importers performing reasonably well. According to the IMF, the region's medium term prospects remain favourable, but many countries urgently need to reorient their policies to reinvigorate growth and realise their potential. Towards this end, countries may have to adjust fiscal policies; and for those outside monetary unions, exchange rate flexibility, as part of a wider policy package, should also generally be part of the first line of defence. In the medium term, policies targeted at diversification and financial sector development may also strengthen economic resilience and bolster growth.

INDIAN ECONOMY

INDIA'S STELLAR ECONOMIC PERFORMANCE OF 7.6% GDP GROWTH STANDS OUT AGAINST THE BACKDROP OF A SLOW-GROWTH WORLD. THE COUNTRY CONTINUES TO CONSOLIDATE THE GAINS ACHIEVED IN RESTORING MACROECONOMIC STABILITY.

In India, economic activity during the first nine months of fiscal 2016 improved gradually. Gross domestic product (GDP) grew by 7.5% during the first nine months of fiscal 2016, compared to a growth of 7.4% during the first nine months of fiscal 2015. As per industry-wise growth estimates (gross value added), the agriculture sector grew by 0.6%, the industrial sector by 7.4% and the services sector by 9.2% during the first nine months of fiscal 2016 compared to 0.3%, 5.9% and 10.7%, respectively, during the corresponding period of fiscal 2015.

Inflation remained moderate during fiscal 2016. Retail inflation, as measured by the Consumer Price Index (CPI), eased from 5.3% in March 2015 to a low of 3.7% in July-August 2015, and increased subsequently to 4.8% by March 2016. Core CPI inflation, excluding food and fuel products, increased from 4.2% in March 2015 to 4.7% in March 2016. Inflation, as measured by the Wholesale Price Index (WPI), remained negative throughout fiscal 2016; and was -0.9% in March 2016, primarily aided by low commodity prices.

In addition, the current account deficit has declined and is at a relatively lower level, because of the government's continued focus on fiscal consolidation and commodity. The country's foreign exchange reserves rose to US$ 352 billion in early February 2016 and net FDI inflows increased from US$ 22 billion in April-December 2014-15 to US$ 28 billion in the same period of 2015-16. The improvement may be attributed to the government's proactive initiatives to simplify norms and enhance the ease of doing business in India.

The growth in the industrial sector showed some acceleration in the second half of FY 2015-16, primarily on account of growth in the manufacturing sector. By contrast, industrial output measured by the Index of Industrial Production (IIP) could not sustain the base-effect surge in October 2015 as it contracted in January 2016. Soft commodity prices brought down input costs sharply. In terms of use-based activity, all segments suffered output losses, except festival-related demand for consumer durables and intermediate goods in the second half.

The government's 'Make in India' campaign is poised to help India emerge as a hub for global manufacturing giants. The 'Make in India' week held in Mumbai from 13th to 18th February, received an overwhelming response from investors with ₹ 15.2 trillion (US$ 222 billion) in investment commitments. Moreover, during April-February FY 2015-16, India received US$ 51 billion in foreign direct investment (FDI), the highest-ever FDI inflow in a fiscal.

Indian GDP growth

(%)

Sectors	FY 2013-14	FY 2014-15	FY 2015-16
Agriculture, forestry & fishing	3.7	1.1	1.1
Industry	4.5	5.9	6.1
Services	9.1	10.6	10.9
GDP at market prices	6.9	7.4	7.6

(Source: CSO)

Outlook

Despite weak monsoons, a challenging export scenario owing to weak global demand and low private investment, India's economy has performed admirably. According to the Reserve Bank of India (RBI), multiple factors could impinge upon the growth outlook for FY 2016-17. First, slow investment recovery amid balance sheet adjustments of corporates is likely to hinder investment demand. Second, with capacity utilisation in the organised industrial sector estimated at 72.5%, revival of private investment is expected to be tentative. Third, global output and trade growth remain tepid, dragging net exports. On the positive side, the government's ambitious initiatives (Make in India, Startup India, Digital India, Skill India), strong commitment to fiscal targets, and the focus on infrastructure creation are expected to brighten the investment horizon. The government has also taken a series of steps to enhance the ease of doing business which have also helped the FDI inflow into the country improve significantly.

On the other hand, household consumption demand is expected to benefit from a combination of factors: the implementation of the 7th Pay Commission recommendations, continued low commodity prices, past interest rate cuts and measures announced in the Union Budget FY 2016-17 to strengthen rural income. Consumer confidence remains upbeat according to a survey conducted in March 2016 by the RBI with optimism on prospects for income and economic conditions. For FY 2017-18, real growth in GDP is projected at 7.9%, assuming a normal monsoon.

The macro scenario paints a picture of optimism for us at Hero; and we will continue to make the most of that optimism through human ingenuity, progressive technology and consistent value creation for our stakeholders.

TWO-WHEELER INDUSTRY IN INDIA

ECONOMIC VOLATILITY AND INDUSTRY CYCLES NOTWITHSTANDING, INDIA'S TWO-WHEELER INDUSTRY IS POISED FOR SIGNIFICANT GROWTH, OWING TO THE COUNTRY'S STRONG ECONOMIC PERFORMANCE, RISE IN DISPOSABLE INCOME, GROWING URBANISATION, EMPOWERMENT AND PARTICIPATION OF WOMEN IN WORKPLACES, ACCELERATED CONSTRUCTION OF ROADS AND HIGHWAYS ACROSS THE COUNTRY AND THE POSSIBILITY OF A RURAL RECOVERY. INDIA'S LARGE YOUTH BULGE (OVER 65% OF THE POPULATION IS 35 OR UNDER, AND HALF THE COUNTRY'S POPULATION IS UNDER 25 YEARS OF AGE) IS ALSO A CATALYST FOR INDUSTRY GROWTH.

India's two-wheeler industry saw a mixed FY 2015-16 with the first half remaining dull and sales picking up in the second half of the year. Overall, the two-wheeler industry witnessed a marginal 2% growth in FY 2015-16, compared to the previous year. The overall industry (domestic and export) increased from 18.57 million units in FY 2014-15 to 18.89 million units in FY 2015-16. Following are the reasons for tepid growth in the industry:

- Consecutive subnormal monsoons and unseasonal rain, led to poor crop realisation; moderating wages in rural markets; insufficient government support on crop pricing (read MSP) and lower spend on rural infrastructure spend impacted the rural economy as a whole
- Although India has become one of the fastest growing economies in the world, driven by robust policy initiatives, growth uptick picked up primarily in the second half of FY 2015-16
- Global headwinds, coupled with adverse currency movement in some of the key emerging markets impacted exports growth

Motorcycle sales, which account for nearly 70% of the overall (domestic and exports) industry pie, declined marginally by 1.2%, from 13.06 million units in FY 2014-15 to 12.90 million units in FY 2015-16.

Scooter sales grew at a substantial 11.6%, from 4.75 million units in FY 2014-15 to 5.30 million units in FY 2015-16. Manufacturing players have also aggressively expanded their distribution network to reach out to customers. Positioning of scooters as a gender-neutral 'family' vehicle is seen as a key reason for its widespread preference.

Owing to low sub-urban and rural demand, moped sales also dipped by 4%, from 0.76 million units in FY 2014-15 to 0.73 million units in FY 2015-16.

The domestic two-wheeler industry volumes grew by 2.6% from 16.04 million units in FY 2014-15 to 16.45 million units in FY 2015-16.

Motorcycle sales declined marginally by 0.5%, from 10.76 million units in FY 2014-15 to 10.70 million units in FY 2015-16. The scooter category saw an 11.1% sales growth, from 4.52 million units in FY 2014-15 to 5.03 million units in FY 2015-16. Moped sales declined by 4.7% from 0.75 million units in FY 2014-15 to 0.71 million units in FY 2015-16.

The growth is primarily driven by continued urbanisation and introduction of new models.

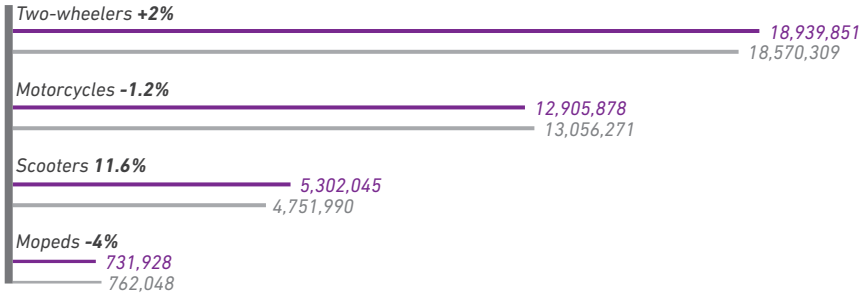
Two-wheeler Industry - Segmental break-up

Motorcycles continue to dominate India's two-wheeler industry with a lion's share of 65.0%.

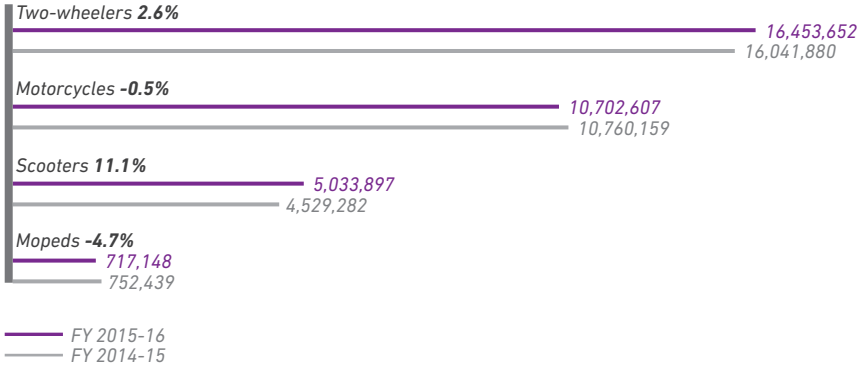
Scooter's share in the overall industry grew from 28.2% in FY 2014-15 to 30.6% in FY 2015-16. Mopeds share fell by 0.3% compared to FY 2014-15.

In the motorcycles segment, the share of premium segment has grown (y-o-y) by 1.5% and entry segment by 2.5%, while the share of deluxe segment has reduced by 4.0%. Premium segment crossed the entry segment in percentage proportion in the motorcycle industry during Q4 of FY 2015-16.

Two-wheeler industry (overall)



Two-wheeler industry (domestic)



Two-wheeler industry (exports)

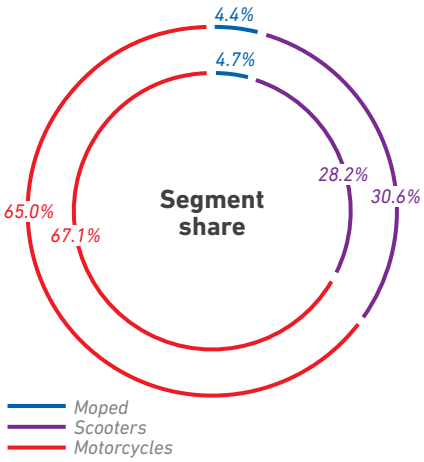
The exports of two-wheelers declined by 1.7% to 2.48 million units in FY 2015-16 from 2.52 million in FY 2014-15. This happened on account of global economic slowdown and adverse currency movements in some of the emerging markets. The total share of exports from India has declined by 50 bps from a high of 13.6% in FY 2014-15 to 13.1% in FY 2015-16.

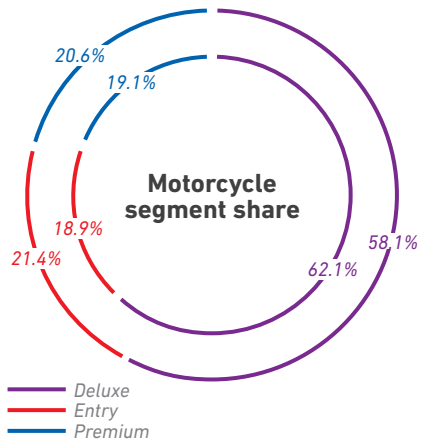
The motorcycle segment witnessed a decline (y-o-y) of 1.7%. On the other hand, scooter segment grew (y-o-y) by 20.4%, owing to the introduction of new models. Moped exports on a low base grew by 53.6% in FY 2015-16, compared to the previous financial year.

65.0%

MOTORCYCLES CONTINUE TO DOMINATE INDIA'S TWO-WHEELER INDUSTRY WITH A LION'S SHARE OF 65.0%.

Segment-wise break-up (domestic)





INDUSTRY OUTLOOK

Short-term

In the short-term, domestic consumption of two-wheelers is expected to be primarily driven by two factors: a) recovery in rural demand led by anticipated good monsoon in the year; and b) implementation of 7th Pay Commission recommendations; and One Rank One Pension (OROP), enhancing spending of government employees.

Moreover, changeover to BS IV from April, 2016 in the new models and April, 2017 in the existing models may lead to a short-term impact on the volume of sales.

Long-term growth drivers

India's two-wheeler industry is poised to grow sustainably for the long-term, owing to the following growth drivers:

- Burgeoning middle-class population with increasing disposable income
- Higher trend of urbanisation
- India is home to a huge proportion of young people; and will enjoy demographic advantage in the near future
- India's rural income is projected to improve led by farm and non-farm demand recovery
- Rapidly populating urban areas will continue to increase urban congestion requiring commuters to look for alternate quicker and more economical mode of transport
- Accelerated construction of roads and highways in India will encourage personal mobility
- Penetration of two-wheelers has significant opportunity to improve from current levels

Evolving trends

- Large proportion of sales is expected to emerge from rural India, based on increasing rural market penetration; new households will enter the addressable income segment. Rural sales will continue to drive the growth of entry and deluxe segment two-wheelers
- Customer preferences are rapidly changing from basic commuting in the past to present day's multiple ownership, powered by 'commuting with leisure' and increased usage by family and specially by women
- Consumption driven by 'Choice' instead of 'Need' is expected to increase in urban areas. This, coupled with favourable lower base, is expected to push the rapid growth of premium segment of two-wheelers; and elevate the design, styling and technology to the next level in line with global standards
- Utility and ease of use expected to drive growth of scooters segment
- Design evolution, new technology and product specification upgrades are likely to encourage the adoption of higher segments
- Upcoming emission regulations (in line with global standards) are expected to further upgrade the technology prowess of manufacturers; and position India as the global hub for two-wheelers

PERFORMANCE DRIVEN BY TECHNOLOGY AND INNOVATION

AT HERO, WE ARE CONSTANTLY FOCUSED ON DEVELOPING NEW TECHNOLOGIES, INNOVATION AND EXECUTION EXCELLENCE TO DESIGN AND DEVELOP PRODUCTS THAT DELIVER A DELIGHTFUL CUSTOMER EXPERIENCE TO MILLIONS OF PEOPLE WORLDWIDE.

OPERATIONAL CANVAS

Hero MotoCorp Ltd (HMCL) continues to sustain its leadership at the pinnacle in an intensely competitive industry landscape. For 15 consecutive years, it has remained the world's largest two-wheeler manufacturer in terms of annual sales by a single company in a calendar year.

In FY 2015-16, the Company sold 6.63 million units, achieving the distinction of clocking more than 600,000 unit sales for three months during the year. Hero MotoCorp remains the only Indian two-wheeler company to achieve 6 lakh-plus sales in one month; and that too on multiple occasions. In the motorcycle segment (domestic and export), sales remained flat at 5.74 million units in FY 2015-16. The Company maintains its formidable leadership in domestic motorcycles market with 52.4% share, selling 5.60 million units in FY 2015-16.

In the scooter segment (domestic and exports), the Company's sales grew by 7.9% from 0.83 million units in FY 2014-15 to 0.90 million units in FY 2015-16. The Company registered strong growth in the scooter segment, backed by the launch of two new scooters: Maestro Edge and Duet – the first of the products to have been completely designed and developed by the in-house R&D team of Hero MotoCorp.

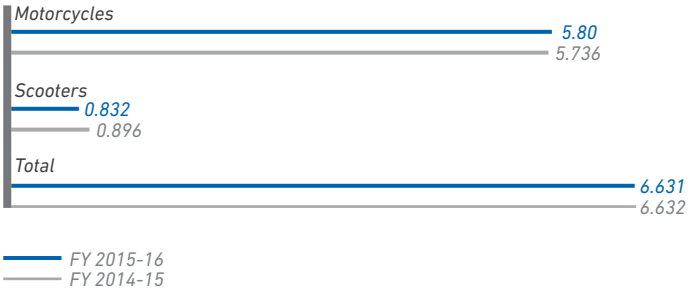
CENTRE OF INNOVATION AND TECHNOLOGY (CIT)

During FY 2015-16, the Company inaugurated the state-of-the-art 'Centre of Innovation and Technology' at Jaipur in Rajasthan, built with an investment of ₹ 850 crores to design and develop world-class products for India and global markets. Home to a talent pool of around 500 automotive experts with global and local expertise, the Centre has best-in-class laboratories, design studios and 16-km-long advanced test tracks with 45 different surfaces to simulate Indian and international road conditions. This facility indeed is a giant stride in HMCL's endeavour towards strengthening its in-house technology capabilities.

With the CIT now operational, your Company has the ideal combination of world-class infrastructure and talent pool to 'Innovate in India', for the world. It is now for your Company to capitalise on the opportunity of best-in-class soft and hard infrastructure to lead Hero's next level of growth.

ALL FOUR HERO SCOOTER BRANDS FEATURE IN THE TOP 10 IN FY 2015-16 DOMESTIC SCOOTERS MARKET. MAESTRO EDGE AND DUET HAVE DONE WELL, AND HAVE BEEN CONSISTENTLY REGISTERING IMPRESSIVE NUMBERS MONTH-ON-MONTH SINCE THEIR LAUNCH IN SEPTEMBER 2015 AND NOVEMBER 2015 RESPECTIVELY.

Domestic + Exports



SEGMENTAL REVIEW

Motorcycles

Sales in the entry segment grew by 5.3% to 1,167,828 million units, resulting in a segment share of 51.1% in FY 2015-16. In the premium segment, the Company registered a 16.2% decline, with sales of 105,296 million units and 4.8% segment share in FY 2015-16. In the deluxe segment, the Company's sales declined by 2.6% to 4,330,012 million units, but with a higher segment share of 69.7% in FY 2015-16 as compared to 66.5% in FY 2014-15.

Importantly, 6 out of top 10 motorcycle models on road in India belonged to the Hero brand in FY 2015-16.

Splendor remains India's highest selling two-wheeler brand with close to 2.5 million unit sales in the domestic market in FY 2015-16. Splendor, HF and Passion brands lead the Indian motorcycle industry at No. 1, 2 and 3 spots with combined sales of close to 4.8 million units.

Hero MotoCorp further strengthened its leadership share in roughly 80% of the total motorcycle market (sub 110cc and 125cc).

Scooters

All four Hero Scooter brands feature in the top 10 in FY 2015-16 domestic scooters market. Maestro Edge and Duet have done well, and have been consistently registering impressive numbers month-on-month since their launch in October 2015 and November 2015 respectively. Both the models jumped to 3rd and 4th position, respectively in the domestic market, since their respective launches.

GLOBAL BUSINESS

At Hero MotoCorp, we continue to work hard towards building a track record across international geographies. We now have presence across 29 countries worldwide up from 22 countries in the previous year. We continue to invest in our global facility and operations.

During FY 2015-16, the Company exported 210,409 units, compared to 200,140 units in FY 2014-15, a 5.1% growth in sales volumes, despite a sluggish global environment and adverse currency movements. In the motorcycle segment (export), the Company's sales grew by 10.4% from 120,184 units in FY 2014-15 to 132,732 units in FY 2015-16. During FY 2015-16, Hero MotoCorp's first overseas manufacturing facility in Villa Rica near Cali in Colombia became operational. This plant will act as a hub for exports to the Andean countries. The plant will have an initial production capacity of 80,000 units per annum, which will be expanded to produce 150,000 units annually, in the next phase.

OUTLOOK

We continue to strive towards our long-term vision of sustainable global leadership. For over three decades, we have built best-in-class mobility solutions spread across multiple segments for a diverse spectrum of customers. Leveraging our rich experience and expertise, we are strengthening our

leadership in India while reaching out to customers in markets across Asia, Africa and South and Central America.

The new world-class Hero CIT in Jaipur and our proven manufacturing excellence will enable us to expand our range of offerings, elevate performance standards and create new segments in India and in global markets. We also strive to ring-fence our core of market leadership in the largest selling entry and deluxe segments by introducing truly innovative and youthful range of products.

Simultaneously, we aim to grow our share in the premium segment by expanding the range of our products for domestic and global markets. 'Premiumisation' represents the core of the Company's strategy to fast-track entry into newer segments and global markets.

FINANCIAL ACUMEN

HERO MOTOCORP HAS BEEN CONSISTENTLY DELIVERING STRONG FINANCIAL PERFORMANCE AND FY 2015-16 WAS NO EXCEPTION.

There was no exceptional expense during the year, the Company's marketing and publicity spend was 0.1% 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 0.4% on a Y-o-Y basis to shore up employee strength at both CIT and Neemrana facility in Rajasthan.

SALES

During FY 2015-16, the Company registered total sales of 66,32,322 units up from 66,31,826 units. In value terms, total sales (net of excise duty) increased by 3% to ₹ 28,160 crores in FY 2015-16 from ₹ 27,351 crores recorded in the previous fiscal year.

PROFITABILITY

The Company's earnings before interest, depreciation and taxes (EBITDA) margins increased from 12.8% in FY 2014-15 to 15.5% in FY 2015-16. Moreover, the

Company's operating margins increased from 10.9% to 14.0% during the same period. The Company's operating profit (PBT before other income) also increased from ₹ 3,002 crores in FY 2014-15 to ₹ 4,006 crores in FY 2015-16.

OTHER INCOME (INCLUDING OTHER OPERATING REVENUES)

The Company's other income increased by 14% from ₹ 727 crores in FY 2014-15 to ₹ 830 crores in FY 2015-16.

CASH FLOWS

During the year, the free cash flow from operations stood at ₹ 3,914 crores (previous year ₹ 2,250 crores). These cash flows were deployed in capital assets including the setting up of our Centre for Innovation & Technology (CIT), investments and also paid out as dividend during the year.

RAW MATERIAL COST

During FY 2015-16, metal prices were volatile, particularly steel, copper, aluminium and nickel. Raw material costs as a proportion of sales declined from 72.2% to 68.6% as a consequence of lower commodity prices and internal cost control measures (LEAP).

CURRENT ASSET TURNOVER

The Company's current asset turnover, indicating sales as a proportion of average current assets (excluding investments) declined from 10.7 times to 10.3 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 15 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 have 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 2015-16, the Board recommended a dividend of 3,600%, compared to previous year's 3,000%. The Company kept a payout ratio of 55.24% compared to 59.6% 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.

(%)

Key profitability metrics	FY 2015-16	FY 2014-15
Return On Average Capital Employed	60.7	57.4
Return On Average Equity	43.2	39.3
Profit after Tax / Income from Operations	11.0	8.6
Profit before Tax/ Income from Operations	15.4	12.6
Operating Profit before Tax / Income from Operations	14.0	10.9
Operating Profit before Depreciation, Interest and Tax / Income from Operations	15.6	12.8

Ratios	FY 2015-16	FY 2014-15
Inventory Period (in days)	11.2	11.1
Inventory and Receivable Conversion Period (in days)	27.0	25.4
Cash Cycle	(25.4)	(21.4)
Current Ratio	0.8	0.9
Acid Test Ratio	0.6	0.7

INNOVATIVE CUSTOMER ENGAGEMENT

WE CONTINUOUSLY KEEP EVOLVING INNOVATIVE WAYS TO STRENGTHEN OUR CUSTOMER ENGAGEMENT, EDUCATE THEM ABOUT NEW LAUNCHES, ADDRESS THEIR CONCERNS AND STIMULATE CONVERSATIONS ABOUT OUR BRAND. THIS IS BECAUSE WE BELIEVE OUR CUSTOMERS ARE OUR TRUE BRAND ADVOCATES. WE WILL CONTINUE TO WIDEN OUR CUSTOMER TOUCH POINTS ACROSS THE RURAL AND URBAN LANDSCAPE; SO THAT OUR BRAND AND ITS VALUE PROPOSITION REMAINS AS RELEVANT TO FIRST-TIME BUYERS AS ALSO TO LONG-TIME LOYALISTS.

HERO GOODLIFE

Hero MotoCorp's GoodLife Programme (a customer relationship programme) is one of the largest customer loyalty programmes in India's automotive industry, with over 10 million users. The programme is aimed at enhancing customer satisfaction and initiate a higher level of engagement with members by making them brand ambassadors to generate referral sales and bolster service visits. The programme aims to increase revenue opportunities for our dealers and to increase customer volumes as well as overall transactions.

The programme was revamped this year with the addition of more attractive branded gifts for the loyal members. The members have also been provided an option to redeem accumulated points against their service bills.

Hero GoodLife Programme has been adjudged the winner in the Category 'Best Loyalty Programme in Automobile Sector' at the Ninth Loyalty Awards organised and presented by AIMIA.

BHARAT SHRESTH WAVE

The Bharat Shresth Wave is an important step in Hero MotoCorp's rural initiative, as part of the overall 'Har Gaon, Har Angan' (Every Village Every Household) platform. This initiative was undertaken with the following objectives:

- Strengthen our rural market reach with last mile penetration
- Build enduring relationships with opinion leaders, influencers and brand advocates
- Leverage the relationship to help business through improved retail performance
- Engage customers through various marketing initiatives for desired brand visibility in the hinterland
- Provide best-in-class sales and service experience to our customers
- Identify and implement simple, innovative and scalable methods to approach rural markets

10 million

CUSTOMER BASE OF HERO MOTOCORP'S GOODLIFE PROGRAMME (CUSTOMER RELATIONSHIP PROGRAMME), ONE OF THE LARGEST IN INDIA'S AUTOMOTIVE INDUSTRY

ACHIEVEMENTS OF FY 2015-16

3,500+

LOAN MELA, EXCHANGE MELA AND HAAT ACTIVATIONS ORGANISED

700+

RURAL SUPPORT EXECUTIVES (RSES) GO OUT TO HAATS AND MANDIS IN RURAL MARKETS TO GENERATE BUSINESS LEADS

19,655

OPINION LEADERS ENGAGED

KHUSHIYAN HAR ANGAN 2015

Through the Khushiyan Har Angan 2015 programme, we intend to build upon 'Enduring Relationship' with opinion leaders and customer focus groups. This platform enables us to showcase our new products and talk about their functional benefits, product warranty and GoodLife programme, among others. In FY 2015-16, Khushiyan Har Angan was conducted at 130 dealerships across India; we engaged with around 13,000 opinion leaders.

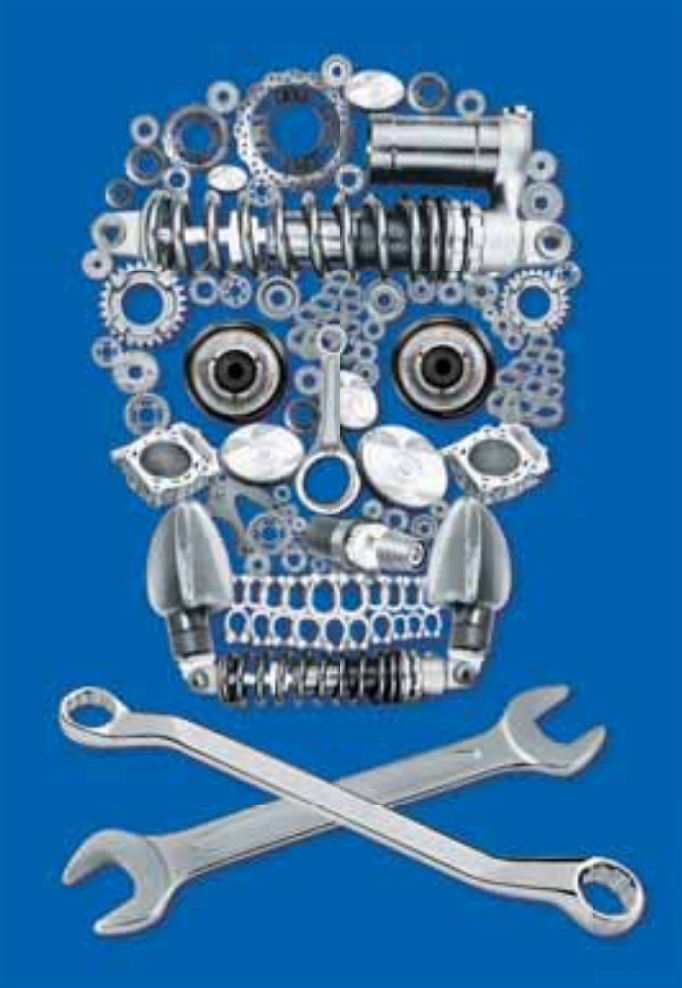
LEVERAGING GOVERNMENT INFRASTRUCTURE

We are working on a strategy to reach out to every village by utilising government infrastructure as an alternative business channel.
We are the first two-wheeler company to have tied-up with Common Services Centres (CSCs), under the Ministry of Information Technology. We conducted sales and service training through more than two lakh centres spread across India.

'Chalo Sakhee, Pleasure Seekhein' aims to build brand awareness, impart product information and nurture long-term relationship with rural women by utilising Anaganwadi workers to train rural women to learn riding on Pleasure. During FY 2015-16, we trained over 1,500 women and aim to train over 6,000 women in FY 2016-17.

TRUST OF HERO GENUINE PARTS

AT HERO, OUR OBJECTIVE IS TO PROVIDE A NEVER ENDING DELIGHTFUL EXPERIENCE TO OUR CUSTOMER



FAKE PARTS CAN BE A REAL DANGER.

SETTING INDUSTRY BENCHMARKS

Hero Genuine Parts are the only certified parts for your Hero two-wheelers. They are engineered with precision as a perfect fit for your bike to provide you with enhanced and unmatched performance. Every part goes through a strenuous test of critical quality check points before becoming a Hero Genuine Part. These parts are also now supplied through Global Parts Centre (GPC) in Neemrana.

Our state-of-the-art GPC manufacturing facility with cutting edge systems that not only facilitates supply chain processes but also provides a pleasant, healthy, and beautiful work environment. Spread over 35 acres, GPC along with the equally imposing Hero Garden Factory are an integral part of Hero Neemrana Complex in the state of Rajasthan, India. Based on lean manufacturing systems, GPC is designed to have minimal manual intervention while significantly enhancing productivity. This technological marvel is a new industrial benchmark in the auto sector. It is equipped with automated storage and retrieval system (ASRS) and automated packaging and sorting system apart from other new age concepts like Uni-Shuttle and Rail Guided Material movement systems controlled by on-line tracking of parts, through a customised and unique Warehouse management system. Following green building concept, Indian Green Building Council (IGBC) has accredited as a platinum class manufacturing facility.

KEY DEVELOPMENTS OF FY 2015-16

Business outreach: We expanded our network through 11 new parts distributors taking the total count to 92. We have expanded our secondary network to over 18,750 retail outlets.

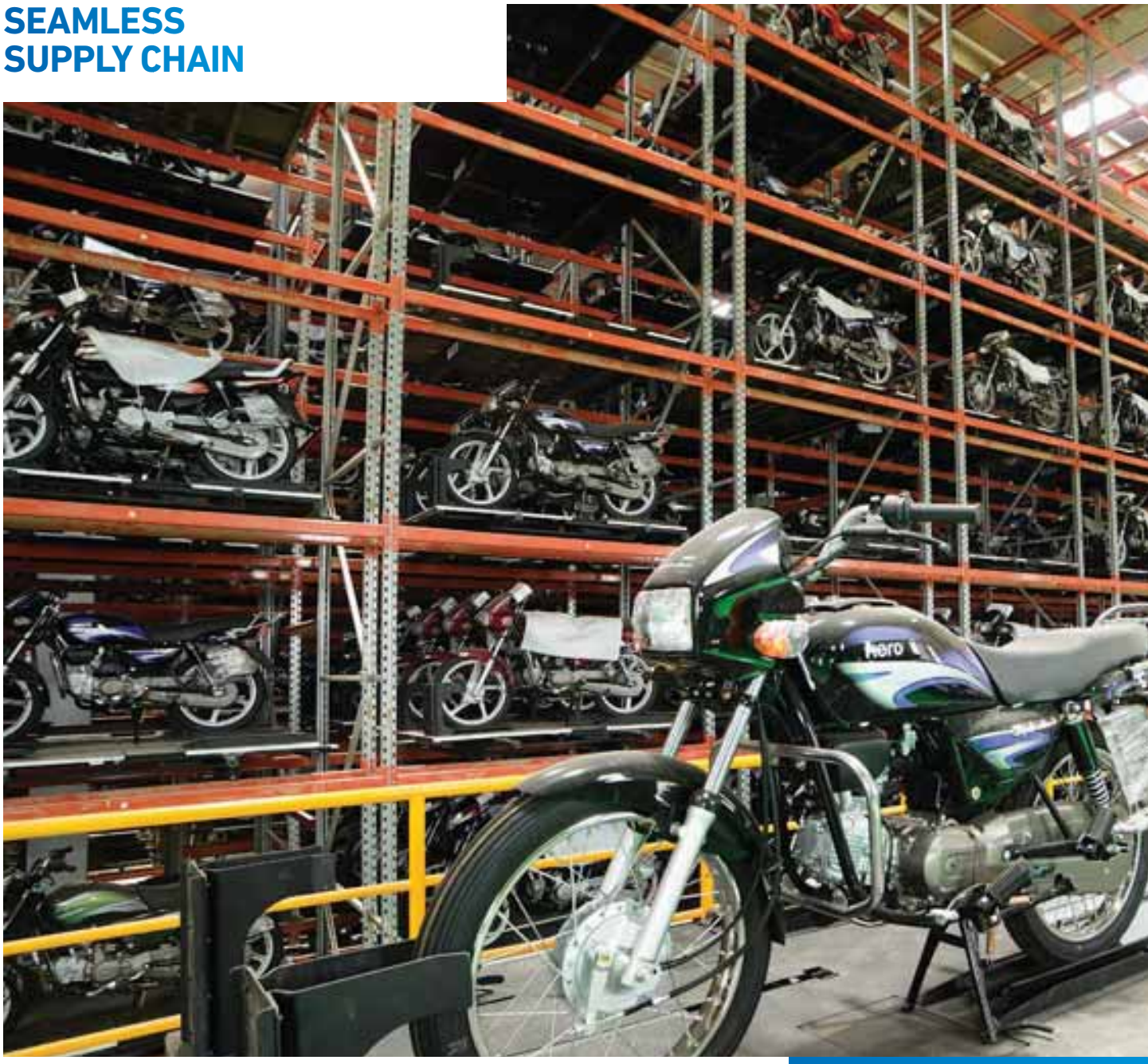
Asli Hero: A drive to connect with the technicians across the country was launched in December 2015 enabling higher visibility and awareness of our genuine parts.

Anti-counterfeit initiatives: Our original Hero Genuine Parts bear the Unique Parts Identification (UPI) code. Customers can confirm the genuineness of the part by sending UPI code through SMS on 9266171171. The MRP sticker also contains many salient features such as 'Colour shift Ink', HGP logo visibility under UV light, etc. The MRP sticker contains Hero Logo in Guilloche Text Pattern.

As part of its ongoing initiative to curb the menace of spurious parts, Hero MotoCorp launched stringent action against the manufacturers and traders of spurious parts and counterfeit products under the initiative 'Fight Fake, Stay Safe'.

Brand building: We did an extensive brand building activity to enhance awareness about using genuine parts. This was instrumental in ensuring widespread distribution of Hero Genuine Parts resulting in the robust growth achieved in parts business.

SEAMLESS SUPPLY CHAIN



GIVEN THE PACE AND SCALE OF DISRUPTION IN BUSINESSES AND THE TECHNOLOGY LANDSCAPE, A FLEXIBLE BUT ROBUST SUPPLY CHAIN NETWORK IS CRITICAL FOR SUCCESS. WE ARE WORKING TOWARDS UPGRADING OUR NETWORK IN COLLABORATION WITH OUR SUPPLY CHAIN PARTNERS CONTINUOUSLY. WE SHARE OUR INSIGHTS WITH PARTNERS TO HELP THEM ENHANCE OPERATIONAL EFFICIENCIES AND BUILD A PRUDENT COST STRUCTURE. THE RESULT IS AN ECOSYSTEM THAT IS FAST, RELIABLE AND SEAMLESS.

EFFICIENT INVENTORY MANAGEMENT

Our inventory management performance continues to improve over the years, with our inventory turnover, improving by 11% in FY 2015-16.

ENHANCE EFFICIENCIES AND ROBUSTNESS OF SUPPLY CHAIN

We outsourced logistics services to professionally managed resources. This has enabled us to optimise the load per transporting unit, visibility and control of logistics cost, reliability of transportation and truck traffic de-congestion.

We have undertaken major initiatives to reduce carbon footprint in inbound vehicles and utilise trucks in a better manner.

STRENGTHENING SUPPLY CHAIN

We entered into strategic partnerships with key suppliers for critical engine and emission controls part with local and global suppliers. We are gearing up for upcoming emission (BSIV / BSVI) and safety (ABS/ CBS) regulations through capability creation and in-house by aligning with best-in-class global suppliers.

STRATEGIC PARTNERSHIP

We entered into a joint venture (JV) with Magneti Marelli (MM) for Fuel Injection (FI) System parts. The JV will build advanced solutions for engine control and raise the level of solutions to fulfil future technology and regulatory requirements.

LEAP (A COST OPTIMISATION INITIATIVE)

Our LEAP initiative completed three years of journey. During FY 2015-16, LEAP enabled enhancing:

- Design optimisation
- Cost optimisation across operations and logistics
- Product variant and supplier operation excellence

The programme has helped your Company improve its gross margin levels ahead of a similar improvement by other manufacturers.

A new Six Sigma programme has been launched, which encompasses our supply chain partners. We have more than 350 members who have been imparted awareness about the training modules.

OTHER ACHIEVEMENTS

We obtained compliance for the 'Conformity of Production (COP)' from safety critical component suppliers; and implemented practices to get COP tested periodically.

During FY 2014-15, we successfully implemented e-material flow in two of our manufacturing locations; and will implement that in other manufacturing locations in FY 2016-17.

ROAD AHEAD

- Exploring new transportation design and logistics methods to achieve best-in-class logistics efficiency
- Implementing vertical and horizontal reciprocating conveyor concepts in material management to support DOL concept; and achieve the least industry turnaround time
- Conducting layout and material routing validation by 3D simulation in a digital manufacturing environment
- Providing services, which are aligned with the organisation's vision and mission

ADVANCED TECHNOLOGY FOR EXCEPTIONAL VALUE

INFORMATION TECHNOLOGY AT HERO IS NOT JUST A SUPPORT FUNCTION FOR BUSINESS, IT IS A CRITICAL ENABLER OF VALUE CREATION. STARTING FROM OPERATIONS TO BUSINESS STRATEGIES TO THE WAY WE COMMUNICATE WITH OUR STAKEHOLDERS, INFORMATION TECHNOLOGY STREAMLINES THE ENTIRE ECOSYSTEM AND MAKES IT MORE COHERENT.

To further strengthen our connect with digitally savvy customers, some of the initiatives undertaken during the year were:

Mobile app for customers: An interactive mobile app to enhance the customer interaction with the organisation. Customers can use the app at the time of service of their product and also get useful product related information.

Online booking of two-wheelers: With an aim to provide digital flexibility to our prospective customers, we tied up with a third-party portal for online selling of our two-wheelers. Customers can now choose and book their two-wheelers through our website. We have sold over 300,000 two-wheelers through this channel.

Social engagement: During FY 2015-16, we conducted multiple social campaigns to engage with customers and used the social media to respond to customer queries/concerns and to extend the reach of our brand across the globe.

Some of the noteworthy initiatives carried out by other stakeholders and ably supported by the IT include the following:

Asli Hero Programme: We launched a fully digitally-enabled programme, which allows unorganised technicians to facilitate the adoption of genuine parts. The programme also ensures that local mechanics can gain out of this programme by contributing towards this cause.

Digital manufacturing: We implemented the digital manufacturing solution at the Gurgaon facility. This solution is being implemented at our upcoming facilities in Gujarat and Bangladesh which will improve production efficiency and reduce cost.

Power of IT for social causes: Our Hamari Pari campaign (for girl child empowerment) on social media received nearly 2 million views and the Ride Safe India Campaign (on road safety) received over 24 million views. We also participated in a twitter chat on road safety and our hashtag #ridesafeindia received wide acclaim.

SUPPLY CHAIN DIGITISATION ACHIEVEMENT
AT HERO, WE HAVE SUCCESSFULLY REDUCED 85% OF MANUAL INTERVENTION, WITH 95% SCHEDULE ADHERENCE. THE INVENTORY CARRYING COST REDUCED TO 40% VIS-À-VIS PREVIOUS YEAR.

PEOPLE AT HERO

THE FOCUS AT HERO IS TO BUILD A BEST-IN-CLASS ORGANISATIONAL CULTURE TO ATTRACT, BUILD AND RETAIN TALENT ACROSS LEVELS, GLOBALLY. WE ARE COMMITTED TO PARTNER WITH EMPLOYEES AND STRENGTHEN OUR TALENT POOL BY PROVIDING THEM GROWTH AND CAREER ENHANCEMENT OPPORTUNITIES.

TALENT ACQUISITION

During FY 2015-16, over 630 professionals were recruited to join Hero MotoCorp. Coming from reputed organisations with relevant experience including 100+ graduates from reputed engineering and management campuses. We also brought on board several new leaders through lateral placements across functions to drive business growth globally.

Launch of the Hero Challenge: During the year, we launched our first Business school competition, based on scenario planning exercise. The competition attracted participation from India's premier management institutions.

JOB ANALYSIS AND EVALUATION

We partnered with a reputed HR Consulting firm to work on Job Analysis Evaluation project across the organisation. This project will help streamline career planning and competency development for our managers. The outcome of this exercise will facilitate in the creation of strengthening high-performance culture in the organisation.

LEADERSHIP DEVELOPMENT

In order to develop a robust succession pipeline for our leadership and critical positions, a regular talent review exercise is conducted. This is further being supplemented by providing multi-domain exposure by means of job rotation and expanded leadership responsibilities. Young talent is also being groomed by providing exposure to world-class programmes in management at reputed B-schools. In addition hi-potential talent is provided focused leadership and functional development programs in collaboration with reputed management schools in India and abroad.

We also upgraded our Leadership Competency Framework, shifting the focus from grade-based competencies to role-based competencies. This will help employees develop competencies as per their role requirements as well as help define their way forward.

DIVERSITY & INCLUSION

We encourage 'Diversity & Inclusion' in our team through a series of interventions:

Women in Leadership (WIL) Programme: Hero MotoCorp launched Women in Leadership (WIL) programme for female employees in collaboration with BML Munjal University and Imperial College of London. This programme will provide critical inputs on leadership development that empowers women employees to take leadership roles in future.

EMPLOYEE ENGAGEMENT

Chairman, CMD & CEO Town Hall: Town Hall meetings were organised where Mr. Pawan Munjal addressed all employees of Hero and shared his vision for the Company. He took questions from the audience in order to get the pulse of our people.

Hero Achiever's Award: Recognising exemplary performance at work, team and individual awards were conferred under five categories - Operational Excellence, Customer Delight, Innovation at Work, Sustainable Cost Reduction Initiative (LEAP), and Living Hero's Core Values to deserving candidates during the year.

MotoPassion: MotoPassion at Hero enhances curiosity about our products among employees through knowledge-sharing and interactions. This is a highly and engaging intervention has been launched to cover all employees in offices and plants.

INDUSTRIAL RELATIONS

We practice a highly evolved and positive employee relations framework. In all our factories, our employees get ample opportunities to develop, suggest improvements and resolve issue through proactive dialogue, suggestion programmes and TPM initiative. Throughout the year, the plant operations ran smoothly without any disturbances or work stoppages largely because of proactive engagement and development of all our associates.

ROBUST RISK MANAGEMENT FRAMEWORK

RISK MANAGEMENT AT HERO IS A CONTINUOUS ENTERPRISE-WIDE FUNCTION, WHICH ENSURES THAT RISKS ACROSS THE ORGANISATION ARE IDENTIFIED, REVIEWED REGULARLY AND COUNTER MEASURES REMAIN FIT FOR PURPOSE.

OUR RISK MANAGEMENT OBJECTIVES

- Mandated and integrated with all business processes and linked to the achievement of our strategic objectives
- Standardised and structured through a continuous process of identification, analysis, mitigation, monitoring and reporting
- Open and transparent across the business and promptly communicated so as to support effective and timely decision-making
- Iterative and responsive to business change

RISK MANAGEMENT PROCESS

Identify	Assess and control	Report	Manage and challenge
◤ Identify the principal risks fundamental to achieving our strategy ◤ Touch key and material areas of the business ◤ Focus on strategic and emerging risks	◤ Develop a common set of criteria for risk assessment which reflect current risk appetite ◤ Document and implement controls and plans to manage and mitigate material risks	◤ Monitor and periodically review material risks and mitigating controls and plans	◤ Define risk reporting and escalation requirements ◤ Interpret and report on sensitivities and key risk indicators ◤ Agree and operate early warning reporting processes

COMPETITIVE LANDSCAPE

While each segment in the two-wheeler market is driven by a clear leader, competition continues to intensify in India's two-wheeler industry with many new global players entering into competition. Moreover, domestic and global players alike have expanded their product portfolio across entry, deluxe and premium segments.

We, at Hero MotoCorp, have maintained our leadership in the past five years of our solo journey, amid increasing competition. We have scaled up our in-house R&D capability, processes and systems. We will continue to work to set new benchmarks in product introductions and innovations, global expansion and staying closer to the customer.

EVOLVING CUSTOMER PREFERENCES, DRIVING STRUCTURAL INDUSTRY SHIFTS

Evolving customer preferences, higher disposable income, increasing urbanisation and infrastructure turnaround may lead to structural and segmental shifts in the two-wheeler industry. Such an example is the case of scooters gaining prominence and the growth of premium motorcycles. We aim to make our processes, capabilities and plans more agile and adapt to the changing scenario with speed through a closer collaboration between marketing, product planning and research and development.

MACRO TRENDS

Unforeseen macro trends, such as improvement in infrastructure, rural income and global volatilities may affect the industry. We have worked towards diversifying our products and expanding into new markets to neutralise the impact of macro trends across markets.

REGULATORY CHANGES DRIVING TECHNOLOGY AND COST IMPLICATIONS

Focus on vehicular emissions has multiplied in recent times. Consequent fast paced upcoming regulatory changes will enhance technology standards and hence cost implications. We are consistently upgrading the technology framework in line with global benchmarks and rationalising costs across processes.

CYBER SECURITY THREATS

The Company's information systems, and those of its third-party service providers and vendors, are vulnerable to the increasing threat of continually evolving cyber security risks. A cyber security breach may adversely affect the Company's reputation, revenue and earnings.

We continue to strengthen our Information Technology controls to prevent emerging cyber security threats.

DECLINE IN COMPANY'S MARKET SHARE OR FAILURE TO ACHIEVE GROWTH

A decline in our market share in domestic markets or failure to achieve growth in export markets, whether due to capacity constraints, competitive pressures or other factors, could have an adverse impact on our growth plans.

We aim to maintain competitive economies of scale and maintain or grow market share in domestic/ export markets.

MARKETING STRATEGY OF APPEALING TO AND GROWING SALES TO MULTI-GENERATIONAL AND MULTI-CULTURAL CUSTOMERS

To sustain and grow the business over the long-term, the Company must continue to be successful in selling its products and promoting the experience of riding motorcycles and scooters to both masses and premium segment customers.

The Company's endeavour is to cater to premium segment motorcycles without adversely impacting the strength of the brand with the masses. To cater to the competition in scooters market, the company has launched two new scooters this year.

BOARD'S REPORT

DEAR MEMBERS,

Your Directors are pleased to present the Thirty Third Annual Report, together with the Company's audited financial statements for the financial year ended March 31, 2016.

FINANCIAL RESULTS – STANDALONE & CONSOLIDATED

The standalone and consolidated financial highlights of your Company are as follows:

(₹ crores)

Particulars	Standalone		Consolidated	
	For the year ended		For the year ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Gross Sales	30,418.66	29,068.24	30,434.29	29,020.98
Net Sales and other Income	28,990.42	28,078.04	29,002.81	28,030.14
Profit before Finance Costs, Depreciation & Exceptional Item	4,838.13	4,034.92	4,771.33	3,988.85
Less: Finance Cost	2.15	11.09	11.87	11.70
Depreciation & Amortization	441.40	539.97	447.01	540.45
Exceptional Item (Provision for diminution in value of non-current investment)	-	155.04	-	144.73
Profit Before Tax (PBT)	**4,394.58**	**3,328.82**	**4,312.45**	**3,291.96**
Less: Provision for tax				
- Current	960.88	898.91	960.91	899.18
- Deferred	301.33	44.27	301.33	44.27
Profit After Tax (PAT)	**3,132.37**	**2,385.64**	**3,050.21**	**2,348.51**
Share of profit/(loss) of associates	-	-	39.46	15.15
Minority interest	-	-	(4.11)	(1.04)
Profit for the year	3,132.37	2,385.64	3,093.78	2,364.70
Add: Balance of profit brought forward	4,104.93	3,414.14	4,077.57	3,407.72
Less: On account of Depreciation as per Schedule II of Companies Act, 2013.	-	22.97	-	22.97
Add: Profit consequent to change in Group's Interest	-	-	46.04	-
Balance available for appropriation	**7,237.30**	**5,776.81**	**7,217.39**	**5,749.45**
Appropriations				
Dividend				
- Interim	798.75	599.06	798.75	599.06
- Proposed Final	639.00	599.06	639.00	599.06
Corporate Dividend Tax	292.69	223.76	292.69	223.76
Transfer to General Reserve	250.00	250.00	250.00	250.00
Balance carried to Balance Sheet	5,256.86	4,104.93	5,236.95	4,077.57
Dividend (%)	3,600	3,000	3,600	3,000
Basic and Diluted Earnings Per Share (EPS) (₹)				
- before exceptional items	156.86	127.23	154.93	125.66
- after exceptional items	156.86	119.46	154.93	118.41

FINANCIAL HIGHLIGHTS

During the Financial Year (FY) 2015-16 under review, your Company clocked sales of 6,632,322 units over 6,631,826 units in the previous FY. The total sales of products (net of excise duty) was ₹ 28,160.48 crores as compared to ₹ 27,350.60 crores in FY 2014-15, showing an increase of 2.96%.

During FY 2015-16, net revenue from operations of your Company was ₹ 28,599.30 crores as compared to ₹ 27,585.30 crores in FY 2014-15, registering an increase of 3.67%.

Profit before tax (PBT), after exceptional items, was ₹ 4,394.58 crores as compared to ₹ 3,328.82 crores in FY 2014-15, showing an increase of 32.02%. Your Company's Profit after Tax (PAT) was ₹3132.37 crores as against ₹ 2,385.64 crores in FY 2014-15, registering an increase of 31.30%.

Earnings before Interest, Depreciation and Taxes (EBIDTA) margins stood at 15.55% in FY 2015-16 as compared to 12.84% in FY 2014-15.

DIVIDEND

Continuing with the past trend, your Directors are pleased to recommend for your approval a final dividend of ₹ 32 per equity share (1600%) of face value of ₹ 2 each, in addition to an interim dividend of ₹ 40 per equity share (2000%) declared in the month of March 2016, aggregating a total dividend payout of ₹ 1,437.75 crores (excluding tax on dividend) during FY ended March 31, 2016. In the previous FY, total dividend payout of ₹ 60 per Equity Share of the face value of ₹ 2 each has been made. Final dividend, if approved at the ensuing Annual General Meeting, shall be paid to the eligible members within the stipulated time period.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the provisions of the Companies Act 2013 ('the Act') and Accounting Standard (AS)-21 on the Consolidated Financial Statements, read with AS-23 on Accounting for Investments in Associates and AS-27 on Financial Reporting of Interests in Joint Ventures, the Audited Consolidated Financial Statement for the FY ended March 31 2016 is provided in this Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed discussion on the business performance and future outlook forms part of Management Discussion and Analysis Report, which is separately provided and forms part of this Annual Report.

CHANGE IN NATURE OF BUSINESS

During FY 2015-16, there was no change in the nature of Company's business.

CAPACITY EXPANSION, NEW PROJECTS & STRATEGIC ALLIANCES

During FY 2015-16, the state of art 'Garden Factory' of your Company at Neemrana, Rajasthan has expanded to 1.065 million from its earlier capacity level of 0.765 million to cater to the growing demand of the scooter segment. Further, your Company has expanded its capacity by adding a Cathodic Electro Deposition (CED) paint shop and other balancing equipment in a record time of nine months. This paint shop is able to handle quick set up change integration.

The 'Global Parts Centre', another state of art establishment of your Company at Neemrana, Rajasthan operated at its full capacity, thereby creating a unique set up for parts business management across the two wheeler industry.

You would be proud to know that your Company's first global manufacturing facility located at Villa Rica in the Cauca province of Colombia was inaugurated by Senor Juan Manuel Santos, the Hon'ble President of Colombia in the month of September 2015. This is a landmark event which clearly establishes the rising global stature of the brand Hero. The facility has been designed for an annual capacity of 80,000 units and has started despatches during FY under review.

The fifth plant of your Company at Halol, Gujarat is nearing completion and is slated to be operational for its Phase I capacities in the second half of FY 2016-17.

Your Company is also working with the Government of Andhra Pradesh for setting up a manufacturing unit at Sricity in Chittoor District in the state of Andhra Pradesh.

The construction of the second overseas plant of your Company at Jessore in Bangladesh, with an annual installed capacity of 1.5 lakhs units, is in full swing and operations are planned to start in the second half of FY 2016-17.

GLOBAL FORAYS

Over the past few years, your Company has taken giant strides towards becoming a multi-national and multi-cultural organization with people from countries in Asia, Europe and Latin America now being part of the Hero family. This is a process that will continue in the coming years and will play a key role in the pursuit of making 'Hero' a truly global organization with its presence in more than 29 countries which it is committed to expand to 50 countries by 2020.

Over the years, your Company has set global benchmarks in creating world class manufacturing and operational facilities to ensure that its products are best in class in terms of design, technology and quality. During FY under review, your Company has launched the brand 'Hero' and its range of products in Nigeria, UAE, Madagascar, Costa Rica, Panama, Bolivia and Dominican Republic. In the coming years, your Company plans to consolidate its operations across South Asia, Africa & Middle East and Latin America with the introduction of new products.

GLOBAL CENTRE OF INNOVATION AND TECHNOLOGY

Achieving a historic landmark in its illustrious journey, your Company has formally inaugurated a world-class 'Global Centre of Innovation and Technology' ('the CIT') at Jaipur, Rajasthan. The CIT is the result of a bold vision to position your Company as the leading source of innovation and green technology. This facility is a giant stride in its relentless endeavour towards strengthening your Company's in-house technology capabilities.

The CIT is a defining step, not just for the technical prowess of Hero, but also for the nation's story to truly blossom on the global stage as a technology powerhouse. Rich in diversity, the CIT brings together a multi-national group of automotive experts, creating an environment of engineering excellence and innovation.

SUBSIDIARIES, ASSOCIATE AND JOINT VENTURE COMPANIES

Subsidiaries

HMCL Netherlands B.V. ('HNBV')

HNBV, a wholly owned subsidiary of your Company was incorporated in Amsterdam as a private company with limited liability under the laws of The Netherlands with the primary objective of promoting overseas investments. During FY 2015-16, HNBV has invested in operating companies in Colombia and Bangladesh.

During FY 2015-16, HNBV invested in its subsidiary, namely **HMCL Colombia S.A.S. ('HMCLC')** in Colombia, an amount of USD 3 million, taking the total investment to USD 13.10 million. HNBV currently holds 51% equity in HMCLC, post issuance of 49% equity shares to Woven Holdings LLC. During FY 2015-16, HMCLC has also commenced CKD operation at its manufacturing plant setup in the industrial city of Cali, 300 kms southwest of Bogota, with the project cost of USD 80 million. During the financial period ended March 31, 2016, it has reported a net loss of ₹ 52.66 crores.

HNBV has also invested in a joint venture company in Bangladesh, namely **HMCL Niloy Bangladesh Limited ('HNBL')** with Nitol Niloy Group, Bangladesh and holds 55% of the total equity capital. During FY 2015-16, an additional investment of USD 3.08 million was made in HNBL, taking the cumulative investment to USD 5.34 million. During the financial period ended March 31, 2016, it has incurred a loss of ₹ 0.47 crores.

During the period ended March 31, 2016, HNBV had a consolidated loss of ₹ 53.56 crores, including those of its subsidiaries as mentioned above.

HMCL (NA) Inc.

Your Company has also invested in its wholly owned subsidiary in Delaware, USA, namely HMCL (NA) Inc., which further invested in Erik Buell Racing Inc. ('EBR'), a Delaware corporation by subscribing to 49% of its equity share capital.

EBR along with its subsidiary Erik Buell Racing LLC, an associate of HMCL (NA) Inc. ceased its 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 USA. In view of the above, provision of ₹ 150.09 crores, being the carrying value of such investment in the books of HMCL (NA) Inc., was made towards the diminution in value of the investment. During the period ended March 31, 2016, HMCL (NA) Inc. has incurred a loss of ₹ 0.29 crores.

HMCL Americas Inc. ('HMCLA')

During FY 2015-16, your Company incorporated an operating company in America, namely HMCL Americas Inc. to pursue various global businesses. HMCLA has been setup with an initial investment of ₹ 22.22 crores. During financial period ended March 31, 2016, HMCL Americas Inc. has incurred a loss of ₹ 2.12 crores.

HMC MM Auto Limited ('HMCMMA')

Your Company has a joint venture with Magneti Marelli S.p.A. Italy, namely HMCMMA in India, set up for the purpose of carrying out manufacturing, assembly, sale and distribution of two wheeler fuel injection systems and parts. Your Company holds 60% of the equity share capital in HMCMMA. During FY 2015-16, HMCMMA has incurred a loss of ₹ 9.09 crores.

Associate Company

Hero FinCorp Ltd. ('HFCL')

HFCL, an associate of your Company was incorporated in the year 1991. Your Company holds 48.42% in the equity share capital of HFCL. HFCL is a non-banking finance company engaged in providing financial services, including two wheeler financing and providing credit to Company's vendors and suppliers. Over the years, it has added several new products and customers in its portfolio, like SME and commercial loans, loan against property etc.

During FY 2015-16, HFCL recorded an income from operations of ₹ 771.28 crores and a profit of ₹ 81.50 crores.

A statement containing salient features of financial statement of subsidiaries and associate company forms part of the financials.

Material Subsidiaries

The Board of Directors of your Company ('the Board') has approved the policy for determining Material Subsidiaries. At present, your Company does not have a Material Subsidiary. The Policy on Material Subsidiary can be viewed on the Company's website, www.heromotocorp.com at the following link:http://www.heromotocorp.com/en-in/about-us/key-policies/policy-on-material.html

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors make the following statement in terms of Section 134 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, 2016, 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, 2016 and of the profit and loss of your Company for the financial year ended March 31, 2016;
3. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 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, 2016 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.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Our beloved Chairman Emeritus, Late Dr. Brijmohan Lall Munjal, continued to guide and mentor your Company till November 1, 2015, the day he left us

for his heavenly abode. His inspirational leadership, outstanding business acumen and exemplary courage were instrumental in successfully navigating your Company's extra-ordinary journey – from scratch to becoming a formidable brand and a market leader.

Mr. Pawan Munjal, Managing Director & CEO was elevated as the Chairman, Managing Director & CEO of the Company w.e.f. June 1, 2015. The Board at its meeting held on August 8, 2016 has recommended the reappointment of Mr. Pawan Munjal as the Chairman, Managing Director & CEO of the Company for a period of five years with effect from October 1, 2016.

Under his dynamic leadership, your Company has gone from strength to strength and is on course to expand its global presence to a total of 50 countries by the year 2020. Over the past several years, Mr. Munjal has led your Company in a highly competitive and volatile market to not just consolidate its market leadership but also expand its global footprint across continents, emerging as one of the country's foremost business leaders.

Mr. Munjal is continuing the glorious legacy of Late Dr. Brijmohan Lall Munjal, Chairman Emeritus and is shaping the future of your Company into a modern, technology & innovation-driven organisation.

Ms. Shobana Kamineni has been appointed as an Independent Director of your Company with effect from March 27, 2015 by the members at their Annual General Meeting held on August 31, 2015.

In terms of the applicable provisions of the Act and the Articles of Association of the Company, Mr. Suman Kant Munjal, Director of the Company retires by rotation at the ensuing Annual General Meeting and, being eligible, has offered himself for re-appointment. Brief resume and other details of Mr. Suman Kant Munjal, who is proposed to be re-appointed as a Director of your Company have been furnished, along with the Explanatory Statement to the Notice of the ensuing Annual General Meeting.

The Board at its meeting held on August 8, 2016 has inducted Mr. Vikram S. Kasbekar, Head of Operations & Supply Chain on the Board of the Company, subject to confirmation by the shareholders at the ensuing Annual General Meeting. Mr. Kasbekar has more than four decades of experience in the field of operations, supply chain, manufacturing and project engineering and has contributed significantly to the growth of your Company.

Declarations from Independent Directors

Declarations have been received from the Independent Directors confirming that they meet the criteria of independence as prescribed in the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('Listing Regulations').

In the opinion of the Board, Independent Directors fulfil the conditions specified in the Act, Rules made thereunder and Listing Regulations and are independent of the management.

Key Managerial Personnel

Mr. Ilam C. Kamboj resigned and ceased to be the Company Secretary and Compliance Officer of the Company with effect from April 2, 2016.

Ms. Neerja Sharma has been appointed as the Company Secretary and Chief Compliance Officer of the Company w.e.f. August 8, 2016. She has a rich experience of over 25 years in governance and compliance as a part of senior leadership teams during her earlier tenures. With her appointment, your Company has further strengthened the governance framework and is committed to take the governance function to greater heights.

BOARD MEETINGS

During FY 2015-16, six meetings of the Board of Directors were held. For details of these Board meetings, please refer to the Corporate Governance Report on page 81 of this Annual Report.

ANNUAL EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

To ensure an effective Board evaluation process, the Nomination and Remuneration ('NR') Committee of your Board has put in place a robust evaluation framework for conducting the exercise with the key steps and practices clearly defined. During FY 2015-16, as part of this process, customized questionnaires after review by the NR Committee were circulated to all the Directors. Each Director was required to undertake assessment of all other Directors, including the Chairman.

Performance of the Board was evaluated on various parameters, such as composition, strategy, tone at the top, risk, controls and diversity. Similarly, questionnaires for Committees were also framed on the parameters, such as adherence to the terms of reference and adequate reporting to the Board. Parameters for the Directors included intellectual independence of the Director, participation in formulation of business plans, constructive engagement with colleagues and understanding of risk profile of your Company. The Chairman of your Company was evaluated on parameters such as leadership style and motivation of the Directors.

Questionnaires were completed by each Director, responses were analyzed and the results were subsequently discussed at a meeting of the NR Committee. Recommendations arising from this entire process were considered by the Board to improve its overall effectiveness and optimize individual strengths of the Directors.

FAMILIARISATION PROGRAMMES FOR INDEPENDENT DIRECTORS

During FY under review, your Company organized familiarisation programmes for the Directors in accordance with the requirements of Listing Regulations. The Directors were also provided with relevant documents, reports and internal policies to enable them to familiarise with your Company's procedures and practices, from time to time, besides regular briefing by the members of the senior leadership team.

Details of familiarisation programmes organized for Independent Directors during FY under review form part of Corporate Governance Report annexed hereto and are also posted on the Company's website, www.heromotocorp.com and can be viewed on the following link: http://www.heromotocorp.com/en-in/about-us/familiarisation-program-of-independent-directors.html

REMUNERATION POLICY

Pursuant to provisions of the Act, the NR Committee of your Board has formulated a Remuneration Policy for the appointment and determination of remuneration of the Directors, Key Management Personnel, Senior Management and other employees of your Company. The NR Committee

has also developed the criteria for determining the qualifications, positive attributes and independence of Directors and for making payments to Executive and Non-Executive Directors of the Company.

The NR Committee takes into consideration the best remuneration practices in the industry while fixing appropriate remuneration packages and for administering the long-term incentive plans, such as ESOPs, RSUs etc. Further, compensation package of the Directors, Key Managerial Personnel, Senior Management and other employees is designed based on the set of principles enumerated in the said policy.

Your Directors affirm that the remuneration paid to the Directors, Key Management Personnel, Senior Management and other employees is as per the Remuneration Policy of your Company.

The Remuneration details of the Directors, Chief Financial Officer and Company Secretary, along with details of ratio of remuneration of each Director to the median remuneration of employees of the Company for the FY under review are provided as **Annexure I.**

The Remuneration Policy of your Company is posted on the Company's website, www.heromotocorp.com and can be viewed on the following link: http://www.heromotocorp.com/en-in/about-us/key-policies/remuneration-policy.html

EMPLOYEE INCENTIVE SCHEME

In terms of the SEBI (Share Based Employee Benefits) Regulations, 2014, as amended from time to time ('SEBI Regulations'), the NR Committee of your Board, inter alia, administers and monitors the Employee Incentive Scheme 2014 of your Company and the Employee Stock Option plans framed thereunder.

During FY 2015-16, the NR Committee has, at its meeting held on March 28, 2016, allotted 2,588 Equity Shares of ₹ 2 each at a premium of ₹ 2,157 per share to the eligible employees of your Company pursuant to exercise of options granted under Company's Employee Stock Option Plan 2014 framed under the Employee Incentive Scheme 2014. Post allotment of these shares, the paid up equity share capital of your Company as on March 31, 2016 stood at ₹ 39,93,80,176.

Applicable disclosures as stipulated under the SEBI Regulations with regard to the Employee Stock Option Plan are provided as **Annexure II** to this Report and are available on the Company's website, www.heromotocorp.com and can be viewed on the following link: http://www.heromotocorp.com/en-in/esop.php.

Your Company has received a certificate from M/s Deloitte Haskins & Sells, Gurgaon, Haryana, Statutory Auditors that the Employee Incentive Scheme 2014 for grant of stock options has been implemented in accordance with the SEBI Regulations and the resolution passed by the members in their general meeting. The certificate would be placed at the ensuing Annual General Meeting for inspection by the members.

CORPORATE GOVERNANCE

Your Company is committed to benchmarking itself with the global standards of Corporate Governance. It has put in place an effective Corporate Governance system which ensures that provisions of the Act and Listing Regulations are duly complied with, not only in form but also in substance.

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 your Company's website, www.heromotocorp.com and can be viewed on the following link: http://www.heromotocorp.com/en-in/about-us/code-of-conduct.html

In terms of Listing Regulations, a report on Corporate Governance, along with a certificate from Mr. Arvind Kohli, Proprietor (CP No. 2818), M/s Arvind Kohli & Associates, Company Secretaries, Gurgaon, Haryana, confirming compliance of the conditions of corporate governance is annexed hereto and forms part of this Annual Report as **Annexure III**.

TRANSFER TO GENERAL RESERVE

An amount of ₹ 250 crores, being 7.98% of the profit after tax of the FY under review has been transferred to the General Reserve of the Company.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

During FY under review, your Company has transferred unpaid/unclaimed dividend, amounting to ₹ 2.37 crores for FY 2007-08 to the Investor Education and Protection Fund (IEPF) of the Central Government of India.

MATERIAL CHANGES AND COMMITMENTS

No material change and/or commitment affecting the financial position of your Company have occurred between April 1, 2015 and the date of signing of this Report.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

In terms of Section 186 of the Act, details of investments made during FY 2015-16 are as under. No loan or guarantee has been given during the said period:

Investments u/s 186 of the Companies Act, 2013

	Principal Amount (Shares)	Principal Amount (Bonds/Debentures)	Total
Opening Balance	329.94	375.34	705.28
Addition*	263.76	0.12	263.88
Reduction**	-	(13.06)	(13.06)
Closing Balance	**593.70**	**362.40**	**956.10**

* HMC MM Auto: ₹ 3.60 crores, HMCL(NA) Inc.: ₹ Nil, HMCL Netherlands B.V.: ₹ 40.74 crores, HMCL Americas Inc: ₹22.22 crores, Hero FinCorp Limited: ₹ 197.19 crores, including MTM adjustment of Bonds: ₹ 0.12 crores.
** Maturity of bonds and amortisation.

DEPOSITS

Your Company has neither accepted nor renewed any deposits during FY 2015-16 in terms of Chapter V of the Act.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

During FY 2015-16, all contracts/ arrangements/transactions entered into by your Company with related parties under Section 188(1) of the Act were in the ordinary course of business and on an arm's length basis. During FY 2015-16, your Company has not entered into any contracts/arrangements/ transactions with related parties which could be considered 'material' in accordance with its policy on Materiality of Related Party Transactions. Thus, there are no transactions required to be reported in form AOC-2.

Further, during FY 2015-16, there were no materially significant related party transactions made by your Company with the Promoters, Directors, Key Managerial Personnel or other designated persons, which might have potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee for its approval. There was no matter requiring approval of the Board. During FY under review, the Audit Committee has approved transactions through the omnibus mode in accordance with the provisions of the Act and Listing Regulations. Related party transactions were disclosed to the Board on regular basis as per AS-18. Details of related party transactions as per AS-18 may be referred to in Note 30 of the Standalone Financial Statements.

The policy on Related Party Transactions is available on the Company's website, www.heromotocorp.com and can be viewed on the following link: http://www.heromotocorp.com/en-in/pdf/Related-Party-Transactions-Policy.pdf

RISK MANAGEMENT FRAMEWORK

Your Company follows a comprehensive system of Risk Management and has adopted a procedure for risk assessment and its minimisation. It ensures that all potential risks are timely defined and mitigated in accordance with the Risk Management Process, including identification of elements of risk which may threaten the existence of the Company. During FY 2015-16, your Company has constituted a Risk Management Committee, which closely monitors the Risk Management framework in the Company. The Board periodically reviews the Risk Management framework of the Company.

VIGIL MECHANISM/ WHISTLE BLOWER POLICY

Your Company has in place a well formulated Vigil Mechanism/Whistle Blower Policy which provides a robust framework for dealing with genuine concerns & grievances. During FY under review, six complaints were received and processed. Out of these, three complaints have been investigated & acted upon and rest are under investigation.

During FY 2015-16, no individual was denied access to the Audit Committee for reporting concerns, if any.

The Vigil Mechanism/Whistle Blower Policy of the Company is available on the Company's website, www.heromotocorp.com and can be viewed on 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 functions under direct supervision of Mr. Pawan Munjal, Chairman, Managing Director & CEO of your Company, who is also the Chairman of the CSR Committee. Other members of the Committee are Gen. (Retd.) V. P. Malik and Mr. Pradeep Dinodia, who are Non-Executive and Independent Directors of your Company.

Your Company has implemented the CSR Policy, duly formulated and recommended by the CSR Committee to the Board. The CSR policy lays down CSR activities to be undertaken by your Company. The CSR activities undertaken by your Company are based on the approved CSR policy, which is available on the Company's website, www.heromotocorp.com and can be viewed on the following 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, broadly covers the following focus areas:

a) enhancing environmental and natural capital;
b) supporting rural development;
c) promoting education, including skill development;
d) providing preventive healthcare;
e) providing sanitation and drinking water;
f) creating livelihoods for people, especially those from disadvantaged sections of society, in rural and urban India;
g) preserving and promoting sports;
h) to carry out the activities at the time of natural calamity or engage in Disaster Management System;
i) 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.

During FY under review, your Company has spent ₹ 65 crores on its CSR activities, which amounts to 2.23% of the average net profits of last three financial years. CSR initiatives undertaken by your Company, along with other details form part of the Annual Report on CSR activities for FY 2015-16, which is annexed and forms part of this Report as **Annexure IV.**

AUDIT COMMITTEE

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

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

Further details on the Audit Committee and its terms of reference etc. have been furnished in Corporate Governance Report, which forms part of this Report as Annexure III.

During FY under review, all recommendations of the Audit Committee were accepted by the Board of Directors of the Company.

AUDITORS AND AUDITORS' REPORT

Statutory Auditors

M/s Deloitte Haskins & Sells, Chartered Accountants, Gurgaon, (FR No. 015125N), Statutory Auditors were appointed for three financial years, up to 34th AGM to be held in 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 observations of Statutory Auditors in their Report, read with relevant Notes to Accounts are self-explanatory and, therefore, do not require further explanation. The Auditors' Report does not contain any qualification, reservation or adverse remark.

Cost Auditors

M/s Ramanath Iyer & Co., Cost Accountants, New Delhi, (FR No. 000019) were appointed as the Cost Auditors of the Company for FY 2015-16 to audit the cost accounts of the Company in respect of parts business. They have been re-appointed as the Cost Auditors of the Company for FY 2016-17.

Secretarial Auditors

The Board of your Company had appointed Mr. Arvind Kohli, Proprietor (CP No. 2818), M/s Arvind Kohli & Associates, Company Secretaries, Gurgaon, Haryana to conduct Secretarial Audit of your Company during FY 2015-16.

The Secretarial Audit Report for FY 2015-16 is annexed herewith and forms part of this Report as **Annexure V**. The Report does not contain any qualification, reservation or adverse remark.

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 these transactions are authorised, recorded and reported correctly.

An extensive risk based programme of internal audits and management reviews provides assurance to the Board regarding the adequacy and efficacy of internal controls. 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 an adequate internal financial control framework with reference to financial and operating controls. During FY 2015-16, such controls were tested and no reportable material weakness in the design or operation was observed.

INSIDER TRADING CODE

In compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ('the PIT Regulations') 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 lays down guidelines, which advise Insiders on the procedures to be followed and disclosures to be made in dealing with the shares of the Company and cautions them on consequences of non-compliances.

Your Company has further put in place a Code of practices and procedures of fair disclosures of unpublished price sensitive information. Both the aforesaid Codes are in line with the PIT Regulations.

RATINGS

During FY under review, ICRA Limited and CRISIL Limited have reaffirmed the following ratings to the Company:

ICRA Limited

Rating	Pronounced	Amount	Program/Category	Outlook
"[ICRA]AAA"	ICRA triple A	1100.0 Crore	Line(s) of Credit Long term rating	Stable
"[ICRA]A1+"	ICRA A one plus	1100.0 Crore	Line(s) of Credit Short term rating	-
"IrAAA"	IR triple A	-	Issuer rating	Stable
"[ICRA]AAA"	ICRA triple A	15.0 Crore	Non-Convertible Debentures (NCD)	Stable

CRISIL

Rating	Pronounced	Amount	Program/Category	Outlook
"FAAA/Stable"	F triple A		Fixed Deposit Programme	Stable
"CRISIL AAA/Stable"	CRISIL triple A	150 Million	NCD	Stable
CRISIL AAA/Stable	CRISIL triple A	11 Billion	Long term rating	Stable
CRISIL A1+	CRISIL A one plus	11 Billion	Short term rating	-

BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report ('BRR') has been prepared and forms part of the Annual Report as **Annexure VI**. The Report provides a detailed overview of initiatives taken by your Company from environmental, social and governance perspectives.

LISTING

The equity shares of your Company are presently listed on the BSE Limited and the National Stock Exchange of India Limited (NSE).

PERSONNEL

As on March 31 2016, total number of employees on the records of your Company were 7,592, as against 7,331 in the previous FY.

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 'People at Hero' forms part of Management Discussion and Analysis Report.

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 197(12) of the Act, read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of

Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees of the Company drawing remuneration in excess of the limits set out in the said rules can be made available on a specific request given to the Company, in writing.

EXTRACT OF ANNUAL RETURN

In terms of Sections 92(2) and 134(3)(a) of the Act and rules made thereunder, extracts of Annual Return in Form MGT 9 is annexed to this report as **Annexure VII**.

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

Information required under Section 134(3)(m) of the Act, read with rules made thereunder is annexed to this report as **Annexure VIII**.

STATUTORY DISCLOSURES

Your Directors state that there being no transactions with respect to following items during FY under review, no disclosure or reporting is required in respect of the same:

1. Deposit from the public falling within the ambit of Section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014.
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 your Company under any scheme save and except ESOS referred to in this Report.
4. Neither the Managing Director nor the Whole-time Director of your 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.
6. Buy back of shares

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

Your Company has in place a policy on Prevention of Sexual Harassment. This policy is in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. All employees, whether permanent, contractual, temporary and trainees are covered under this Policy.

As per the said policy, an Internal Complaints Committee is also in place to redress complaints received regarding sexual harassment. Following is the summary of complaints received and disposed of during FY under review:

No. of complaints received: Nil

No. of complaints disposed of: NA

APPRECIATION

I take this opportunity to express my gratitude to the Shareholders & Investors of the Company for their unflinching trust and support. On behalf of the Board, I would also like to thank the Central Government, State Governments, Financial Institutions, Banks, Customers, Dealers, Vendors and Ancillary Undertakings for their co-operation and assistance. I would like to reiterate our commitment to continue to build our organisation into a truly world class enterprise in all respects.

For and on behalf of the Board

Pawan Munjal
Chairman
DIN: 00004223

Date: August 8, 2016
Place: New Delhi

ANNEXURE I

DETAILS 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) RULES, 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.	Names of Directors/ Key Managerial Personnel and Designation	Remuneration of Director/KMP for Financial Year 2015-16 (₹ crores)	% increase in Remuneration in Financial year 2015-16	Ratio of the remuneration to the median employee's remuneration
	Executive Directors			
1	Mr. Brijmohan Lall Munjal, Chairman*	16.10	-	212
2	Mr. Pawan Munjal, Chairman, Managing Director & CEO**	57.40	28.64	755
3	Mr. Sunil Kant Munjal, Joint Managing Director	54.37	28.04	715
	Non-Executive Directors #			
4	Mr. Paul Bradford Edgerley	-	-	-
5	Mr. Suman Kant Munjal	0.24	300.00	3
	Non-Executive and Independent Directors #			
6	Dr Anand C. Burman	0.19	164.29	2
7	Mr. M. Damodaran	0.76	111.11	10
8	Mr. Pradeep Dinodia	0.86	31.54	11
9	Dr. Pritam Singh	0.68	70.00	9
10	Mr. Ravi Nath	0.36	56.52	5
11	Ms. Shobana Kamineni	0.21	100.00	3
12	Gen. (Retd.) V. P. Malik	0.73	37.74	10
	Employees & Key Managerial Personnel			
13	Mr. Ravi Sud, Sr. Vice President & CFO	3.81	-	50
14	Mr. Ilam C Kamboj, Asso. V. P. - Legal and Company Secretary	1.06	-	14

* Resigned as the Chairman effective June 1, 2015
** Appointed as the Chairman w.e.f. June 1, 2015
# Includes sitting fees and commission

(ii) The median remuneration of employees of the Company during the financial year was ₹ 7.60 lacs.

(iii) Median salary of employees in current year has increased by 7.50% in comparison to the previous year.

(iv) The number of permanent employees on the rolls of Company as on March 31, 2016 was 7,592 nos. (previous year 7,331 nos.), including workers defined under the Factory Act, 1948.

(v) (a) Variations in the market capitalisation of the Company: The Market capitalization as on March 31, 2016 was ₹ 58,823 crores (March 31, 2015 Rs. 52,714 crores).

(b) Price Earnings Ratio of the Company was 18.78 (times) as at March 31, 2016 and 22.10 (times) as at March 31, 2015.

(vi) Average percentage increase made in the salary of employees other than the managerial personnel in last Financial Year i.e. 2015-16 was 11.08%.

The compensation for the Key Managerial Personnel, 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.

(vii) 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

DISCLOSURES PURSUANT TO REGULATION 14 OF THE SEBI (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014, READ WITH SEBI CIRCULAR DATED JUNE 16, 2015 ON ESOP DISCLOSURES FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016.

Sl. No.	Particulars	Employee Incentive Scheme, 2014
1.	Date of shareholders' approval	22nd September 2014 through postal ballot
2.	Total number of options approved under Employee Incentive Scheme 2014	49,90,000
3.	Vesting requirements	The Options/RSUs granted under Employee Incentive Scheme 2014 (and various plans formulated thereunder including Employee Stock Option Plan 2014) would vest not earlier than one year from the Grant Date in accordance with the SEBI Guidelines and not later than such Vesting Period as may be determined by the Nomination and Remuneration Committee, from time to time, on the Grant Date. Vesting of RSUs shall be subject to the condition that the Grantee is in continuous employment with the Company and is not serving any notice of resignation on the date of such Vesting (except in the case of (i) death (ii) Permanent Disability suffered by the Grantee; (iii) retirement; or (iv) transfer to an entity within the Group and shall not be subject to any pending disciplinary proceeding and thus the Options and/or RSUs would vest on passage of time. In addition to the above, the Nomination and Remuneration Committee may also specify certain performance parameters subject to which the Options and/or RSUs would vest. The specific vesting schedule and conditions, if any, subject to which vesting would take place would be outlined in the Letter of Grant given to the Grantee at the time of the Grant of Options and/or RSUs.
4.	Exercise price or pricing formula	The Option and/ or RSU Exercise Price would be determined by the Nomination and Remuneration Committee, provided that the Exercise Price shall not be less than the face value of the equity shares of the Company on the date of grant of Options/ RSUs.
5.	Maximum term of options granted	The Options and/or RSUs granted to a Grantee shall be capable of being exercised within a period of not exceeding seven years from the date of Grant of the respective Options and/or RSUs or such other period as may be determined by the Nomination and Remuneration Committee, from time to time.
6.	Source of shares (primary, secondary or combination)	Primary
7.	Variation in terms of options	Subject to applicable law, the Nomination and Remuneration Committee will at its absolute discretion have the right to modify/amend the Employee Incentive Scheme 2014 in such manner and at such time or times as it may deem fit, subject however that any such modification/amendment shall not be detrimental to the interest of the Grantees/ Employees and approval wherever required for such modification/ amendment is obtained from the shareholders of the Company in terms of the SEBI Guidelines. During the year, no amendment/ modification/ variation has been introduced in terms of options granted by the Company.
8.	Method used to account for ESOS - Intrinsic or fair value	The employee compensation cost has been calculated using the fair value method for options using the Black- Scholes Options Pricing Model. The employee compensation cost as per the fair valuation method for the financial year 2015 -16 is ₹ 0.93 crores
9.	Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized 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.	Not applicable as the Company has calculated employee compensation cost using fair value method.
10.	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	Weighted average exercise price under ESOP Plan 2014 – ₹ 2851.50 Weighted average option fair value under ESOP Plan 2014 – ₹ 1228.39

Sl. No.	Particulars	Employee Incentive Scheme, 2014
11.	A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information	The fair value of options granted on October 21, 2014 under ESOP Plan 2014 is estimated using the Black Scholes Option Pricing Model after applying the following key assumption.
	(a) the weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model;	Risk Free Interest Rate: 8.42% Expected Life (in years): 4 Expected annual volatility of shares: 26.89% Expected dividend yield: 3.17%
	(b) the method used and the assumptions made to incorporate the effects of expected early exercise;	
	(c) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and	The expected volatility has been calculated using the daily stock returns on NSE, based on expected life options of each vest.
	(d) whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition	The expected life of share option is based on historical data and current expectation and not necessarily indicative of exercise pattern that may occur.
12.	Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with 'Accounting Standard 20 - Earnings Per Share' issued by ICAI or any other relevant accounting standards as prescribed from time to time	₹ 156.86 per share
13.	Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI or any other relevant accounting standards as prescribed from time to time	All relevant disclosures have been made in the financial statements.

Details of Option Movement During the Year

Sl. No.	Particulars	Employee Stock Option Plan, 2014 (formulated under Employee Incentive Scheme, 2014)
1.	Number of options outstanding at the beginning of the year	23,110
2.	Number of options granted during the year	NIL
3.	Number of options forfeited / lapsed during the year	1,746
4.	Number of options vested during the year	4,622
5.	Number of options exercised during the year	2,588
6.	Number of shares arising as a result of exercise of options	2,588
7.	Money realized by exercise of options (INR), if scheme is implemented directly by the company	55,87,492
8.	Loan repaid by the Trust during the year from exercise price received	Not Applicable
9.	Number of options outstanding at the end of the year	18,776
10.	Number of options exercisable at the end of the year	18,776
11.	Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to - (a) Key Managerial Personnel/ senior managerial personnel; (b) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year; and (c) 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.	No options were granted during the financial year 2015-16

ANNEXURE III CORPORATE GOVERNANCE REPORT

PHILOSOPHY ON 'CODE OF CORPORATE GOVERNANCE'

Based on the value architecture created by Late Dr. Brijmohan Lall Munjal, the Chairman Emeritus of Hero MotoCorp Ltd. ('the Company'), the Company's philosophy of Corporate Governance is built on timeless principles of transparency, fairness, integrity, equity and accountability. At Hero, we firmly believe that Corporate Governance is about doing the 'right things' in the 'right manner'. It is a reflection of us - our value system, work culture & thought process.

Our governance philosophy is all-encompassing and it is our constant endeavor to align our vision and business strategy with the welfare and best interest of all stakeholders. It is our firm conviction that good Corporate Governance practices are powerful enablers, which infuse trust and confidence and are able to attract and retain financial and human capital. These resources, in turn, are leveraged to maximize long-term shareholder value, on a sustainable basis, while preserving the interests of multiple stakeholders, including the society at large.

The Company is committed to benchmark itself with the best standards of Corporate Governance, not only in 'form' but also in 'substance'.

BOARD OF DIRECTORS

The Company has put in place an internal governance structure with defined roles and responsibilities of every constituent within the system. Company's shareholders appoint members of the Board of Directors ('the Board') who are responsible for overall governance of the Company.

The Board has an optimum combination of executive and non-executive directors. As on March 31, 2016, the Company's Board comprised of eleven Directors, of which two were Executive Directors, one of them being the Chairman, two Non-Executive Directors and seven Non-Executive and Independent Directors, including one woman Director.

Composition of the Board as on March 31, 2016 is given in Table 1.

Table 1: Company's Board

Names of Directors	Details of Directorships					Memberships*	
	Number of Directorships held					Number of Committee Memberships held	Number of Committee Chairpersonships held
	Public		Private	Section 8	Other #	(excluding Private, Foreign and Section 8 Companies)	
	Listed	Unlisted					
Executive Directors							
Dr. Brijmohan Lall Munjal**	2	3	6	-	-	1	None
Mr. Pawan Munjal	1	2	4	1	-	None	None
Mr. Sunil Kant Munjal	3	2	13	2	1	2	None
Non-Executive Directors							
Mr. Suman Kant Munjal	1	3	11	2	-	1	None
Mr. Paul Bradford Edgerley	1	-	-	-	6	None	None
Non-Executive and Independent Directors							
Mr. Pradeep Dinodia	5	1	2	-	-	3	3
Dr. Pritam Singh	3	-	-	-	-	3	1
Gen. (Retd.) V.P.Malik	1	1	-	-	-	1	None
Mr. M. Damodaran	5	-	3	1	-	5	2
Dr. Anand C. Burman	2	3	12	1	4	None	None
Mr. Ravi Nath	4	-	7	-	-	2	1
Ms. Shobana Kamineni	4	6	8	-	1	None	None

*As required under Regulation 26 of the Listing Regulations, the disclosure includes memberships/chairmanships of the Audit Committee and Stakeholders' Relationship Committee.
** Upon his demise, ceased to be a Director w.e.f. November 1, 2015.
#Other denotes Directorship in Foreign Companies.

Mr. Paul Bradford Edgerley meets the eligibility criteria for independence stipulated under the Companies Act 2013 ('the Act') and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'). He has been appointed as an Independent Director on Board of the Company w.e.f. May 5, 2016 for a term of five years subject to approval of members at the ensuing Annual General Meeting ('AGM'). Mr. Edgerley has been associated with the Company since 2011 in the capacity of a Non-Executive Director.

The Board at its meeting held on August 8, 2016 has inducted Mr. Vikram S. Kasbekar, Head of Operations & Supply Chain on the Board of the Company, subject to confirmation by the shareholders in the ensuing Annual General Meeting. Mr. Kasbekar has more than four decades of experience in the fields of operations, supply chain, manufacturing and project engineering and has contributed significantly to the growth of your Company.

Mr. Pawan Munjal, Mr. Sunil Kant Munjal and Mr. Suman Kant Munjal are promoter directors and are brothers. Apart from this, there is no inter se relationship among the other directors.

Majority of Directors on the Board of the Company are Independent Directors. None of the Independent Directors of the Company is serving as an Independent Director in more than 7 listed companies. Further, no Independent Director of the Company who is a whole time director in another listed company is serving as an Independent Director in more than 3 listed companies.

None of the Directors on the Board is a Director in more than 10 Public companies nor are they members in Committees of the Board in more than 10 Committees or Chairperson of more than 5 Committees.

INDEPENDENT DIRECTORS

The Independent Directors of the Company are individuals of eminence & repute in their respective fields and they actively contribute to the strategic direction, operational excellence & corporate governance of the Company. In accordance with the criteria set for selection of Independent Directors and for determining their independence, the Nomination and Remuneration ('NR') Committee of the Board, inter alia, considers the qualifications, positive attributes, area(s) of expertise and Directorships/ Committee memberships held by these individuals in other companies. The Board considers the NR Committee's recommendation and takes appropriate decisions in appointment of the Independent Directors.

WOMAN DIRECTOR

Ms. Shobana Kamineni is a Non-Executive and Independent woman Director on the Board of the Company. Ms. Kamineni has been appointed by the Board on March 27, 2015 for a fixed tenure of five years. Her appointment was approved by the shareholders at the Annual General Meeting held on August 31, 2015.

DECISION AND DIRECTION

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

The Board periodically reviews possible risks and risk mitigation measures, financial reports from the Chief Financial Officer, compliance reports from the Company Secretary/Compliance Officer and business reports from other Executive Management Team ('EMT'). These detailed meetings and one-to-one interactions set the agenda and provide the strategic roadmap for the Company. The Board has also established seven Committees to discharge its responsibilities in an efficient and effective manner. The Chairman, Managing Director & CEO provides overall direction and guidance to the Company and is assisted by a core group of EMT.

BOARD MEETINGS

During FY 2015-16, the Board met six times on May 7 2015, June 1, 2015, August 3, 2015, October 20, 2015, February 11, 2016 and March 10, 2016. The gap between any two consecutive meetings of the Board of the Company was not more than 120 days. The Directors passed four resolutions by circulation on November 29 2015.

Details of number of meetings held during FY 2015-16 and attendance of Directors are given in Table 2.

Table 2: Directors' Attendance At Board and Last Annual General Meeting

Attendance Record During FY 2015-16			
Names of Directors	**Number of Board Meetings attended**		**Attendance at last AGM**
	Held	**Attended**	
Dr. Brijmohan Lall Munjal*	6	1	No
Mr. Pawan Munjal	6	6	Yes
Mr. Sunil Kant Munjal	6	5	Yes
Non-Executive Directors			
Mr. Suman Kant Munjal	6	6	No
Mr. Paul Bradford Edgerley**	6	4	No
Non-Executive and Independent Directors			
Mr. Pradeep Dinodia	6	6	Yes
Dr. Pritam Singh	6	6	Yes
Gen. (Retd.) V.P.Malik	6	6	Yes
Mr. M. Damodaran	6	5	No
Dr. Anand C. Burman	6	4	No
Mr. Ravi Nath	6	4	No
Ms. Shobana Kamineni***	6	4	Yes

* Upon his demise, ceased to be a Director w.e.f. November 1 2015.
**Appointed as an Independent Director w.e.f. May 5 2016.
*** Appointment approved by the members at the AGM held on August 31 2015.

Shareholding of Non-Executive Directors as on March 31, 2016

Names of the Directors	Category	No. of shares held	Beneficiary
Mr. Suman Kant Munjal	Non-Executive Director	38,750	Self
		32,500	On behalf of Brijmohan Lall & Sons, HUF
		32,500	On behalf of Suman Kant & Sons, HUF
		12,396,840	On behalf of Brijmohan Lall Om Prakash, Firm
Mr. Pradeep Dinodia	Non-Executive and Independent Director	160	Jointly with his son
		650	Jointly with his wife
		80	Jointly by his son and wife

Apart from the above, none of the Non-Executive (including Independent) Directors held as on March 31, 2016 any share (as own or on behalf of any other person on beneficial basis) in the Company.

FAMILIARISATION PROGRAMME FOR BOARD MEMBERS

The Company regularly provides orientation and business overview to its Directors by way of detailed presentations by the Chairman and various business & functional heads at Board meetings and through other interactive programs. Such meetings/ programmes include briefings on the culture, values, business model, domestic and global business of the Company, the roles and responsibilities of directors and senior executives. Besides these, the Directors are regularly updated about Company's new projects, R&D initiatives, changes in regulatory environment and strategic direction.

The Board members are also provided relevant documents, reports and internal policies to facilitate familiarisation with the Company's procedures and practices, from time to time.

The details of Company's familiarisation programme for Directors are posted on the Company's 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 highest ethical standards to ensure integrity, transparency, independence and accountability in dealing with its stakeholders. Accordingly, the following codes and policies have been adopted by the Company:

- Code of Conduct
- Environment Policy
- Quality Policy
- Safety Policy
- Vigil Mechanism/Whistle Blower Policy
- Remuneration Policy
- Policy on Materiality of Related Party Transactions and on dealing with Related Party Transactions
- Corporate Social Responsibility Policy
- Code of Practices and Procedures of fair disclosure of unpublished price sensitive information
- Policy on Preservation of documents/Archival Policy
- Policy on Disclosure of Material Events by the Listed Entity
- Policy for prevention of Sexual Harassment at Work Place
- Human Resource Policy
- Occupational Health and Safety Manual

Apart from the above, the Company has policies for effective and efficient functioning of the Company. These policies are adequately disseminated.

CODE OF CONDUCT FOR THE BOARD AND SENIOR MANAGEMENT PERSONNEL

The Company has laid down a comprehensive Code of Conduct ('Code') for the Board and senior management personnel of the Company.

The Company has received affirmations from Board members as well as senior management confirming their compliance with the said Code for the FY 2015-16. An annual declaration signed by the Chairman, Managing Director & CEO to this effect forms part of this Report.

The Code is available on the website of the Company at http://www.heromotocorp.com/en-in/about-us/code-of-conduct.html.

AUDITS

M/s Deloitte Haskins & Sells, Chartered Accountants, Gurgaon (Firm Registration No. 015125N) have been appointed as the Statutory Auditors of the Company in terms of the Act to hold office up to conclusion of the 34th AGM to be held in calendar year 2017.

The Company has a robust Internal Audit Function which reviews and monitors internal controls, operating systems and procedures. An extensive risk based programme of internal audits provides assurance to the Board regarding the adequacy and efficacy of internal controls. The function is led by a senior in-house professional. Based on the requirements of the Company, the Head of Internal Audit, with the approval of the Audit Committee, may in-source, outsource or co-source internal audit activities.

BOARD/COMMITTEE MEETINGS & PROCEDURES

Frequency of Meetings and Information Supplied

A well-defined system of convening at least 5 pre-scheduled Board meetings annually is currently in place in the Company. However, additional Board meetings are convened, from time to time, as per specific requirements by giving appropriate notice. Wherever it is not possible to convene a Board Meeting, resolutions are passed by circulation in terms of the Act in order to meet the business exigencies.

The Board is given presentations covering various aspects of business, major subsidiaries, global and domestic business environment, safety and environment related matters, strategy and risk management practices.

The Chairman, Managing Director & CEO, Chief Financial Officer and the Company Secretary of the Company, in consultation with other EMT members finalize the agenda for Board meetings. In addition to regular business items,

the following information is regularly placed before the Board:

- Annual operating plans and budgets and any updates;
- Capital budgets and any updates;
- Quarterly results of the Company and its operating divisions or business segments;
- Minutes of meetings of Audit Committee and other Committees of the Board of Directors;
- Information on recruitment and remuneration 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 investments, subsidiaries, assets, which are material in nature and 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, delay in share transfer etc.

Information Material for Board/ Committee Meetings

The Agenda and corresponding Notes to Agenda for all Board & Committee Meetings are circulated to Directors in advance in a defined format. All material information is incorporated in the Agenda for facilitating meaningful and focused discussions at the meetings. Where it is not practicable to attach any document to the Agenda, it is tabled before the meeting. In special and exceptional circumstances, the agenda, along with the annexures is sent at a shorter notice, with due adherence to the Secretarial Standards issued by the Institute of Company Secretaries of India.

Minutes of Board/Committee Meetings

Minutes of proceedings of each Board and Committee meeting are recorded and draft minutes are circulated to Board/Committee members for their confirmation within 15 days from the date of meeting. The inputs, if any, of the Board & Committee Members are duly incorporated in the Minutes after which these are entered in the Minutes Book within 30 days from the date of meeting.

Actions taken post Board/ Committee Meetings

Guidelines for the Board and Committee meetings facilitate an effective post meeting follow-up, review and reporting of decisions taken by the Board and Committee members at their respective meetings. Important decisions taken at Board and Committee meetings are communicated promptly to the concerned departments/HODs. Action taken reports (ATRs) on decisions taken or recommendations made by the Board/Committee members at the previous meeting(s) are circulated at their succeeding meetings.

INDEPENDENT DIRECTORS' MEETING

In accordance with the provisions of the Act, Independent Directors of the Company are mandated to hold at least one meeting in a year without the attendance of non-independent directors and members of the management. Accordingly, during the FY 2015-16, Independent Directors met twice, i.e. on June 1, 2015 and December 14, 2015. These meetings were attended by a majority of Independent Directors. Agenda of these meetings included the following items:

a. Review the performance of non-independent directors and the Board as a whole;
b. Review the performance of the Chairman 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 businesses.

COMMITTEES OF THE BOARD

Audit Committee

Your Company has a duly constituted Audit Committee and its composition and mandate are in line with the requirements of the Act and Listing Regulations. As on March 31, 2016, Audit Committee consisted of four Non-Executive and Independent Directors in accordance with the prescribed guidelines. Mr. Pradeep Dinodia, a leading Chartered Accountant, is the Chairman of the Committee. Other members of the Committee are Gen. (Retd.) V. P. Malik, Mr. M. Damodaran and Dr. Pritam Singh, all learned and eminent personalities in their respective fields. Members of the Audit Committee have adequate knowledge in the fields of finance, accounting, management and law.

The Audit Committee has the following terms of reference:

1. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
2. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
3. Examination of the financial statements and the auditors' report thereon;
4. Approval or any subsequent modification of transactions of the company with related parties;
5. Scrutiny of inter-corporate loans and investments;
6. Valuation of undertakings or assets of the company, wherever it is necessary;
7. Evaluation of internal financial controls and risk management systems;

8. Monitoring the end use of funds raised through public offers and related matters.
9. Operate the Vigil Mechanism in the Company.

Apart from above, following are the terms of reference in accordance with the Listing Regulations:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure of any related party transactions;
  - Qualifications in the draft audit report;
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
- Approval of any subsequent modification of transactions of the Company with related parties;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- Reviewing 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;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the Whistle Blower mechanism;
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee also mandatorily reviews the following information:

1. Management Discussion and Analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. Appointment, removal and terms of remuneration of the Internal Auditor shall be subject to review by the Audit Committee.

Upon invitation, the CFO, Head of Internal Audit and Statutory Auditors of the Company attend meetings of the Audit Committee. The Company Secretary acts as the Secretary of the Audit Committee.

During FY 2015-16, six meetings of the Audit Committee were held on May 6, 2015; June 1, 2015; August 3, 2015; October 19, 2015; February 10, 2016 and March 28, 2016 in due compliance with the provisions of the Act and Listing Regulations.

The Composition of the Audit Committee and attendance details of members are given below in Table 3.

Table 3: Details of Audit Committee Members and number of Meetings Attended

Names of Committee Members	Position held	No. of meetings held during FY 2015-16	No. of meetings Attended by the Member
Mr. Pradeep Dinodia	Chairman	6	6
Gen. (Retd.) V. P. Malik	Member	6	6
Dr. Pritam Singh	Member	6	6
Mr. M. Damodaran	Member	6	6

Reporting of Internal Auditor

The Head of Internal Audit of the Company attends meetings of the Audit Committee on a regular basis and findings of internal audits are reported directly to the Audit Committee.

NOMINATION AND REMUNERATION ('NR') COMMITTEE

The Nomination and Remuneration Committee, inter-alia, reviews and recommends payment of annual salaries, commission payable to the Executive Directors of the Company besides finalizing their service agreements and other employment terms and conditions. The NR Committee takes into consideration the best remuneration practices being followed in the industry while fixing appropriate remuneration packages and also administers employee stock option scheme.

The nomenclature, constitution and terms of reference of the Committee are in consonance with the provisions of Section 178 of the Act and Regulation 19(4), read with Schedule II of Listing Regulations.

The terms of reference of the NR Committee include 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;
- to administer and superintend the ESOP, including but not limited to the formulation of detailed terms and conditions of the ESOS .

As on March 31, 2016, the NR Committee consisted of 3 Independent Directors viz. Gen. (Retd.) V. P. Malik, Chairman and Mr. Pradeep Dinodia and Mr. Ravi Nath as members.

During FY 2015-16, two meetings of the NR Committee were held on June 1, 2015 and March 28, 2016.

Upon invitation, Mr. Pawan Munjal, Chairman, Managing Director & CEO of the Company attended all the Meetings of NR Committee held during FY 2015-16.

The Composition of NR Committee and attendance details of members are given below in Table 4.

Table 4: Details of Nomination and Remuneration Committee Members and Number of Meetings Attended

Names of Committee Members	Position held	No. of meetings held during FY 2015-16	No. of meetings Attended by the Member
Gen. (Retd.) V. P. Malik	Chairman	2	2
Mr. Pradeep Dinodia	Member	2	2
Mr. Ravi Nath	Member	2	1

Remuneration Policy

The Company's Remuneration Policy represents the overreaching approach of the Company to the remuneration of Directors and Senior management.

The compensation of Directors, Key Managerial Personnel, Senior Management and other employees is based on the following principles:

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

The policy is available on 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/remuneration-policy.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 at 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 as per Listing Regulations.

Table 5 gives details of remuneration paid to Executive Directors.

Table 5: Remuneration to Executive Directors# (₹ in crores)

Names of Directors	Basic Salary	Perquisites and Allowances	Commission (Fixed)	PF & Gratuity	Total
Dr. Brijmohan Lall Munjal*	0.92	7.53	7.54	0.11	16.10
Mr. Pawan Munjal	4.98	5.61	45.23	1.58	57.40
Mr. Sunil Kant Munjal	4.14	3.68	45.23	1.32	54.37

* Appointed as Non-Executive Director w.e.f. June 1, 2015 and upon his demise, ceased to be Director w.e.f. November 1, 2015.
# No notice period and severance fee is payable to Executive Directors as on March 31, 2016.

Criteria for Payment to Non-Executive Directors

The non-executive Directors receive remuneration by way of sitting fees for attending meetings of the Board or Committees thereof and are also eligible for commission as a percentage of net profits as may be decided by the Nomination and Remuneration Committee.

Remuneration paid to Non-Executive Directors

The Non-Executive Directors of the company are paid sitting fees of ₹ 1 lakh for attending 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.

Table 6 gives details of remuneration paid to Non-Executive Directors.

Table 6: Remuneration to Non-Executive Directors# (₹ in crores)

Names of Directors	Sitting fees	Commission	Total
Mr. Suman Kant Munjal	0.06	0.18	0.24
Mr. Paul Bradford Edgerley	-	-	-
Mr. Pradeep Dinodia	0.24	0.62	0.86
Gen. (Retd.) V. P. Malik	0.20	0.53	0.73
Dr. Pritam Singh	0.18	0.50	0.68
Mr. M. Damodaran	0.21	0.55	0.76
Mr. Ravi Nath	0.12	0.24	0.36
Dr. Anand C. Burman	0.05	0.14	0.19
Ms. Shobana Kamineni	0.06	0.15	0.21

No stock options have been granted to any non-executive or independent directors

During FY 2015-16, the Company did not advance any loan to any of its Directors. Further, there are no pecuniary relationships or transactions between the Independent Directors and the Company, other than the sitting fees and commission drawn by the Non-Executive and Independent Directors for attending the meetings of the Directors, Board and its Committees.

PERFORMANCE EVALUATION CRITERIA FOR INDEPENDENT DIRECTORS

A formal evaluation of performance of the Board, its Committees, the Chairman and individual Directors was carried out in the year 2015-16 details of which are provided in the Board's Report.

STAKEHOLDERS' RELATIONSHIP ('SR') COMMITTEE

This Committee looks into investors' grievances arising out of issues regarding share transfers, dividends, dematerialisation and related matters and takes requisite action(s) to redress the same.

The terms of reference of the SR Committee has been consolidated in the meeting of Board of Directors held on May 05, 2016 which, inter-alia, include the following:

- To take note and consider total number of shareholders complaints received so far including from all authorities
- To take note of the complaints not solved to the satisfaction of shareholders; and
- To take note of total number of pending share transfers
- To consider and resolve the grievances of the security holders of the listed entity including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends.

During the year, four meetings of the Stakeholders Relationship Committee were held on May 06, 2015; August 03, 2015; October 19, 2015 and February 10, 2016.

The details of the Stakeholders' Relationship Committee are given in Table 7.

Table 7: Details of Stakeholders' Relationship Committee

Names of Committee Members	Position held	No. of meetings held during FY 2015-16	No. of meetings Attended
Dr. Pritam Singh	Chairman	4	4
Mr. M. Damodaran	Member	4	4
Mr. Ravi Nath	Member	4	3

Investors' Grievance Redressal:

During FY 2015-16, the following complaints/requests/queries were received and redressed. They were attended within a period of 10-15 days from the date of receipt.

Sl. No.	Nature of Complaints/ Requests	Opening	Received	Resolved	Closing (Pending)
1.	Non receipt of shares	-	20	20	-
2.	Request for issue of duplicate shares	1	346	345	1
3.	Non receipt of dividend warrants	-	251	251	-
4.	Change of address	-	213	213	-
5.	Mandate cases/bank description	-	26	26	-
6.	Miscellaneous	18	2215	2199	34

Board Support and Role of Company Secretary in Overall Governance Process

The Company Secretary plays a key role in ensuring that the Board procedures are followed and regularly reviewed, Investor queries are handled promptly and reports to the Board about compliance with the applicable statutory requirements and laws.

The Company Secretary attends the meetings of the Board and its Committees and ensures appropriate recording of minutes of the meetings. The process for the Board/Committee meetings provides an effective post meeting follow up, review and reporting mechanism for the action taken on the decisions/ instructions of the Board and its Committees. As per Board's decision, the Company Secretary informs the concerned functional heads about matters arising out of the deliberations during a meeting. The functional heads in turn provide updates to the Board at the following meeting. All the Directors of the Company have access to the advice of the Company Secretary.

The Company Secretary has also been designated as Compliance Officer. Mr. Ilam C. Kamboj, Company Secretary & Compliance Officer resigned from his position w.e.f. April 2, 2016 and Ms. Neerja Sharma has been appointed as the Company Secretary & Chief Compliance Officer with effect from August 8, 2016.

CORPORATE SOCIAL RESPONSIBILITY ('CSR') COMMITTEE

The CSR Committee is responsible for formulation and recommendation of the CSR Policy of the Company. It also recommends the amount of expenses to be incurred on CSR activities and closely and effectively monitors the implementation of the policy.

The terms of reference of the CSR Committee, inter-alia, include 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 FY 2015-16, four meetings of the Committee were held on May 06, 2015, August 03, 2015, October 19, 2015 and February 10, 2016. The details of the CSR Committee are given in Table 8.

Table 8: Details of CSR Committee

Names of Committee Members	Position held	No. of meetings held during FY 2015-16	No. of meetings Attended
Mr. Pawan Munjal	Chairman	4	4
Mr. Pradeep Dinodia	Member	4	4
Gen. (Retd.) V. P. Malik	Member	4	4

The Company Secretary acts as the Secretary of the Committee.

RISK MANAGEMENT ('RM') COMMITTEE

Risk management at Hero is a continuous enterprise-wide function, which ensures that risks across the organisation are identified and reviewed regularly and counter measures remain fit for purpose. It is:

- Mandated and integrated with all business processes and linked to the achievement of our strategic objectives;
- Standardised and structured via a continuous process of identification, analysis, mitigation, monitoring and reporting;
- Open and transparent across the business and promptly communicated so as to support effective and timely decision making;
- Iterative and responsive to business change.

The Company has a duly constituted Risk Management Committee which assists the Board in its oversight of the Company's management of key risks, as well as the guidelines, policies and procedures monitoring and integrating such risks within overall business risk management framework.

The terms of reference of the RM Committee, inter-alia, include 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 Organization;
- Monitoring of material risks to which the organization 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.

During the year under review, four meetings of the RM committee were held on May 06, 2015, August 03, 2015, October 20, 2015 and February 10, 2016. The details of the Risk Management Committee are given in Table 9.

Table 9: Details of Risk Management Committee

Names of Committee Members	Position held	No. of meetings held during FY 2015-16	No. of meetings Attended
Mr. Pawan Munjal	Chairman	4	4
Mr. Pradeep Dinodia	Member	4	4
Mr. Ravi Nath	Member	4	3

Mr. Ravi Sud, Sr. Vice President & CFO, Mr. Vikram S. Kasbekar, Sr. Vice President- Head of Operations & Supply Chain and Mr. Rajat Bhargava, Head Strategy & Performance Transformation of the Company are permanent invitees to the Committee and the Company Secretary acts as the Secretary of the Committee.

COMMITTEE OF DIRECTORS

The Company has a Committee of Directors which presently comprises Mr. Pawan Munjal as Chairman, Mr. Suman Kant Munjal and Mr. Pradeep Dinodia as its members. Mr. Ravi Sud, Sr. Vice President & CFO and the Company Secretary are the permanent invitees to the Committee.

The meetings of the Committee are convened as and when need arise. During the financial year under review, seven meetings of the Committee were held. The details of the Committee of Directors are given in Table 10.

Table 10: Details of Committee of Directors

Names of Committee Members	Position held	No. of meetings held during FY 2015-16	No. of meetings Attended
Dr. Brijmohan Lall Munjal*	Chairman	7	3
Mr. Pawan Munjal**	Member	7	6
Mr. Suman Kant Munjal	Member	7	7
Mr. Pradeep Dinodia	Member	Appointed as Member w.e.f. May 5, 2016 thus not applicable.	

* Upon his demise, ceased to be the Chairman of the Committee w.e.f. November 1, 2015
** Appointed as the Chairman of the Committee w.e.f. May 5, 2016

SHARE TRANSFER ('ST') COMMITTEE

The ambit of the ST Committee is to streamline the work related to share transfers etc. Mr. Ravi Sud, Sr. Vice President & CFO, Mr. Surender Chhabra, VP-Finance and Mr. Neeraj Mathur, VP-Strategic Sourcing & Supply Chain are members of the Committee.

During the year under review, ten meetings of the Committee were held.

DISCLOSURES

Insider Trading

In terms of the SEBI (Prohibition of Insider Trading) Regulations, 2015 ('PIT Regulations'), the Company has a comprehensive Code of Conduct for regulating, monitoring and reporting of trading by Insiders. The said Code lays down guidelines which provide for the procedure to be followed and disclosures whilst dealing with shares of the Company.

Further, in terms of the PIT Regulations, the Company has put in place a Code of Practices and Procedures of Fair Disclosures of Unpublished Price Sensitive Information.

Related Party Transactions

In terms of Section 188(1) of the Act, all related party transactions entered into by the Company during the FY 2015-16 were carried out with prior approval of the Audit Committee. No approval of the Board was required as all transactions were on an arm's length basis and in the ordinary course of business. Related Party Transactions pursuant to Accounting Standard 18 were, however, disclosed to the Board.

There were no material significant related party transactions made by the Company with the Promoters, Directors, Key Managerial Personnel or other related parties, which may have a potential conflict with the interest of the Company at large.

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 entered by the Company with the Promoters, Directors or Management or their relatives etc. that has potential conflict with the interest of the Company at large.

Disclosure of policy on Material Subsidiaries

The policy for determining material subsidiaries is available on the Company's website, www.heromotocorp.com at the following link: http://www.heromotocorp.com/en-in/about-us/key-policies/policy-on-material.html.

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.

Vigil Mechanism/Whistle Blower Policy

In compliance with the SEBI regulations the Audit Committee of the Company 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 FY under review, six complaints were received and processed. Out of these, three complaints have been investigated & acted upon and rest are under investigation. No person was denied access to the Audit Committee.

Commodity Price risk or foreign exchange risk and hedging activities

Your Company has an exposure of commodity price risk and foreign exchange risk denominated in USD for exports and USD, EUR and JPY in respect of its imports. The Company uses various instruments as approved under the Central Bank regulations to hedge these exposures. Details of the hedged and unhedged positions are available in the Notes to standalone financial statements in the Annual Report.

Disclosures with respect to demat suspense account/unclaimed suspense account

In compliance with Regulation 39(4), read with Schedule VI of the Listing Regulations, the Company has sent three reminders to the shareholders whose share certificates are lying undelivered with the Company and has requested them to claim the shares and to update their correct details viz. postal address, PAN details etc. registered with the Company/RTA. The shares which remain unclaimed will be transferred into one folio in the name of 'Hero MotoCorp Ltd.-Unclaimed Suspense Account' in due course of time and shall be dematerialized.

CEO & CFO CERTIFICATION

The Chairman, Managing Director & CEO and the CFO of the Company furnish a certificate on quarterly and annual basis on financial statements of the Company in terms of Regulation 33(2)(a) and Regulation 17(8), respectively of the Listing Regulations. In terms of Regulation 17(8) of Listing Regulations, the certificate duly signed by the Chairman, Managing Director & CEO and the CFO of the Company was placed before the Board at its meeting held on May 5, 2016 and is annexed to this 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 and being eligible, offers himself for re-appointment.

Brief resume/profile of Mr. Suman Kant Munjal is provided in the Notice of the 33rd AGM forming part of this Annual Report.

MEANS OF COMMUNICATION

Company Website

Pursuant to Regulation 46 of the Listing Regulations, the Company's website, www.heromotocorp.com contains a dedicated functional segment, named 'INVESTORS' where all the information meant for the shareholders are available, including information on Directors, Shareholding Pattern, Quarterly Reports, Financial Results, Annual Reports, Press Releases, details of unpaid/unclaimed dividends and various policies of the Company.

NSE ELECTRONIC APPLICATION PROCESSING SYSTEM ('NEAPS'):

NEAPS is a web-based application designed by the National Stock Exchange of India Ltd. ('NSE') for corporate filings. All periodical compliance related filings, like shareholding pattern, corporate governance report, media releases, corporate actions are filed electronically on NEAPS.

BSE CORPORATE COMPLIANCE & LISTING CENTRE ('LISTING CENTRE'):

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

Financial Results

Pursuant to erstwhile Clause 41 of the Listing Agreement and Regulation 33 of Listing Regulations, the Company has regularly furnished within the prescribed timeline the quarterly un-audited, as well as annual audited financial results to both the Stock exchanges i.e. BSE & NSE.

Quarterly and Annual financial results are also published in English language national daily newspaper circulating in the whole of India and in daily newspaper published in the vernacular language in state where registered office of the Company is situated.

NEWS RELEASES AND PRESENTATIONS

Official news releases and official media releases are sent to Stock Exchanges on which the shares of the Company are listed and are also uploaded on the Company's website at www.heromotocorp.com.

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. These presentations are also uploaded on the Company's website at www.heromotocorp.com.

ANNUAL REPORT

The Annual Report containing, inter alia, the Audited Financial Statements, Consolidated Financial Statements, Directors' Report, Auditors' Report, the Management Discussion and Analysis (MDA) Report and other important information is circulated as desired and is also available on the Company's website at www.heromotocorp.com.

GREEN INITIATIVE

Information is uploaded on Company's website for registering email IDs of Investors so that Annual Reports and other information may be sent to them in electronic form to save paper.

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 as under:

DETAILS OF ANNUAL GENERAL MEETING/ EXTRA ORDINARY GENERAL MEETING

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

Table 11: Details of AGMs held

Year	Time, Day, Date and Location	Summary of Special Resolution(s) Passed
2014-15	11:00 A.M., Monday, August 31, 2015 Air Force Auditorium, Subroto Park, New Delhi 110 010.	◤ Amendment of Memorandum of Association of the Company. ◤ Adoption of new set of Articles of Association of the Company. ◤ Remuneration to Non-Executive and Independent Directors by way of Commission.
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

POSTAL BALLOT

During the financial year ended March 31, 2016, no resolutions were passed by postal ballot, hence disclosure under this section is not applicable.

GENERAL SHAREHOLDER'S INFORMATION

Annual General Meeting

Date : September 23, 2016
Day : Friday
Time : 10:30 A.M.
Venue : Air Force Auditorium, Subroto Park, New Delhi – 110 010.

Financial Calendar: Financial year: April 1, 2015 to March 31, 2016.

For the financial year 2015 – 16.	Results were announced on
First quarter ended June 30, 2015	Monday, August 03, 2015
Second quarter and half year ended September 30, 2015	Tuesday, October 20, 2015
Third quarter and nine months ended December 31, 2015	Thursday, February 11, 2016
Fourth quarter and year ended March 31, 2016	Thursday, May 05, 2016

For the financial year 2016-17	Results are likely to be announced on (Tentative and subject to change)
First quarter ending June 30, 2016	August, 2016 (2nd Week)
Second quarter and half year ending September 30, 2016	October, 2016 (3rd Week)
Third quarter and nine months ending December 31, 2016	January, 2017 (3rd Week)
Fourth quarter and year ending March 31, 2017	May, 2017 (2nd Week)

Book closure

The dates of book closure shall be from September 17, 2016 to September 23, 2016 (both days inclusive).

Dividend payment

The Board has declared an Interim Dividend @ 2000%, i.e. ₹ 40 per share. The dividend was paid to those shareholders whose names appeared on the Register of Members as on March 22, 2016.

The Board has recommended a Final Dividend @ 1600%, i.e. ₹ 32 per equity share for the financial year 2015-16. The dividend, if approved by shareholders at the ensuing AGM shall be paid to those shareholders/beneficial owners whose names appear on the Register of Members/Depository Records as at closing hours of business on September 16, 2016.

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.

Stock Codes

The Company's stock codes on the above stock exchanges are:

	Scrip Code	Bloomberg
BSE	500182	HMCL:IB
NSE	HEROMOTOCO	HMCL:IS

Annual Listing Fees

Annual Listing fees for the FY 2016-17 has been paid to BSE and NSE within the stipulated time.

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, S&P CNX Nifty, NSE Nifty 500 Index and NSE Nifty 100 Index. Monthly high and low quotations, as well as the volume of shares traded at the National Stock Exchange of India Limited and Bombay Stock Exchange Limited, are given in Table 12.

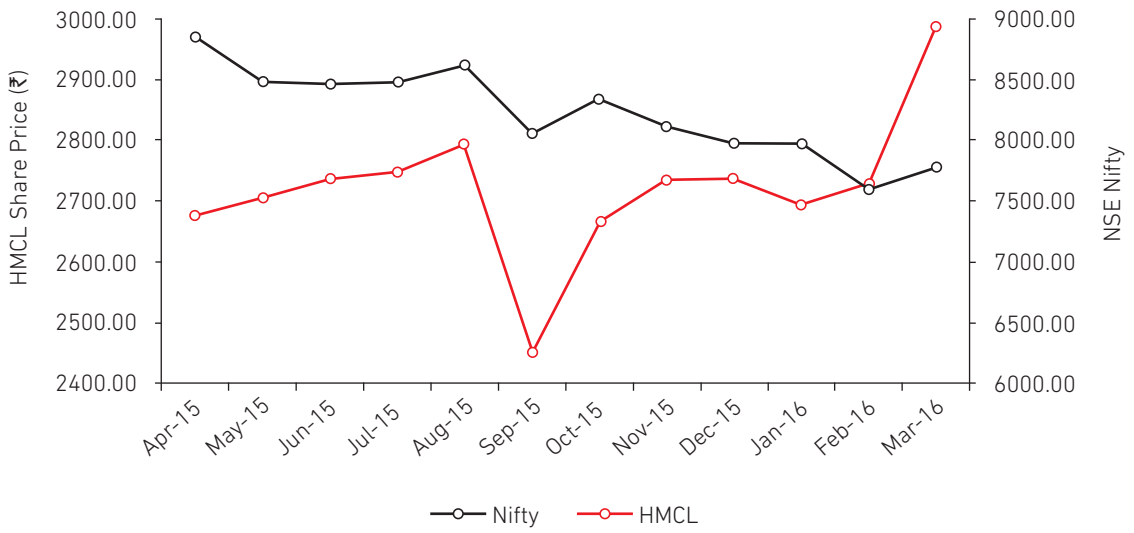
Table 12: Share Price Data for 2015-16 (in ₹)
(Equity Shares of ₹ 2 each Paid Up Value)

National Stock Exchange of India Limited, Mumbai (NSE)

Month	Total Volume (No. of Shares)	High Price (₹)	Date	Volume on that day	Low Price (₹)	Date	Volume on that day
Apr-15	18430790	2678	06.04.2015	365024	2293.5	21.04.2015	901340
May-15	17293925	2705	29.05.2015	701724	2251.3	08.05.2015	1079192
Jun-15	8925852	2737.9	01.06.2015	510174	2482	15.06.2015	253983
Jul-15	8368702	2749.45	27.07.2015	453942	2500.4	01.07.2015	401143
Aug-15	10846502	2793.8	04.08.2015	1657551	2364.25	27.08.2015	937972
Sep-15	6795082	2449.85	22.09.2015	380613	2257.2	07.09.2015	257462
Oct-15	5250127	2667.6	21.10.2015	643276	2400	01.10.2015	541532
Nov-15	7369843	2734.3	30.11.2015	604367	2532.7	02.11.2015	367201
Dec-15	7204450	2738	29.12.2015	283306	2500.45	14.12.2015	178832
Jan-16	5596802	2695	01.01.2016	141582	2377.15	18.01.2016	285797
Feb-16	6612106	2728.8	22.02.2016	273758	2438	17.02.2016	303578
Mar-16	10491047	2985.95	31.03.2016	1174177	2506.2	01.03.2016	865407

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

HERO MOTOCORP'S SHARE PRICE MOVEMENT VIS-A-VIS NIFTY



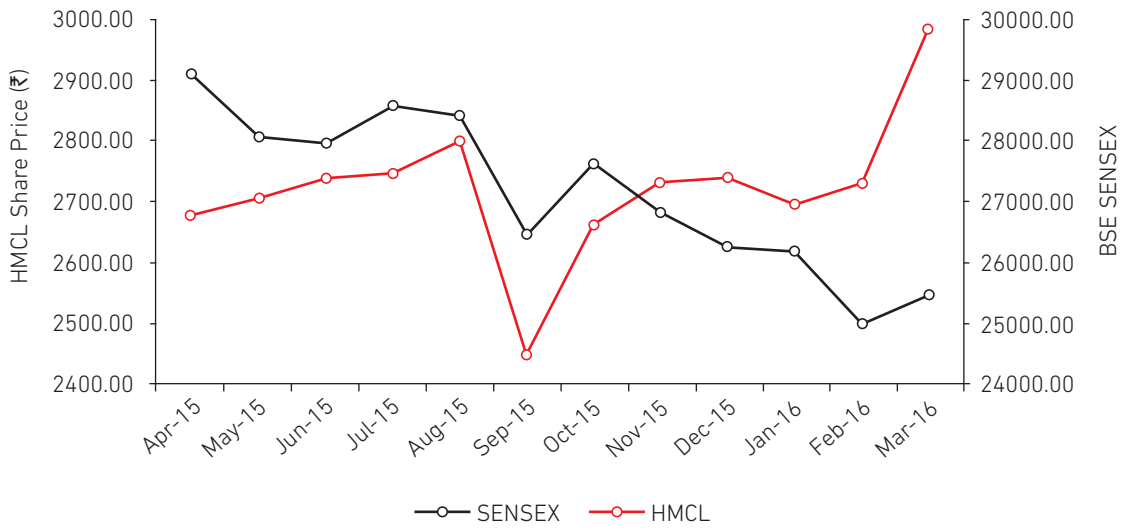
Note: The above chart depicts comparison of monthly high of Nifty and HMCL share price.

BSE Limited, Mumbai (BSE)

Month	Total Volume (No. of Shares)	High Price (₹)	Date	Volume on that day	Low Price (₹)	Date	Volume on that day
Apr-15	1839440	2680	07.04.2015	11981	2294	21.04.2015	27341
May-15	727553	2705	29.05.2015	33659	2252	08.05.2015	71719
Jun-15	495167	2738.6	01.06.2015	19949	2485	12.06.2015	12434
Jul-15	484484	2747.25	24.07.2015	14270	2500	01.07.2015	25948
Aug-15	1020342	2800	04.08.2015	124436	2364.5	27.08.2015	44347
Sep-15	507558	2448	22.09.2015	9326	2259.1	07.09.2015	30383
Oct-15	396564	2665	21.10.2015	44987	2393.6	01.10.2015	46966
Nov-15	1076463	2732	30.11.2015	23608	2538.4	03.11.2015	14656
Dec-15	733678	2740	29.12.2015	10220	2500	15.12.2015	66960
Jan-16	351813	2696.05	01.01.2016	8335	2375	18.01.2016	9385
Feb-16	479363	2730.1	22.02.2016	19716	2440	17.02.2016	19178
Mar-16	1103612	2985	31.03.2016	46354	2506	01.03.2016	42097

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

HERO MOTOCORP'S SHARE PRICE MOVEMENT VIS-A-VIS SENSEX



Note: The above chart depicts comparison of monthly high of Sensex and HMCL share price.

Distribution of Shareholding by Size

Table 13 lists the distribution of shareholding by number of shares held and Shareholding Pattern in percentage (pursuant to Regulation 31 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as on March 31, 2016.

Table 13

No. of shares held (₹ 2 paid up)	Folios		Shares of ₹ 2 paid up	
	Numbers	%	Numbers	%
Upto 5000*	83,234	98.48	10,972,517	5.49
5001 - 10000	421	0.50	1,497,161	0.75
10001 - 20000	227	0.27	1,611,433	0.81
20001 – 30000	101	0.12	1,235,485	0.62
30001 - 40000	50	0.06	867,817	0.43
40001 - 50000	48	0.05	1,071,990	0.54
50001 & 100000	118	0.14	4,318,706	2.16
100001 & Above	320	0.38	178,114,979	89.20
Total	**84,519**	**100.00**	**199,690,088**	**100.00**

*Includes 2588 equity shares of ₹ 2 each allotted as per Employee Incentive Scheme 2014 during FY 2015-16

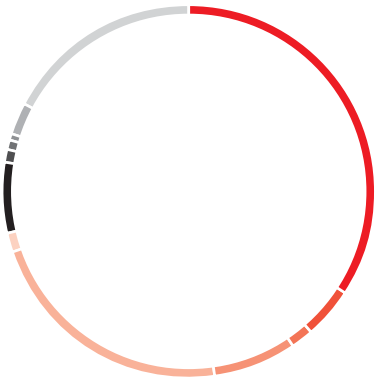
Shareholding Pattern as on March 31, 2016.

Category	No. of Holders	No. of Shares Held	% total to No. of Shares	No. of Shares Dematerialized
Promoters				
Indian	16	69,166,082	34.64	69,166,082
Public Shareholding				
Mutual Funds / UTI	248	8,891,697	4.45	8,828,227
Financial Institutions / Banks/NBFCs	67	3,809,798	1.91	3,791,093
Insurance Companies	25	14,587,156	7.30	14,587,156
Foreign Institutional Investors	385	44,558,771	22.31	44,520,571
Bodies Corporate	1,318	3,518,533	1.76	3,492,322
Indian Public*	79,662	12,652,500	6.34	9,547,896
Trusts	50	1,372,823	0.69	1,372,823
Clearing Members	248	548,949	0.28	548,949
Non Resident Indians	2,154	362,253	0.18	361,563
Foreign Bodies	1	5,554,480	2.78	5,554,480
Foreign Portfolio Investors/Foreign Nationals	345	34,667,046	17.36	34,667,046
Grand Total	**84,519**	**199,690,088**	**100.00**	**196,438,208**

*Includes 2588 equity shares of ₹ 2 each allotted as per Employee Incentive Scheme 2014 during FY 2015-16

SHAREHOLDING PATTERN

(%)



Category	No. of Shares Held	%
Indian	69,166,082	34.64
Mutual Funds / UTI	8,891,697	4.45
Financial Institutions / Banks/NBFCs	3,809,798	1.91
Insurance Companies	14,587,156	7.30
Foreign Institutional Investors	44,558,771	22.31
Bodies Corporate	3,518,533	1.76
Indian Public*	12,652,500	6.34
Trusts	1,372,823	0.69
Clearing Members	548,949	0.28
Non Resident Indians	362,253	0.18
Foreign Bodies	5,554,480	2.78
Foreign Portfolio Investors/Foreign Nationals	34,667,046	17.36
Grand Total	**199,690,088**	**100.00**

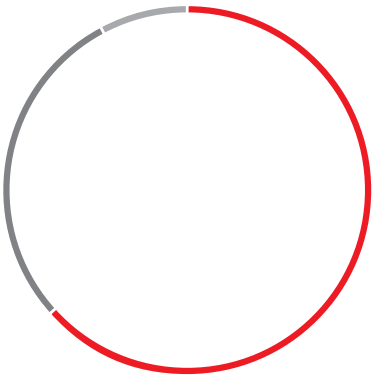
Category of Shareholding as on March 31, 2016.

Category	No. of Holders	% to Total holders	Total Shares	% to Equity
Physical	6,443	7.62	3,251,880	1.63
NSDL*	53,714	63.56	194,235,675	97.27
CDSL*	24,362	28.82	2,202,533	1.10
Total	**84,519**	**100.00**	**199,690,088**	**100.00**

*Includes 2588 equity shares of ₹ 2 each allotted as per Employee Incentive Scheme 2014 during FY 2015-16

CATEGORY OF SHAREHOLDING

(%)



Category	No. of Holders	%
NSDL	53,714	63.56
CDSL	24,362	28.82
Physical	6,443	7.62
Total	**84,519**	**100.0**

Corporate Benefits

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

Financial Year	Type	Dividend Declared	Dividend per share
2008-09	Final	₹ 20	1000%
2009-10	Special	₹ 80	4000%
	Final	₹ 30	1500%
2010-11	Interim	₹ 70	3500%
	Final	₹ 35	1750%
2011-12	Final	₹ 45	2250%
2012-13	Final	₹ 60	3000%
2013-14	Final	₹ 65	3250%
2014-15	Interim	₹ 30	1500%
	Final	₹ 30	1500%
2015-16	Interim	₹ 40	2000%
	Final (Recommended)	₹ 32	1600%

Dematerialization of Shares and Liquidity

The shares of the Company are traded in compulsory demat segment. As on March 31, 2016, 98.37% of the total share capital was held in dematerialized form with National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL') (includes 2,588 equity shares of ₹ 2 each allotted on 28th March, 2016 under Employee Incentive Scheme 2014 in Demat form credited to ISIN and listed on stock exchanges.)

During the FY 2015-16, share certificates involving 1,55,796 equity shares of ₹ 2 each, were dematerialized by the shareholders and share certificates involving 51 equity shares of ₹ 2 each were rematerialized.

Outstanding GDRs/ADRs/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 ('RTA')

All work related to Share Registry, both in physical form and electronic form, is handled by the Company's RTA, Karvy Computershare Private Limited. The communication address of the RTA 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
Website: www.karvycomputershare.com

Share Transfer System

The total number of shares transferred during the financial year 2015-16 were 7,210 (No. of cases 27), deletion of name 15,670 (No. of cases 27) and transmission of shares 7,960 (No. of cases 11) 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, Mr. Arvind Kohli, M/s. Arvind Kohli & Associates, Company Secretaries, confirming compliance with conditions of Corporate Governance, as stipulated under Listing Regulations, is attached to this Report.

ADOPTION OF MANDATORY AND DISCRETIONARY REQUIREMENTS OF LISTING REGULATIONS.

The Company has complied with all mandatory Corporate Governance requirements of Listing Regulations. The Company has adopted following discretionary requirements as prescribed under Part E Schedule II of the said regulations.

Modified Opinion(s) in Audit Report

The Company's financial statements had unmodified audit opinion.

Reporting of Internal Auditor

The Internal Auditor directly reports to be 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 AND R&D CENTRE

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
Tel: 01494 673 0000

Colombia Plant

HMCL COLOMBIA SAS
Zona Franca Aparque Sur,
Lote 6 Villa Rica, Cauca, Colombia
Tel: 2 3120662

R&D Centre

Centre of Innovation & Technology
Plot No. SPL-1,
RIICO Industrial Area,
Kukas, Phase-2, NH-11C,
Jaipur, Rajasthan-302 028
Tel: 0142 643 0000
Fax: 0142 643 0001

INVESTORS' CORRESPONDENCE MAY BE ADDRESSED TO:

Retail Shareholder Correspondence may be addressed to:

Ms. Ramni Sood
Deputy General Manager
34, Community Centre,
Basant Lok, Vasant Vihar,
New Delhi - 110 057
E-mail: ramni.sood@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 – 500 008
Tel No: 040-67161519 / 67161522
Fax: 040-2342 0814
Toll Free No: 1-800-3454-001
E-mail: einward.ris@karvy.com
Website: www.karvycomputershare.com

For Institutional Investors matters:

Mr. Umang Deep Singh Khurana
Head-Investor Relations
34, Community Centre,
Basant Lok, Vasant Vihar,
New Delhi - 110 057
E-mail: umang.khurana@heromotocorp.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

Date: August 8, 2016
Place: New Delhi

CERTIFICATE

AUDITORS' CERTIFICATE ON THE COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE UNDER SCHEDULE V (PARA E) OF THE SEBI (LISITING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

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 31st March 2016, as stipulated in Schedule V (Para E) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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 the 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 as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further state that such compliance is neither an assurance as to the further viability 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 : 26th July, 2016

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

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

Sub: Certificate in terms of Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir,

This is to certify that:

A. we have reviewed financial statements and the cash flow statement for the financial year ended March 31, 2016 and that to the best of our knowledge and belief:
   1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   2. 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. there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

C. we accept responsibility for establishing and maintaining internal controls for financial reporting and that 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 we have taken or propose to take to rectify these deficiencies.

D. we have indicated to the Auditors and the Audit Committee:
   1. significant changes in internal control over financial reporting during the year;
   2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
   3. 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.

For **Hero MotoCorp Ltd.**

Pawan Munjal
Chairman, Managing Director & CEO
DIN 00004223

Ravi Sud
Sr. Vice President & CFO

Place: New Delhi
Date : May 2, 2016

DECLARATION BY CHAIRMAN, MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

[REGULATION 34(3), READ WITH SCHEDULE V (PART D) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015]

I, Pawan Munjal, Chairman, Managing Director & CEO of Hero MotoCorp Ltd. hereby declare that all the members of Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management of the Company for the financial year 2015-16.

For **Hero MotoCorp Ltd.**

Pawan Munjal
Chairman, Managing Director & CEO
DIN: 00004223

Place: New Delhi
Date : August 8, 2016

ANNEXURE IV

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2015-16

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

The Board of Directors (the 'Board') of Hero MotoCorp Limited have adopted the CSR policy which has following salient features:

a. To direct Company'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;

b. 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;

c. 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;

d. 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;

e. 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;

f. To carry out activities at the time of natural calamity or engage in Disaster Management system;

g. 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;

h. To contribute or provide funds to technology incubators located within academic institutions which are approved by the Central Government;

i. To contribute to any fund setup by the Central Government or State Government(s) including Chief Minister's Relief Fund, which may be recognized as CSR activity;

j. 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.

The Company would implement the 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 on the following link: http://www.heromotocorp.com/en-in/about-us/key-policies/corporate-social-responsibility.html

2. Composition of the CSR Committee:

1. Mr. Pawan Munjal, Chairman
2. Gen. (Retd.) V. P. Malik, Member
3. Mr. Pradeep Dinodia, Member

Further, the Company has designated Mr. Vijay Sethi, Head Information Systems and Chief Information Officer as Head CSR to ensure effective implementation of CSR programmes of the Company.

3. Average net profit of the company for last three financial years

2014 – 15 ₹ 3,329.52 Crores
2013 – 14 ₹ 2,868.10 Crores
2012 – 13 ₹ 2,529.52 Crores

Average for last 3 years ₹ 2,909.05 Crores

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

2% of Average ₹ 58.18 Crores

5. Details of CSR spent during the financial year.

a) Total amount to be spent for the financial year: ₹ 58.18 Cr.

b) Amount unspent, if any : NIL

c) Manner in which the amount

spent during the financial year is detailed below.

Overall Spend

(1) Sl. No.	(2) CSR Project or activity identified	(3) Sector in which the Project is covered	(4) Project or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	(5) Amount outlay (budget) project or programs wise (in Lacs)	(6) Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	(7) Cumulative expenditure up to the reporting period	(8) Amount spent: Direct or through implementing agency
1	PM Relief Fund	Schedule VII (viii) PM Relief Fund	Contribution to PM Relief Fund	500.0	550.8	550.8	PM Relief Fund
2	Tree plantation	Schedule VII (iv) Ensuring Environment Sustainability	1.6 Lac tree plantation at Delhi NCR and near to our Offices PAN India	300.0	340.0	340.0	Direct and Agency: Sustainability Green Initiative
3	Promoting preventive health care and sanitation	Schedule VII (i) Preventive Health care and Sanitation Facility	Preventive health care camps in rural area and schools. Toilet facility of 82 nos to 13 Govt. schools in Haryana, Rajasthan and Uttrakhand	200.0	242.1	242.1	Direct and Agency: Ayus
4	Education promotion and vocational skill development for children and women	Schedule VII (ii) Promoting Education	Construction and Renovation of schools infrastructures at Haryana and Uttrakhand. Education promotion program in Delhi, Punjab, Rajasthan, AP, Bihar, Orissa and UP	4000.0	4295.4	4295.4	Direct and Agency: FUEL, Magic Bus, CRY, HPPI
5	Promoting Road Safety Awareness	Schedule VII (ii) Road safety education	Promoting Safe Riding through traffic training park development and Road safety awareness program	700.0	699.6	699.6	Direct and Agency: ROSES
6	Community Development	Schedule VII (iii) Social Development	Community Development program and Promoting Education, Safety and socio economic development awareness through all media	300.0	372.4	372.4	Direct and Agency: HPPI
	Total			**6000.0**	**6500.3**	**6500.3**	

Note: The actual CSR expenditure was ₹ 65 crores against the budgeted expenditure of ₹ 60 crores.

Details of projects, activities and impact in Annexure A below.

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.

Not Applicable

7. This is to confirm that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the company. Detailed note enclosed in Annexure A.

For **Hero MotoCorp Ltd.**

Pawan Munjal
Chairman
DIN: 00004223

Date: August 8, 2016
Place: New Delhi

ANNEXURE A

Overview of CSR Activities 2015-16

Corporate Social Responsibility is guided by the philosophy of Late Dr. Brijmohan Lall Munjal, the Chairman Emeritus of the Company. He believed that 'we must give back to the society from whose resources we generate wealth'. This philosophy is embedded in the Hero's way of doing business.

Our CSR programmes are in sync with our simple vision: **To have a Greener, Safer and Equitable World.**

Executive Summary

We, Team Hero MotoCorp, recognize Corporate Social Responsibility (CSR) as a way of doing business. As a philosophy and as a practice, CSR is embedded in the organization's commitment to all stakeholders – management, executives, employees, business associates, consumers, communities and the environment. We believe that our growth can truly be measured by the economic, social and environmental capital that we generate for a sustainable society as well as for the enhancement of the communities we work with.

Going beyond compliance and mandatory norms, we have invested over 2.2 per cent on overall CSR activities and will continue to do so in the future.

We Care is the CSR Umbrella of Hero under which we have five flagship programmes:

- Programmes on Road Safety under the umbrella **Ride Safe India**
- Programmes on Girl Child Empowerment and Education under the umbrella **Hamari Pari and E2 : Educate to Empower**
- Programmes on Clean and Green India under the umbrella **Happy Earth**
- Programmes on using Digital for Awareness on Social Causes under the umbrella **Digi Aware**

These are supported by focus on social & community development.

During the FY 2015-16, the Company spent ₹ **65 Crore** and overall number of beneficiaries of various initiatives were:

- **Ride Safe India:** 98,065 participants
- **Hamari Pari & E2:** 30,369 beneficiaries
- **Happy Earth:** 1.6 lakh plantations and 82 toilets
- **Community Initiatives:** 44,968 beneficiaries
- **Digi Aware:** 2.7 Crore plus views on Social Media

ANNEXURE V
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

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

Subject: Secretarial Audit Report for the financial year 2015 – 2016.

Dear Sirs,

We have conducted the Secretarial 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 authorized 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 31st March, 2016 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 31st March, 2016 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, 2015;
(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
(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.)

Select few are mentioned herein:

- **Industry Specific Act(s) –** Motor Vehicles Act, 1988; Legal Metrology Act, 2009; The Explosives Act, 1884 read with The Static and Mobile Pressure Vessels(Unfired) Rules,1981 and Gas Cylinder Rules, 2004; The Petroleum Act, 1934 read with The Petroleum Rules 2002.
- **Taxation Laws –** Income Tax Act, 1961; Service Tax Act, 1994; the Customs Act, 1962; Central Excise Act, 1944. Delhi Vat Act, 2004. (limited to the extent of verifying the compliance of filing of returns under the respective legislations).
- **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 (POSH)
- **IPR Laws –** Copyright Act, 1957; Trademark Act, 1999; Patent Act, 1970
- **Other Miscellaneous Laws –** Competition Act, 2002, Information Technology Act, 2000.

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India (Notified during the financial year 2015-2016 w.e.f. 1st July, 2015.)

(ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange and compliance with the SEBI (Listing of Disclosure Requirements) Regulations, 2015 w.e.f. 1st December, 2015.

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 : 12th July, 2016

ANNEXURE-A

To,
The Members
Hero MotoCorp Ltd.,
34, 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 : 12th July, 2016

ANNEXURE VI
BUSINESS RESPONSIBILITY REPORT

WE ARE BOTH ACCOUNTABLE AND COMMITTED TOWARDS THE WELL-BEING OF OUR SOCIETY. WHILE, AS AN ORGANISATION, WE HAVE WORKED HARD & TRAVERSED CONSIDERABLE DISTANCE TO INCORPORATE RESPONSIBLE BUSINESS PRACTICES, PERSONALLY, I FEEL, THERE IS SCOPE TO DO A LOT MORE, FOR THE BENEFIT OF OUR STAKEHOLDERS

Pawan Munjal

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Corporate Identification Number (CIN) of the Company	L35911DL1984PLC017354
Name of the Company	Hero MotoCorp Ltd.
Registered Address	34, Community Centre, Basant Lok, Vasant Vihar, New Delhi - 110 057, India
Website	www.heromotocorp.com
E-mail Id	secretarialho@heromotocorp.com
Financial Year reported	2015-16
Sector(s) that the Company is engaged in (industrial activity code-wise)	Group*: 309 Class: 3091 Sub-Class: 30911 Description: 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 Company manufactures parts of motorcycles and scooters also.
List three key products/services that the Company manufactures/ provides (as in balance sheet)	◤ Motorcycles, ◤ Scooters and ◤ Parts thereof
Total number of locations where business activity is undertaken by the Company	
Number of International Locations (Provide details of major 5)	We are present in 29 countries outside India: Asia: Sri Lanka, Nepal & Bangladesh Africa & Middle East: Nigeria, Kenya, Tanzania, Uganda, Angola, Ethiopia, Mozambique, DRC, Madagascar, Burkina Faso, Ivory Coast, Iran, UAE, Turkey, Egypt Americas: Colombia, Peru, Ecuador, Guatemala, Honduras, El Salvador, Costa Rica, Panama, Bolivia, Dominican Republic, Nicaragua
Number of National Locations	Headquartered in New Delhi, we have manufacturing plants in 4 locations in the country: **State/Union Territory Location** Haryana : Dharuhera Haryana : Gurgaon Uttarakhand : Haridwar Rajasthan : Neemrana We also have a Global Parts Centre for manufacturing and supplying the parts at local and global market at Neemrana, Rajasthan. **Global Centre of Innovation and Technology** Achieving a historic landmark in its illustrious journey, the Company has formally inaugurated a world-class 'Global Centre of Innovation and Technology' ('the CIT') at Jaipur, Rajasthan. The CIT is the result of a bold vision to position the Company as the leading source of innovation and green technology. This facility is a giant stride in its relentless endeavour towards strengthening the Company's in-house technology capabilities. The CIT is a defining step, not just for the technical prowess of Hero, but also for the nation's story to truly blossom on the global stage as a technology powerhouse. Rich in diversity, the CIT brings together a multi-national group of automotive experts, creating an environment of engineering excellence and innovation.
Markets served by the Company - Local/ State/National/International	We have a global footprint that serves both in "National and International Markets". International markets are served through exports, incorporating wholly owned subsidiaries and Joint Ventures. Currently, we are catering to 29 countries and are committed to expand to 50 countries by 2020.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital (₹)	39.94 crores
2.	Total Turnover (₹)	28,990.42 crores
3.	Total profit after taxes (₹)	3,132.37 crores
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of average net profits (%)	Our total spending on CSR is ₹ 65 crores which is 2.23% of average net profits of the last three financial years

List of activities on which expenditure in 4 above has been incurred:

1.	PM Relief Fund
2.	Tree Plantation
3.	Promoting preventive health care and sanitation
4.	Education promotion and vocational skill development for children and women
5.	Promoting Road Safety Awareness
6.	Community Development

SECTION C: OTHER DETAILS

1. **Does the Company have any Subsidiary Company/ Companies?**
   Yes. We have 6 Subsidiaries (including step-down Subsidiaries) outside India and 1 Subsidiary in India. Details of the same have been provided in another section of the Annual Report.

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)**
   The Company engages actively with its Subsidiary Companies on Business Responsibility 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 Program (GVDP) is more than 60% of 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 (if applicable)	00004223
Name	Mr. Pawan Munjal
Designation	Chairman, Managing Director & CEO

1.2 Details of the BR head:

DIN (if applicable)	00004223
Name	Mr. Pawan Munjal
Designation	Chairman, Managing Director & CEO
Telephone Number	+91 11 4604 4100
E-mail id	secretarialho@heromotocorp.com

2. **The National Voluntary Guidelines on Social, Environment and Economic Responsibilities of Business (NVGs), released by the Ministry of Corporate Affairs, has adopted nine areas of Business Responsibility.**

Principle 1
BUSINESS CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY.

Principle 2
BUSINESSES SHOULD PROVIDE GOODS AND SERVICES THAT ARE SAFE AND CONTRIBUTE TO SUSTAINABILITY THROUGHOUT THEIR LIFE CYCLE.

Principle 3
BUSINESSES SHOULD PROMOTE THE WELLBEING OF ALL EMPLOYEES.

Principle 4
BUSINESSES SHOULD RESPECT THE INTERESTS OF, AND BE RESPONSIVE TOWARDS ALL STAKEHOLDERS, ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE AND MARGINALISED.

Principle 5
BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS.

Principle 6
BUSINESSES SHOULD RESPECT, PROTECT AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT.

Principle 7
BUSINESSES, WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER.

Principle 8
BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT.

Principle 9
BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER.

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Do you have policy/policies for...	Y	Y	Y	Y	Y	Y	NA	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	N	N	N	Y	NA	Y	Y
3.	Does the policy conform to any national/international standards? If yes, specify?#	Y	Y	Y	Y	Y	Y	NA	Y	N
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	NA	Y	Y
5.	Does the Company have a specified committee of the Board / Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	NA	Y	Y
6.	Indicate the link for the policy to be viewed online? ∞	Y	Y	Y	Y	Y	Y	NA	Y	Y
7.	Has the policy been formally communicated to all relevant internal and external stakeholders? Ω	Y	Y	Y	Y	Y	Y	NA	Y	Y
8.	Does the Company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
10.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?*	Y	Y	Y	Y	Y	Y	NA	Y	Y

* Mostly through internal audits and external consultants

All policies have been formulated after detailed consultation across the Industry. The policies are materially in compliance with all mandatory/applicable national/ international laws, rules, regulations, guidelines and standards.

Ω All policies defines the responsibility spectrum of respective policy owners

∞ Code of Conduct of the Company is available at http://www.heromotocorp.com/en-in/about-us/code-of-conduct.html . Code of Insider Trading, Policy on Prevention of Sexual Harassment, HR Policies on Employee well-being are available intranet. Policy on Vigil mechanism is available at http://www.heromotocorp.com/en-in/about-us/key-policies/vigil-mechanism-policy.html. Policies on Quality and Environmental Protection are available at http://www.heromotocorp.com/en-in/about-us/key-policies.html. CSR Policy of the Company is available at http://www.heromotocorp.com/en-in/about-us/key-policies/corporate-social-responsibility.html. Policy on warranty and service maintenance schedule is available at http://www.heromotocorp.com/en-in/rider-zone/bike-warranty-details-and-policy.html

If answer to the question as stated above against any principle, is 'No', please explain why: Not Applicable

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	The Company has not understood the Principles									
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The Company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									

3. Governance related to BR

(a) **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.**

The management regularly monitors the BR initiatives and a complete assessment is done at the end of financial year.

(b) **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequency it is published?**

This is our fourth Business Responsibility Report and is published annually as part of the Annual Report. The same 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?**

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.

- Code of Conduct is applicable to Board of Directors and Senior Executives one level below the Directors, including all functional heads.
- Vigil Mechanism/Whistle Blower Policy applies to all the employees of the Company.
- Insider Trading Code is applicable to designated employees and the Board of Directors of the Company.
- Policy on Prevention of Sexual Harassment applies to all the employees of the Company.

The Code of Conduct is based on eight fundamental principles. Our Code captures global best practices in substance, 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 formulated on the basis of applicable SEBI Regulations and the Policy on Prevention of Sexual Harassment has been developed on the basis of The

Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Policy on Vigil Mechanism has been formulated on the basis of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

All our executive employees have been imparted mandatory training and acceptance to adherence has been obtained. Regular training programs 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.

While the above-mentioned policies/codes are currently not applicable on the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others, the Company plans to extend the applicability of the same to other entities going forward.

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 FY 2015-16. Total of 6 cases were reported in FY 2015-16. 3 cases have been investigated & action taken, 3 cases are currently under investigation.

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) Our R&D centre at Jaipur has a solar power plant of 650 KWp on its roof which is able to offset 750 ton of CO_2 emission annually.
   2) Rain water harvesting system with 150 recharge shafts at CIT Jaipur with an annual water harvesting potential of 130350 cum per year which is 3.5 times more than the total water requirement.
   3) Other power saving initiatives like installation VFD's, LED Lighting, Energy efficient devices, presence sensor etc. at different plants amount to 26.89 LKWH which is able to offset use of Natural Gas/ GRID power/HSD resulting in a reduction of 1521 tons of CO_2 emissions annually.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional).**
   (a) Reduction during sourcing/ production/distribution achieved since the previous year throughout the value chain?
   Not applicable

   (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?
   Details given above in point 1.

3. **Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?**
   Yes. The Company has taken few initiatives in past years, wherein the Company has ensured the sustainable sourcing. Following are two of the initiatives taken in past FY in this regard:
   - Program SCOPE (Supplier Certification of Part Excellence), in which we enrolled 22 suppliers for new parts quality up-gradation for direct on line supplies in FY 2015-16.
   - Implementation of TPM methodology approach at our supplier was continued and we enrolled 16 supplier in FY 2015-16 in this initiative.

   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.

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?**
   Localisation is paramount to sourcing strategy and HMCL is procuring goods and services from Local supply chain partners which includes Large, Midsize and small scale industries who meets our quality, delivery, cost and technology expectations.

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 <5%, 5-10%, >10%).**
   Yes, the company has a mechanism for recycling of its 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

The Company recognises that its employees are an invaluable asset and fundamental driver of its growth. The Company has implemented several policies and initiatives which promote the welfare of all its employees.

The 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.

Key initiatives taken during the year are as follows:

a) In order to retain Talent across the company and promote Work Life Balance, the Company has introduced Flexi-Working Hours for our Corporate Functions.
b) Your Company has taken a multipronged process to develop gender diversity inside the organization and created policy that helps female professionals to thrive at workplace. Alternate Career Path (ACP) policy is one such step that provides a career transition to female professionals who have taken a break from their professional lives.

1.	Total number of employees	7,592
2.	Total number of employees hired on temporary/contractual/casual basis.	18,487
3.	Number of permanent women employees	114
4.	Number of permanent employees with disabilities	30
5.	Employee association recognised by management?	Hero MotoCorp Workers Union, Gurgaon Plant and Hero MotoCorp Workers Union, Dharuhera Plant
6.	Percentage of permanent employees who are members of this recognised employee association?	14.98% and 22.72%, respectively
7.	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.	NIL

No.	Category	No. of complaints filed during the financial year	No. of Complaints pending as on end of the financial year
(i)	Child labour/ forced labour/ involuntary labour	N.A.	
(ii)	Sexual Harassment		
(iii)	Discriminatory employment		

8.	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?	
(a)	Permanent Employees	67.70%
(b)	Permanent Women Employees	70.60%
(c)	Casual/Temporary/Contractual Employees	52.38%
(d)	Employees with Disabilities	100%

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 provide equal opportunities to differently abled, marginalized and people from economically weaker background. All employees have equal opportunity on career growth, coaching and mentoring.

   Women: During the year, the Company enhanced its efforts on overall development of women with focus on education. Key highlights of the drive are given below:

   a) Organisation of literary classes as well as skill development programs.
   b) Imparting of science education and training.
   c) Career counselling sessions for rural girls.
   d) Organisation of camps for health and other recreational activities.

   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?**

   As a socially responsible organisation, the Company is committed to protect and safeguard human rights. Your Company has put in place a Code of Conduct which is applicable on the Board of Directors and Senior Executives one level below the Directors, including all functional heads, 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?**

   No complaint has been received by the Company in the past financial year.

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 Dealer Development Program", "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.? If yes, please give hyperlink for web page etc.**

   The Company has in place Green IT and Environment which takes care of environment protection. Also there are specific certifications such as ISO 9001, ISO 14001 and OHSAS 18001 that govern the Environmental Management Systems. We do have strategies in place to address these issues including energy conservation, energy efficiency, water management, waste management, CO_2 emission house gases reduction. Glimpse of the same is given herein below:

   Green Initiatives for Carbon Neutrality

   - Hero's commitment of creating a sustainable future, the CIT has advanced green technologies imbibed into its design, ensuring eco-friendly operations. Has been awarded the **Platinum rating granted**

to the Centre by Indian Green Building Council (IGBC) with a rating of 91 points, making it the highest rated facility among the manufacturing sector in India.

- The CIT has a solar power plant of 650 KWp on its roof which is able to offset 750 ton of CO_2 emission annually.
- The Haridwar Plant has set up a 1000KWp solar power plant which is able to offset 1155 ton of CO_2 emission annually.
- Other power saving initiatives like installation VFD's, LED Lighting, Energy efficient devices, presence sensor etc. at different plants amount to 26.89 LKWH which is able to offset use of Natural Gas/ GRID power/HSD resulting in a reduction of 1521 tons of CO_2 emissions annually.
- We have achieved an overall Carbon Neutrality of 17.53% in FY 2015-16 as compared to 16.52 in FY 2014-15.
- The Specific energy consumption from renewal energy sources has gone up to 52 LKWH in FY 2015-16 as compared to 29 LKWH in FY 2014-15.

Water & Waste Water Management Initiatives

The Overall strategy for all our plants has been ZERO Liquid Discharge plants where 100% of its treated water is either recycled back in the process or reused for horticulture purpose. We have achieved water neutrality of 19.48% in FY 2015-16 as compared to 17.09% in FY 2014-15. Following Major Initiatives for waste water management have been undertaken in FY 2015-16.

- ETP at Haridwar Plant has been upgraded to improve outlet parameters 25% less than the prescribed standards.
- ETP expansion at Gurgaon Plant from 400 KLD to 600 KLD.
- New ETP & STP Installed at CIT Jaipur.
- Rain water Harvesting system with 150 recharge shafts at CIT Jaipur with an annual water harvesting potential of 130350 cum per year.

http://www.heromotocorp.com/en-in/about-us/key-policies.html.

3. **Does the company identify and assess potential environmental risks? Y/N**

   Yes. The company assesses the environmental impact 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 so, provide details thereof, in about 50 words or so. Also if Yes, whether any environmental compliance report is filed?**

   Currently, 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.**

   The Company does not have any pending show cause/legal notice received from CPCB/SPCB.

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.
   - PHD Chamber of Commerce.
   - Society of Indian Automobile Manufacturers.
   - Gurgaon Chamber of Commerce & Industries.

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)**

   Safety is the most important though often neglected aspect of driving. We strongly campaign 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. During the year, the Company undertook the following initiatives:

   a) Setting up traffic parks
   b) Student Police Cadet Program and Road Safety Club
   c) Responsible Citizen Program
   d) Safety Van
   e) Awareness sessions in Schools and Colleges

   During the next year, the Company plans to set up new traffic parks in the cities of Hyderabad and Rourkela, to add to the existing parks in Gurgaon, Delhi and Lucknow. These traffic parks routinely train members of the general public, students and women riders.

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.

Company has a CSR Policy which derives its core values and covers various aspects as per guidelines given by Ministry of Corporate Affairs as part of Companies Act, 2013. The Policy has been developed considering our organization's focus as well as international best practices. It's fundamentals are based on inputs from top management and all stakeholders. The policy is completely in sync with current government regulations as well.

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.

Our efforts during the year were focussed on the following key initiatives:

S. No	Project or activity identified	Project Details
1.	Tree plantation	1.6 Lac tree plantation at Delhi NCR and near to our Offices PAN India
2.	Promoting preventive health care and sanitation	Preventive health care camps in rural area and schools. Toilet facility of 82 nos to 13 Govt. schools in Haryana, Rajasthan and Uttrakhand
3.	Education promotion and vocational skill development for children and women	Construction and Renovation of schools infrastructures at Haryana and Uttrakhand. Education promotion program in Delhi, Punjab, Rajasthan, AP, Bihar, Orissa and UP
4.	Promoting Road Safety Awareness	Promoting Safe Riding through traffic training park development and Road safety awareness program
5.	Community Development	Community Development program and Promoting Education, Safety and socio economic development awareness through all media

2. **Are the programmes/projects undertaken through inhouse team/own foundation/external NGO/government structures/ any other organisation?**
The programmes are undertaken either directly or through specialized agencies – Raman Kant Munjal Foundation, Ayus, FUEL, Magic Bus, CRY, HPPI and RoSES.

3. **Have you done any impact assessment of your initiative?**
Currently, no impact assessment of our initiatives has been undertaken. However, the Company intends to review the impact of its various initiatives in coming years.

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 FY 2015-16
i.	Tree Plantation	3.40
ii.	Promoting preventive health care and sanitation	2.42
iii.	Education promotion and vocational skill development for children and women	42.95
iv.	Promoting Road Safety and Awareness	6.99
v.	Community Development	3.72

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. During the year, we focussed on the following new community development initiatives:
   a) Supporting night shelters in winters.
   b) Supporting Chennai flood victims.
   c) Workshops on tie and dye, Fire Safety, Health and Safety, Cleanliness and other areas.
   d) Health check-up camps, eye check-up camps, yoga camps.
   e) 66 motorcycles for WWF/ forest departments.
   f) Supporting people after Nepal earthquake.

During the year, we have conducted 71 activities across locations covering 44,968 people.

Principle 9

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year.**
During the year, 53471 customer complaints/consumer cases were received by the Company. Out of this, 52974 complaints/cases were successfully resolved and 497 (1%) were pending at the end of 2015-16.

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 Legal Metrology Act, 2009. 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 customer 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? If so, provide details thereof, in about 50 words or so.**
   There is no such case pending as on financial year 2015-16.

4. **Did your company carry out any consumer survey/ consumer satisfaction trends?**
   We continue to undertake study to measure customer satisfaction for the new products launched last year through a third part agency. Apart from that we carry out brand track study on a monthly basis to gauge health of our product brands as well as corporate brand vis-a-vis competition.

ANNEXURE VII
FORM NO. MGT 9

EXTRACT OF THE ANNUAL RETURN

AS ON FINANCIAL YEAR ENDED ON MARCH 31, 2016
PURSUANT TO SECTION 92(3) OF THE COMPANIES ACT, 2013 AND RULE 12(1) OF THE COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014

I REGISTRATION & OTHER DETAILS:

i	CIN	L35911DL1984PLC017354
ii	Registration Date	19-01-1984
iii	Name of the Company	HERO MOTOCORP LTD.
iv	Category/Sub-category of the Company	Public Limited-Limited by Shares
v	Address of the Registered office & contact details	34, Community Centre, Basant Lok, Vasant Vihar, New Delhi – 110 057 Tel: 011-4604 4100, 2614 2451 Fax: 011-2614 3321, 2614 3198
vi	Whether listed company (Yes/No)	Yes
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Private 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

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 & 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 & ASSOCIATE COMPANIES

Sl No	Name & Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of Shares Held	Applicable Section
1	Hero FinCorp Limited 34, Community Centre, Basant Lok, Vasant Vihar, New Delhi - 110 057, India	U74899DL1991PLC046774	Associate	48.42	2 (6)
2	HMC MM Auto Limited 34, Community Centre, Basant Lok, Vasant Vihar, New Delhi - 110 057, India	U35923DL2013PLC260142	Subsidiary	60	2 (87)
3	HMCL (NA) Inc. 222 Delaware Avenue Suite 1200, Wilmington, New Castle County Delaware 19801	NA	Subsidiary	100	2 (87)
4	Erik Buell Racing Inc. 2799, Buell Drive, Unit C East Troy, Wisconsin 53120, U.S.A	NA	Step Down Subsidiary	49.2	2 (87)
5	HMCL Americas Inc. 222 Delaware Avenue Suite 1200, Wilmington, New Castle County Delaware 19801	NA	Subsidiary	100	2 (87)
6	HMCL Netherlands B.V. Hoogoorddreef 15 1101 BA Amsterdam The Netherlands	NA	Subsidiary	100	2 (87)
7	HMCL Colombia SAS Free Trade Zone (ZF) Conjunto Industrial Parque Sur Lt 6 Kilómetro 24, Villa Rica, Colombia	NA	Step Down Subsidiary	51	2 (87)
8	HMCL Niloy Bangladesh Limited Nitol Niloy Towers Plot,69 Nikunja 02, Khilkhet, Dhaka 1229, Bangladesh	NA	Step Down Subsidiary	55	2 (87)

IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

i) Category-wise Share Holding

Category Code	Category of Shareholder	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	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	**Promoter and Promoter Group**									
(1)	**Indian**									
(a)	Individual /HUF	51858452	0	51858452	25.97	51858452	0	51858452	25.97	0.00
(b)	Central Government/ State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	17307630	0	17307630	8.67	17307630	0	17307630	8.67	0.00
(d)	Banks/Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(1) :	**69166082**	**0**	**69166082**	**34.64**	**69166082**	**0**	**69166082**	**34.64**	**0.00**
(2)	**Foreign**									
(a)	NRIs-Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Other-Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Banks/Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(2) :	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
	Total Shareholding of Promoter A=A(1)+A(2)	**69166082**	**0**	**69166082**	**34.64**	**69166082**	**0**	**69166082**	**34.64**	**0.00**
(B)	**Public Shareholding**									
(1)	**Institutions**									
(a)	Mutual Funds	6754829	63470	6818299	3.41	8828227	63470	8891697	4.45	-1.04
(b)	Banks/Financial Institutions	2260841	18705	2279546	1.14	3731742	18705	3750447	1.88	-0.74
(c)	Central Government	0	0	0	0.00	0	0	0	0.00	0.00
(d)	State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0
(f)	Insurance Companies	12667836	0	12667836	6.34	14587156	0	14587156	7.30	-0.96
(g)	Foreign Institutional Investors	81382009	38200	81420209	40.77	79187448	38200	79225648	39.67	1.10
(h)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(1) :	**103065515**	**120375**	**103185890**	**51.67**	**106334573**	**120375**	**106454948**	**53.31**	**-1.64**
(2)	**Non-Institutions**									
(a)	Bodies Corporate									
	(i) Indian	3483112	26211	3509323	1.76	3551673	26211	3577884	1.79	-0.03
	(ii) Overseas	8534906	0	8534906	4.27	5554480	0	5554480	2.78	1.49
(b)	Individuals									
	(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh*	9743577	3004929	12748506	6.38	9336646	2848564	12185210	6.10	0.28
	(ii) Individual Shareholders holding nominal share capital in excess of ₹1 lakh	475014	256040	731054	0.37	211250	256040	467290	0.23	0.13
(c)	Others (specify)									
	(i) Clearing Members	220341	0	220341	0.11	548949	0	548949	0.27	-0.16
	(ii) Foreign Nationals	0	0	0	0.00	169	0	169	0.00	0.00
	(iii) Non-Resident Indians	327514	70	327584	0.16	361563	690	362253	0.18	-0.02
	(iv) Trusts	1263814	0	1263814	0.63	1372823	0	1372823	0.69	-0.05
	Sub-Total B(2) :	**24048278**	**3287250**	**27335528**	**13.69**	**20937553**	**3131505**	**24069058**	**12.05**	**1.64**
	Total Public Shareholding B=B(1)+B(2):	**127113793**	**3407625**	**130521418**	**65.36**	**127272126**	**3251880**	**130524006**	**65.36**	**0.00**
	Total (A+B):	**196279875**	**3407625**	**199687500**	**100.00**	**196438208**	**3251880**	**199690088**	**100.00**	**0.00**
(C)	**Shares held by custodians for GDRs & ADRs**	0	0	0	0.00	0	0	0	0.00	0.00
	Grand Total (A+B+C) :	**196279875**	**3407625**	**199687500**	**100.00**	**196438208**	**3251880**	**199690088**	**100.00**	

*Includes 2,588 equity shares of ₹ 2 each allotted as per the Employee Incentive Scheme 2014 during FY 2015-16.

(ii) Share Holding of Promoters

Sl No.	Shareholders' Name	Shareholding at the begginning 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 shares pledged encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	Bahadur Chand Investments Pvt Ltd	17,306,250.00	8.67	0	17,306,250.00	8.67	0	0
2	Holding Shares on behalf of Brijmohan Lall Om Prakash							
	Brijmohan Lall Munjal	12,396,842.00	6.21	0	12,396,842.00	6.21	0	0
	Suman Kant Munjal	12,396,840.00	6.21	0	12,396,840.00	6.21	0	0
	Pawan Munjal	12,396,840.00	6.21	0	12,396,840.00	6.21	0	0
	Renu Munjal	12,396,840.00	6.21	0	12,396,840.00	6.21	0	0
	Sunil Kant Munjal	1,850,440.00	0.93	0	1,850,440.00	0.93	0	0
3	Renu Munjal	100,650.00	0.05	0	100,650.00	0.05	0	0
4	Suman Kant Munjal	71,250.00	0.04	0	71,250.00	0.04	0	0
5	Pawan Kant Munjal	32,520.00	0.02	0	32,520.00	0.02	0	0
6	Pawan Munjal	32,500.00	0.02	0	32,500.00	0.02	0	0
7	Sunil Kant Munjal	32,500.00	0.02	0	32,500.00	0.02	0	0
8	Aniesha Munjal	32,500.00	0.02	0	32,500.00	0.02	0	0
9	Vasudha Munjal	32,500.00	0.02	0	32,500.00	0.02	0	0
10	Suman Kant Munjal	32,500.00	0.02	0	32,500.00	0.02	0	0
11	Renuka Munjal	32,480.00	0.02	0	32,480.00	0.02	0	0
12	Rahul Munjal	10,620.00	0.01	0	10,620.00	0.01	0	0
13	Abhimanyu Munjal	10,620.00	0.01	0	10,620.00	0.01	0	0
14	Hero Fincorp Limited	1,370.00	0.00	0	1,370.00	0.00	0	0
15	Hero Investcorp Limited	10.00	0.00	0	10.00	0.00	0	0
16	Brijmohan Lall Munjal	10.00	0.00	0	10.00	0.00	0	0
Total		**69,166,082.00**	**34.64**	**0**	**69,166,082.00**	**34.64**	**0**	**0**

(iii) Change In Promoters' Shareholding (Specify if there is no change)

Sl. No.		Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year	There is no change in the shareholding of Promoter or Promoter group during the financial year 2015-16			
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)				
	At the end of the year				

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

Sl. No.	Name of the Share Holder	Shareholding at the beginning/end of the Year		Date of change	Increase/ Decrease in share holding	Reason for Increase or Decrease	Cumulative Shareholding during the Year 2015-16	
		No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
1	**LIC OF INDIA FORTUNE PLUS SECURED FUND**							
	Shareholding at beginning of the year	8684802	4.35					
				10/04/2015	640058	Transfer	9324860	4.67
				17/04/2015	1251540	Transfer	10576400	5.30
				24/04/2015	129071	Transfer	10705471	5.36
				01/05/2015	609382	Transfer	11314853	5.67
				08/05/2015	834583	Transfer	12149436	6.08
				15/05/2015	204070	Transfer	12353506	6.19
				19/06/2015	34136	Transfer	12387642	6.20
				26/06/2015	37215	Transfer	12424857	6.22
				03/07/2015	50803	Transfer	12475660	6.25
				31/07/2015	20820	Transfer	12496480	6.26
				28/08/2015	713634	Transfer	13210114	6.62
				04/09/2015	371641	Transfer	13581755	6.80
				11/09/2015	179013	Transfer	13760768	6.89
				18/09/2015	250048	Transfer	14010816	7.02
				30/09/2015	71626	Transfer	14082442	7.05
				02/10/2015	107619	Transfer	14190061	7.11
				09/10/2015	111952	Transfer	14302013	7.16
				04/12/2015	-200	Transfer	14301813	7.16
				01/01/2016	-2831	Transfer	14298982	7.16
				04/03/2016	-97326	Transfer	14201656	7.11
				11/03/2016	-308896	Transfer	13892760	6.96
				18/03/2016	-240247	Transfer	13652513	6.84
				25/03/2016	-217636	Transfer	13434877	6.73
				31/03/2016	-335322	Transfer	13099555	6.56
	Shareholding at end of the year	13099555	6.56					
2	**OPPENHEIMER INTERNATIONAL GROWTH FUND**							
	Shareholding at beginning of the year	0	0.00					
				01/05/2015	1638602	Transfer	1638602	0.82
				08/05/2015	678395	Transfer	2316997	1.16
				15/05/2015	178147	Transfer	2495144	1.25
				05/06/2015	456223	Transfer	2951367	1.48
				12/06/2015	362253	Transfer	3313620	1.66
				19/06/2015	344769	Transfer	3658389	1.83
				26/06/2015	224862	Transfer	3883251	1.94
				24/07/2015	121512	Transfer	4004763	2.01
				31/07/2015	455697	Transfer	4460460	2.23
				07/08/2015	422929	Transfer	4883389	2.45
				18/12/2015	46668	Transfer	4930057	2.47
				25/12/2015	147249	Transfer	5077306	2.54
				31/12/2015	328232	Transfer	5405538	2.71
				05/02/2016	18886	Transfer	5424424	2.72
				12/02/2016	33365	Transfer	5457789	2.73
				26/02/2016	59596	Transfer	5517385	2.76
				04/03/2016	298709	Transfer	5816094	2.91
				11/03/2016	181035	Transfer	5997129	3.00
				25/03/2016	24009	Transfer	6021138	3.02
	Shareholding at end of the year	6021138	3.02					
3	**LATHE INVESTMENT PTE LTD**							
	Shareholding at beginning of the year	5554480	2.78	There is no change in the shareholding of the holder during the year 2015-16 .				
	Shareholding at end of the year	5554480	2.78					

Sl. No.	Name of the Share Holder	Shareholding at the beginning/end of the Year		Date of change	Increase/ Decrease in share holding	Reason for Increase or Decrease	Cumulative Shareholding during the Year 2015-16	
		No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
4	**EUROPACIFIC GROWTH FUND**							
	Shareholding at beginning of the year	4638863	2.32					
				10/04/2015	-962533	Transfer	3676330	1.84
				17/04/2015	-3709	Transfer	3672621	1.84
				24/04/2015	-332210	Transfer	3340411	1.67
				01/05/2015	-2416292	Transfer	924119	0.46
				08/05/2015	-924119	Transfer	0	0.00
	Shareholding at end of the year	0	0.00					
5	**ABERDEEN GLOBAL INDIAN EQUITY (MAURITIUS) LIMITED**							
	Shareholding at beginning of the year	4265000	2.14					
				22/05/2015	42687	Transfer	4307687	2.16
				29/05/2015	17500	Transfer	4325187	2.17
				05/06/2015	78928	Transfer	4404115	2.21
				12/06/2015	56175	Transfer	4460290	2.23
				19/06/2015	44820	Transfer	4505110	2.26
				26/06/2015	4890	Transfer	4510000	2.26
				04/09/2015	-158937	Transfer	4351063	2.18
				11/09/2015	-110088	Transfer	4240975	2.12
				18/09/2015	-8304	Transfer	4232671	2.12
				30/09/2015	-200623	Transfer	4032048	2.02
				02/10/2015	-79377	Transfer	3952671	1.98
				20/11/2015	-145500	Transfer	3807171	1.91
				27/11/2015	-339500	Transfer	3467671	1.74
				15/01/2016	-70363	Transfer	3397308	1.70
				22/01/2016	-24637	Transfer	3372671	1.69
				05/02/2016	-170000	Transfer	3202671	1.60
				11/03/2016	-236935	Transfer	2965736	1.49
				18/03/2016	-203065	Transfer	2762671	1.38
	Shareholding at end of the year	2762671	1.38					
6	**LAZARD ASSET MANAGEMENT LLC A/C LAZARD EMERGING MA**							
	Shareholding at beginning of the year	3083047	1.54					
				01/05/2015	119742	Transfer	3202789	1.60
				08/05/2015	742739	Transfer	3945528	1.98
				15/05/2015	119252	Transfer	4064780	2.04
				28/08/2015	-62651	Transfer	4002129	2.00
				18/09/2015	-110794	Transfer	3891335	1.95
				25/09/2015	-156263	Transfer	3735072	1.87
				06/11/2015	-97514	Transfer	3637558	1.82
				04/12/2015	-104903	Transfer	3532655	1.77
				25/12/2015	-97148	Transfer	3435507	1.72
				31/12/2015	-57096	Transfer	3378411	1.69
	Shareholding at end of the year	3378411	1.69					
7	**GOVERNMENT PENSION FUND GLOBAL**							
	Shareholding at beginning of the year	3050768	1.53					
				10/04/2015	-12222	Transfer	3038546	1.52
				17/04/2015	117174	Transfer	3155720	1.58
				24/04/2015	31788	Transfer	3187508	1.60
				01/05/2015	188375	Transfer	3375883	1.69
				08/05/2015	-8932	Transfer	3366951	1.69
				15/05/2015	37192	Transfer	3404143	1.70
				22/05/2015	24990	Transfer	3429133	1.72
				29/05/2015	-100000	Transfer	3329133	1.67
				05/06/2015	-122297	Transfer	3206836	1.61
				12/06/2015	-460400	Transfer	2746436	1.38
				19/06/2015	-306574	Transfer	2439862	1.22
				26/06/2015	-180432	Transfer	2259430	1.13
				17/07/2015	55002	Transfer	2314432	1.16
				28/08/2015	-112501	Transfer	2201931	1.10
				22/01/2016	53790	Transfer	2255721	1.13
				29/01/2016	149360	Transfer	2405081	1.20

Sl. No.	Name of the Share Holder	Shareholding at the beginning/end of the Year		Date of change	Increase/ Decrease in share holding	Reason for Increase or Decrease	Cumulative Shareholding during the Year 2015-16	
		No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
				05/02/2016	65000	Transfer	2470081	1.24
				26/02/2016	29500	Transfer	2499581	1.25
				11/03/2016	-6395	Transfer	2493186	1.25
				18/03/2016	-75564	Transfer	2417622	1.21
				25/03/2016	-16041	Transfer	2401581	1.20
	Shareholding at end of the year	2401581	1.20					
8	**ABERDEEN EMERGING MARKETS FUND**							
	Shareholding at beginning of the year	3048960	1.53					
				10/04/2015	367637	Transfer	3416597	1.71
				22/05/2015	75169	Transfer	3491766	1.75
				29/05/2015	30817	Transfer	3522583	1.76
				05/06/2015	138990	Transfer	3661573	1.83
				12/06/2015	98922	Transfer	3760495	1.88
				19/06/2015	78929	Transfer	3839424	1.92
				26/06/2015	8611	Transfer	3848035	1.93
				28/08/2015	-390598	Transfer	3457437	1.73
				04/09/2015	-49402	Transfer	3408035	1.71
				06/11/2015	-240000	Transfer	3168035	1.59
				04/12/2015	-513000	Transfer	2655035	1.33
				15/01/2016	-136283	Transfer	2518752	1.26
				22/01/2016	-47717	Transfer	2471035	1.24
	Shareholding at end of the year	2471035	1.24					
9	**BC INDIA PRIVATE INVESTORS II**							
	Shareholding at beginning of the year	2980426	1.49					
				27/11/2015	-2980426	Transfer	0	0.00
	Shareholding at end of the year	0	0.00					
10	**ABERDEEN GLOBAL-EMERGING MARKETS EQUITY FUND**							
	Shareholding at beginning of the year	2212242	1.11					
				22/05/2015	39377	Transfer	2251619	1.13
				29/05/2015	16143	Transfer	2267762	1.14
				05/06/2015	72808	Transfer	2340570	1.17
				12/06/2015	51820	Transfer	2392390	1.20
				19/06/2015	41346	Transfer	2433736	1.22
				26/06/2015	4511	Transfer	2438247	1.22
				14/08/2015	-170000	Transfer	2268247	1.14
	Shareholding at end of the year	2268247	1.14					
11	**UTI - DUAL ADVANTAGE FIXED TERM FUND SERIES I - II**							
	Shareholding at beginning of the year	2149287	1.08					
				10/04/2015	143	Transfer	2149430	1.08
				10/04/2015	-19	Transfer	2149411	1.08
				17/04/2015	7523	Transfer	2156934	1.08
				17/04/2015	-3	Transfer	2156931	1.08
				24/04/2015	27404	Transfer	2184335	1.09
				24/04/2015	-1	Transfer	2184334	1.09
				01/05/2015	10290	Transfer	2194624	1.10
				08/05/2015	5021	Transfer	2199645	1.10
				08/05/2015	-1	Transfer	2199644	1.10
				15/05/2015	7291	Transfer	2206935	1.11
				22/05/2015	3580	Transfer	2210515	1.11
				29/05/2015	5850	Transfer	2216365	1.11
				05/06/2015	-234	Transfer	2216131	1.11
				12/06/2015	180	Transfer	2216311	1.11
				19/06/2015	321	Transfer	2216632	1.11
				26/06/2015	6000	Transfer	2222632	1.11
				26/06/2015	-44	Transfer	2222588	1.11
				30/06/2015	-4518	Transfer	2218070	1.11
				10/07/2015	-110	Transfer	2217960	1.11
				17/07/2015	-14560	Transfer	2203400	1.10
				24/07/2015	-2119	Transfer	2201281	1.10
				31/07/2015	648	Transfer	2201929	1.10

Sl. No.	Name of the Share Holder	Shareholding at the beginning/end of the Year		Date of change	Increase/ Decrease in share holding	Reason for Increase or Decrease	Cumulative Shareholding during the Year 2015-16	
		No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
				31/07/2015	-7101	Transfer	2194828	1.10
				07/08/2015	20431	Transfer	2215259	1.11
				07/08/2015	-2000	Transfer	2213259	1.11
				14/08/2015	5000	Transfer	2218259	1.11
				14/08/2015	-1873	Transfer	2216386	1.11
				21/08/2015	130	Transfer	2216516	1.11
				28/08/2015	5730	Transfer	2222246	1.11
				28/08/2015	-1664	Transfer	2220582	1.11
				04/09/2015	20252	Transfer	2240834	1.12
				11/09/2015	1099	Transfer	2241933	1.12
				18/09/2015	2419	Transfer	2244352	1.12
				25/09/2015	5070	Transfer	2249422	1.13
				30/09/2015	-106	Transfer	2249316	1.13
				09/10/2015	20404	Transfer	2269720	1.14
				09/10/2015	-171	Transfer	2269549	1.14
				16/10/2015	6887	Transfer	2276436	1.14
				16/10/2015	-4	Transfer	2276432	1.14
				23/10/2015	5965	Transfer	2282397	1.14
				23/10/2015	-257	Transfer	2282140	1.14
				30/10/2015	63	Transfer	2282203	1.14
				06/11/2015	8	Transfer	2282211	1.14
				13/11/2015	370	Transfer	2282581	1.14
				20/11/2015	9121	Transfer	2291702	1.15
				20/11/2015	-8000	Transfer	2283702	1.14
				27/11/2015	21	Transfer	2283723	1.14
				27/11/2015	-30600	Transfer	2253123	1.13
				04/12/2015	32	Transfer	2253155	1.13
				04/12/2015	-8070	Transfer	2245085	1.12
				11/12/2015	102	Transfer	2245187	1.12
				11/12/2015	-117	Transfer	2245070	1.12
				18/12/2015	17	Transfer	2245087	1.12
				18/12/2015	-14413	Transfer	2230674	1.12
				25/12/2015	2000	Transfer	2232674	1.12
				25/12/2015	-14	Transfer	2232660	1.12
				31/12/2015	-66	Transfer	2232594	1.12
				01/01/2016	-347	Transfer	2232247	1.12
				08/01/2016	44	Transfer	2232291	1.12
				15/01/2016	88	Transfer	2232379	1.12
				15/01/2016	-37673	Transfer	2194706	1.10
				22/01/2016	382	Transfer	2195088	1.10
				22/01/2016	-27000	Transfer	2168088	1.09
				29/01/2016	1500	Transfer	2169588	1.09
				29/01/2016	-18000	Transfer	2151588	1.08
				05/02/2016	5103	Transfer	2156691	1.08
				05/02/2016	-599	Transfer	2156092	1.08
				12/02/2016	150	Transfer	2156242	1.08
				19/02/2016	209	Transfer	2156451	1.08
				26/02/2016	1126	Transfer	2157577	1.08
				04/03/2016	607	Transfer	2158184	1.08
				04/03/2016	-5766	Transfer	2152418	1.08
				11/03/2016	364	Transfer	2152782	1.08
				11/03/2016	-5503	Transfer	2147279	1.08
				18/03/2016	258	Transfer	2147537	1.08
				25/03/2016	468	Transfer	2148005	1.08
				25/03/2016	-16416	Transfer	2131589	1.07
				31/03/2016	907	Transfer	2132496	1.07
				31/03/2016	-5478	Transfer	2127018	1.07
	Shareholding at end of the year	2127018	1.07					

Sl. No.	Name of the Share Holder	Shareholding at the beginning/end of the Year		Date of change	Increase/ Decrease in share holding	Reason for Increase or Decrease	Cumulative Shareholding during the Year 2015-16	
		No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
12	**TEMPLETON GROWTH FUND, INC.**							
	Shareholding at beginning of the year	0	0.00					
				22/05/2015	746600	Transfer	746600	0.37
				29/05/2015	313931	Transfer	1060531	0.53
				28/08/2015	389772	Transfer	1450303	0.73
				25/09/2015	285131	Transfer	1735434	0.87
				30/09/2015	353914	Transfer	2089348	1.05
	Shareholding at end of the year	2089348	1.05					

(v) Shareholding of Directors & Key Managerial Personnel

Sl. No.	Name of the Share Holder	Shareholding at the beginning/end of the Year		Date of change	Increase/ Decrease in share holding	Reason for Increase or Decrease	Cumulative Shareholding during the Year 2015-16	
		No of Shares	% of total shares of the company				No of Shares*	% of total shares of the company
1.	Mr. Pawan Munjal							
	Shareholding at beginning of the year	12461860*	6.25	There is no change in the shareholding during the financial year 2015-16.				
	Shareholding at end of the year	12461860*	6.25					
2.	Mr. Sunil Kant Munjal							
	Shareholding at beginning of the year	1882940**	0.94	There is no change in the shareholding during the financial year 2015-16.				
	Shareholding at end of the year	1882940**	0.94					
3.	Mr. Suman Kant Munjal							
	Shareholding at beginning of the year	12500590***	6.26	There is no change in the shareholding during the financial year 2015-16.				
	Shareholding at end of the year	12500590***	6.26					
4.	Mr. Paul Edgerley							
	Shareholding at beginning of the year	0	0	There is no change in the shareholding during the financial year 2015-16.				
	Shareholding at end of the year	0	0					
5.	Mr. Pradeep Dinodia							
	Shareholding at beginning of the year	810	0.00	There is no change in the shareholding during the financial year 2015-16.				
	Shareholding at end of the year	810	0.00					
6.	Gen. (Retd.) V. P. Malik							
	Shareholding at beginning of the year	0	0	There is no change in the shareholding during the financial year 2015-16.				
	Shareholding at end of the year	0	0					
7.	Dr. Anand C. Burman							
	Shareholding at beginning of the year	0	0	There is no change in the shareholding during the financial year 2015-16.				
	Shareholding at end of the year	0	0					
8.	Mr. M. Damodaran							
	Shareholding at beginning of the year	0	0	There is no change in the shareholding during the financial year 2015-16.				
	Shareholding at end of the year	0	0					
9.	Dr. Pritam Singh							
	Shareholding at beginning of the year	0	0	There is no change in the shareholding during the financial year 2015-16.				
	Shareholding at end of the year	0	0					
10.	Mr. Ravi Nath							
	Shareholding at beginning of the year	0	0	There is no change in the shareholding during the financial year 2015-16.				
	Shareholding at end of the year	0	0					
11.	Mrs. Shobana Kamineni							
	Shareholding at beginning of the year	0	0	There is no change in the shareholding during the financial year 2015-16.				
	Shareholding at end of the year	0	0					
12.	Mr. Ravi Sud							
	Shareholding at beginning of the year	0	0	There is no change in the shareholding during the financial year 2015-16.				
	Shareholding at end of the year	0	0					
13.	Mr. Ilam C. Kamboj#							
	Shareholding at beginning of the year	0	0	28-03-2016	214	Allotment under ESOP	214	0.00
	Shareholding at end of the year	214	0.00					

*Includes 32,500 equity shares held on behalf of Pawan Kant & Sons, HUF and 12,396,840 equity shares held on behalf of Brijmohan Lall Om Prakash, Firm.

**Includes 1,850,440 Equity Shares held on behalf of Brijmohan Lall Om Prakash, Firm.

***Includes 32,500 equity shares held on behalf of Brijmohan Lall & Sons, HUF, 32,500 equity shares on behalf of Suman Kant & Sons, HUF and 12,396,840 equity shares held on behalf of Brijmohan Lall Om Prakash, Firm.

Resigned from position of Company Secretary w.e.f. April 2, 2016.

V INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment

₹

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year	0	0	0	0
i) Principal Amount	0	0	0	0
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	**0**	**0**	**0**	**0**
Change in Indebtedness during the financial year	0	0	0	0
Additions	0	0	0	0
Reduction	0	0	0	0
Net Change	0	0	0	0
Indebtedness at the end of the financial year	0	0	0	0
i) Principal Amount	0	0	0	0
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	**0**	**0**	**0**	**0**

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration of Managing Director (MD), Whole time director (WTD) and/or Manager:

₹ in crores

Sl. No	Particulars of Remuneration	Name of the MD/WTD/Manager			Total Amount
		Mr. Brijmohan Lall Munjal, Chairman*	Mr. Pawan Munjal, Chairman, MD & CEO	Mr. Sunil Kant Munjal, Jt. Managing Director	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	8.12	9.63	5.07	22.82
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.33	0.96	2.75	4.04
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock option				
3	Sweat Equity				
4	Commission				
	as % of profit	7.54	45.23	45.23	98.00
	others (specify)				
5	Others, please specify				
	Contribution to Provident fund and Gratuity	0.11	1.58	1.32	3.01
	Total (A)	**16.10**	**57.40**	**54.37**	**127.87**
	Ceiling as per the Act				**452.94**

* Resigned as the Chairman effective June 1, 2015.

B. Remuneration to other directors:

₹ in crores

Sl. No	Particulars of Remuneration	Name of the Directors							Total Amount
1	**Independent Directors**	Dr. Anand C. Burman	Mr. M. Damodaran	Mr. Pradeep Dinodia	Dr. Pritam Singh	Mr. Ravi Nath	Gen (Retd.) V.P. Malik	Mrs. Shobana Kamineni	
	(a) Fee for attending board committee meetings	0.05	0.21	0.24	0.18	0.12	0.20	0.06	1.06
	(b) Commission	0.14	0.55	0.62	0.50	0.24	0.53	0.15	2.72
	(c) Others, please specify	-	-	-	-	-	-	-	-
	Total (1)	**0.19**	**0.76**	**0.86**	**0.68**	**0.36**	**0.73**	**0.21**	**3.78**
2	**Other Non Executive Directors**	Mr. Suman Kant Munjal	Mr. Paul Edgerley						
	(a) Fee for attending board committee meetings	0.06	-						0.06
	(b) Commission	0.18	-						0.18
	(c) Others, please specify.	-	-						-
	Total (2)	**0.24**	**-**	**-**	**-**	**-**	**-**	**-**	**0.24**
	Total (B)=(1+2)	**0.43**	**0.76**	**0.86**	**0.68**	**0.36**	**0.73**	**0.21**	**4.02**
	Total Managerial Remuneration								**131.89**
	Overall Ceiling as per the Act								498.24

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

₹ in crores

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Mr. Ravi Sud, Chief Financial Officer	Mr. Ilam C. Kamboj, Company Secretary	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	3.42	0.86	4.28
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.17	0.08	0.25
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0.02	0.03	0.05
2	Stock Option	-	0.01	0.01
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify			
	- PF & Gratuity	0.21	0.08	0.28
	Total	**3.81**	**1.06**	**4.88**

VII 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					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

ANNEXURE VIII

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

A. CONSERVATION OF ENERGY

(i) Steps taken or Impact on Conservation of Energy:

- Approx. Annual Savings on Vehicles Produced in FY 2015-16: ₹ 33.16 million.

(ii) Steps taken by the Company for utilising alternate sources of energy:

- Installation of Solar Thermal system to offset Natural Gas / Diesel.
- Installation of Solar Energy Panels of 1903 KWp to save 20 LKWh energy units.
- Installation of Heat Pump to utilise Low Grade heat from Cooling Towers to offset Natural Gas.
- Solar Day Lighting System to conserve Energy.

(iii) Capital Investment on energy conservation equipment:

- Approx. Capital investments done on energy conservation equipment in FY 2015-16: ₹ 96.9 Million.

B. TECHNOLOGY ABSORPTION

(i) Efforts made towards technology absorption

- Development of ABS for 2 wheelers above 125 cc
- Development of CBS for 2 wheelers below 125 cc
- 33 patents applied towards development of New Technologies

(ii) Benefits derived, like product improvement, cost reduction, product development or import substitution

- New technology development for compliance to latest regulations
- Design & Development of New Engine with Higher Power Output & improved fuel efficiency

(iii) In case of imported technology (imported during last three years reckoned from the beginning of the financial year)

(a) Details of Technology Imported

- NIL

(b) Year of Import

- NIL

(c) Whether the Technology has been fully absorbed

- NIL

(d) If not fully absorbed, areas where absorption has not taken place and the reasons thereof

- NIL

(iv) Expenditure incurred on Research & Development

₹ in crores

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Capital	756.62	597.98
Recurring	279.24	125.06
Total R&D expenditure as a percentage of total revenue (as per statement of Profit & Loss)(%)	3.57	2.58

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(i) Export Activities/Initiatives to Increase Exports/Development of New Export Markets/Export Plans

Export performance for FY 2015-16:
The Company achieved 210,409 units in exports for FY 2015-16, accounting for 5% YoY increase.

Key initiatives in FY 2015-16:

1. Hiring of Regional Heads: Dedicated regional heads have now been appointed across South Asia, Africa & Middle East and Latin America
2. Manufacturing operations started in Colombia
3. Launch of Dash and Duet helped improve scooter share in South Asia
4. Bulk order for Pleasure scooters in Sri Lanka
5. Clear focus on marketing initiatives as per regional mandates: ATL activations for larger markets (Sri Lanka, Nepal, Bangladesh, Colombia), Digital for Middle East and BTL activations for Africa
6. Participation in Colombia Motor show, Sri Lanka NADA auto show, Nepal auto show and Turkey auto show
7. Seven new markets added for exports

Export Plan for FY 2016-17:
Targets have been kept at 300K units, for 43% YoY growth during FY 2016-17. Key initiatives taken are as follows:

1. Focus on key markets for high volumes: Sri Lanka, Nepal, Bangladesh, Colombia and Nigeria
2. Six new markets to be added for exports
3. Target specific segments for gaining market shares in key markets:
   - Scooters in Nepal and Sri Lanka
   - 100cc in Sri Lanka, Bangladesh, Colombia and Nigeria
4. Model rationalization across countries to gain efficiency
   - Reduce inventory and service overheads
   - Improve distributor bandwidth and focus
5. Streamline manufacturing operations
   - Operationalize Bangladesh manufacturing
   - Streamline Colombia operations

(ii) The foreign exchange earned in terms of actual inflows during the year and the foreign exchange outgo during the year in terms of actual outflows.

Foreign exchange earnings during the FY 2015-16 were ₹ 778.16 crores, as compared to ₹ 721.67 crores in the previous FY.

On account of Royalty, Technical Guidance Fee, Travel and other accounts and Advertisement and Publicity, the foreign exchange outgo during the FY 2015-16 was ₹ 272.30 crores, as compared to ₹ 403.57 crores in the previous FY.

Outgo for import of components, spare parts, raw materials and capital goods during the FY 2015-16 was ₹ 1,057.16 crores, as compared to ₹ 1,345.18 crores in the previous FY.

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, 2016, 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 Standalone 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 prescribed under section 133 of the Act, as applicable.

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 and the Order under section 143 (11) of the Act.

We conducted our audit of the standalone financial statements 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. 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, 2016, 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 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 standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.

   e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the

Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure "A"**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) 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 Company has disclosed the impact of pending litigations on its financial position in its financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in **Annexure "B"** a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm Registration No. 015125N)

Jaideep Bhargava
Partner
(Membership No. 90295)
Gurgaon, May 5, 2016

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **HERO MOTOCORP LIMITED** ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the "Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm Registration No. 015125N)

Jaideep Bhargava
Partner
(Membership No. 90295)
Gurgaon, May 5, 2016

ANNEXURE "B" TO THE AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Legal and Regulatory Requirements' section of our report of even date)

(i) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the 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, fixed assets were physically verified by the Management during the year. 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.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed and transfer deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company where the Company is the lessee in the agreement, except the following:

Particulars of the land	Amount as at March 31, 2016 (₹ in crores)		Remarks
	Gross block	Net block	
Leasehold land at Jaipur	78.36	73.80	Pending Registration in the name of the Company
Leasehold land at Halol, Gujarat	83.29	81.28	Pending Registration in the name of the Company

(ii) 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 and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Companies Act, 2013 in respect of making investments during the year. The Company has not granted any loans or provided guarantees and securities during the year.

(v) According to the information and explanations given to us, the Company has neither accepted any deposit during the year nor has any unclaimed deposits within the meaning of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 in respect of certain products manufactured by the Company. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government of India under sub-section (1) of Section 148 of the Act and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) 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, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as

at March 31, 2016 for a period of more than six months from the date they became payable.

(b) There are no disputed dues in respect of Customs Duty and cess as at March 31, 2016 which have not been deposited on account of dispute. The following are the particulars of Excise Duty, Service Tax, Sales Tax and Income-tax dues which have not been deposited / deposited under protest as on March 31, 2016 by the Company on account of disputes:

Name of Statute	Nature of Dues	Amount* (₹ in crores)	Amount paid under protest (₹ in crores)	Period to which the Amount Relates	Forum where Dispute is Pending
Central Excise Law	Excise duty	1,001.73	480.83	2000-2001 and 2002-2015	CESTAT
		2.82	0.09	2009-10, 2013-14, 2014-15, 2015-16	Commissioner Appeals
	Service Tax	0.89	0.45	2004-05 and 2005-06	Supreme Court
		255.08	22.04	2004-05 to 2011-12	CESTAT
Sales Tax	Sales Tax	1.90	1.90	1998-99, 1999-2000	Haryana Tax Tribunal
		5.22	-	2011-12	Commissioner Appeals (Dehradun)
Income Tax Act, 1961	Income-tax	3120.09	-	2010-11	Income Tax Appellant Tribunal
		3081.28	201.16	2009-10	Income Tax Appellant Tribunal
		14.25	7.13	2011-2012 to 2013-2014	Commissioner Appeal, Dehradun

*Amount as per demand orders including interest and penalty wherever indicated in the order and excludes disputed dues fully paid.

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

Name of Statute	Nature of Dues	Amount* (₹ in crores)	Period to which the Amount Relates	Forum where Dispute is Pending
Central Excise Law	Excise duty	2.19	2004-05 to 2010-11	CESTAT
	Service Tax	0.20	2004-05 and 2005-06	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 and 2006-07	High Court
		73.94	2001-02, 2003-04, 2005-06 and 2009-10	Income Tax Appellate Tribunal

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans/ borrowings to banks. The Company has not taken any loans or borrowings from financial institutions (other than scheduled banks) and government and has not issued any debentures during the year.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm Registration No. 015125N)

Jaideep Bhargava
Partner
(Membership No. 90295)
Gurgaon, May 5, 2016

BALANCE SHEET

AS AT MARCH 31, 2016

₹ in crores

Particulars	Note No.	As at March 31, 2016	As at March 31, 2015
I Equity and Liabilities			
1 Shareholders' funds			
(a) Share capital	3	39.94	39.94
(b) Reserves and surplus	4	7,904.81	6,501.39
2 Non - current liabilities			
(a) Long term liabilities	5	34.89	31.33
(b) Deferred tax liabilities (Net)	6	227.79	-
(c) Long - term provisions	7	84.44	65.62
3 Current liabilities			
(a) Trade payables	8		
(i) Total outstandings dues of micro enterprises and small enterprises		-	-
(ii) Total outstandings dues of creditors other than micro enterprises and small enterprises		2,766.88	2,700.03
(b) Other current liabilities	9	483.19	449.33
(c) Short - term provisions	10	798.75	734.06
Total		**12,340.69**	**10,521.70**
II Assets			
1 Non - current assets			
(a) Fixed assets	11		
(i) Tangible assets		3,717.85	2,818.29
(ii) Intangible assets		118.89	94.40
(iii) Capital work-in-progress		288.34	309.78
(iv) Intangible assets under development		317.06	402.77
(b) Non- current investments	12	1,019.36	863.78
(c) Deferred tax assets (Net)	6	-	73.54
(d) Long - term loans and advances	13	870.42	616.82
(e) Other non- current assets	14	73.68	60.19
2 Current assets			
(a) Current investments	12	3,247.01	2,290.33
(b) Inventories	15	672.98	815.49
(c) Trade receivables	16	1,282.80	1,389.59
(d) Cash and cash equivalents	17	131.36	159.25
(e) Short - term loans and advances	18	521.46	567.66
(f) Other current assets	19	79.48	59.81
Total		**12,340.69**	**10,521.70**

Accompanying notes forming part of the financial statements 1 to 43

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Jaideep Bhargava
Partner

New Delhi
May 5, 2016

For and on behalf of the Board of Directors

Pawan Munjal
Chairman, Managing Director & CEO
DIN- 00004223

Pradeep Dinodia
Chairman- Audit Committee
DIN- 00027995

Ravi Sud
Sr. Vice President & CFO

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2016

₹ in crores

	Particulars	Note No.	For the year ended March 31, 2016	For the year ended March 31, 2015
I	**Revenue from Operations**	20		
	(a) Gross sales of products		30,418.66	29,068.24
	Less: Excise duty		2,258.18	1,717.64
			28,160.48	**27,350.60**
	(b) Sale of services and other operating revenue		438.82	234.70
	Net revenue from operations		**28,599.30**	**27,585.30**
II	**Other income**	21	391.12	492.74
III	**Total Revenue (I + II)**		**28,990.42**	**28,078.04**
IV	**Expenses:**			
	(a) Cost of materials consumed	22	19,321.72	19,783.88
	(b) Changes in inventories of finished goods and work-in-progress	23	(6.82)	(29.97)
	(c) Employee benefits expenses	24	1,319.56	1,172.87
	(d) Finance costs	25	2.15	11.09
	(e) Depreciation and amortization expenses	11	441.40	539.97
	(f) Other expenses	26	3,517.83	3,116.34
	Total Expenses		**24,595.84**	**24,594.18**
V	**Profit before exceptional items and tax (III - IV)**		**4,394.58**	**3,483.86**
VI	**Exceptional item - Provision for diminution in value of non current investment (refer note no. 38)**		-	155.04
VII	**Profit before tax**		**4,394.58**	**3,328.82**
VIII	**Tax expenses**			
	(a) Current tax		960.88	898.91
	(b) Deferred tax		301.33	44.27
			1,262.21	**943.18**
IX	**Profit for the year**		**3,132.37**	**2,385.64**
X	**Basic and diluted earnings per equity share (of ₹ 2 each):**	27		
	(a) before exceptional items		156.86	127.23
	(b) after exceptional items		156.86	119.46
	Accompanying notes forming part of the financial statements	1 to 43		

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Jaideep Bhargava
Partner

New Delhi
May 5, 2016

For and on behalf of the Board of Directors

Pawan Munjal
Chairman, Managing Director & CEO
DIN- 00004223

Pradeep Dinodia
Chairman- Audit Committee
DIN- 00027995

Ravi Sud
Sr. Vice President & CFO

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2016

₹ crores

		Year ended March 31, 2016		Year ended March 31, 2015	
A.	**Cash Flow from Operating Activities**				
	Profit before Tax		**4,394.58**		**3,328.82**
	Adjustments for:				
	Add: Depreciation and amortisation	441.40		539.97	
	Loss on assets sold/discarded	108.99		22.84	
	Loss on sale of non-trade current investments	0.03		0.21	
	Provision for diminution in value of investment:				
	Exceptional item: Long term trade investment - non current	-		155.04	
	Long term non trade investment	0.52		0.72	
	Finance cost	2.15		11.09	
	Provision for doubtful debts	2.95		0.70	
	Expense on employee stock option scheme	0.93		0.67	
			556.97		**731.24**
	Less: Interest on long term and current non-trade investments	41.54		50.37	
	Interest on loans, deposits etc.	122.51		98.86	
	Profit on sale of fixed assets	0.51		0.68	
	Dividend income:				
	On current Investments - Non-Trade	7.06		1.50	
	On long-term investments-Trade and Non trade	4.50		2.25	
	Profit on sale of non-trade Long term & current investments	204.57		320.08	
			380.69		**473.74**
	Operating profit before working capital changes		**4,570.86**		**3,586.32**
	Changes in working capital:				
	Adjustment for (increase)/decrease in operating assets:				
	Inventories	142.51		(145.94)	
	Trade receivables	103.84		(469.71)	
	Short-term loans and advances	46.20		(237.35)	
	Long-term loans and advances	44.21		(23.00)	
	Other current assets	(22.29)		(30.78)	
			314.47		**(906.78)**
	Adjustment for increase/(decrease) in operating liabilities:				
	Trade payables	66.85		551.29	
	Other current liabilities	25.85		(6.53)	
	Other long-term liabilities	3.56		6.88	
	Short-term provisions	16.61		2.95	
	Long-term provisions	18.82		15.64	
			131.69		**570.23**
	Cash generated from operations		**5,017.02**		**3,249.77**
	Less: Direct taxes paid		1,103.23		999.77
	Net cash from operating activities		**3,913.79**		**2,250.00**
B	**Cash Flow from Investing Activities**				
	Proceeds from sale of fixed assets		6.65		2.71
	Sale of investments		26,967.10		20,644.00
	Purchase of Investment		(27,611.59)		(19,289.84)
	Investment in Associates		(197.19)		(167.90)
	Investment in Subsidiaries		(66.56)		(87.49)
	Inter corporate deposits received back		-		515.00
	Inter corporate deposits paid		-		(295.00)
	Interest received on long term and current non-trade investments		30.67		31.01
	Interest received on loans, deposits etc.		122.51		98.86
	Dividend income				
	On current Investments - Non-Trade		7.06		1.50
	On long-term investments-Trade and Non trade		4.50		2.25
	Capital expenditure on fixed assets, including capital advances		(1,534.49)		(1,155.68)
	Payment of deferred credits		-		(287.34)
	Net cash (used) in investing activities		**(2,271.34)**		**12.08**

₹ crores

		Year ended March 31, 2016	Year ended March 31, 2015
C.	**Cash Flow from Financing Activities**		
	Interest paid	(2.15)	(11.09)
	Dividends paid	(1,397.81)	(1,897.03)
	Tax on dividend	(284.55)	(322.40)
	Proceeds from issue of equity share capital	0.56	-
	Net cash (used) in financing activities	**(1,683.95)**	**(2,230.52)**
D.	**Increase/(Decrease) In Cash and Cash Equivalents (A+B+C)**	**(41.50)**	**31.56**
	Cash and cash equivalents at the beginning of the year	97.97	66.41
	Cash and cash equivalents at the end of the year		
	Cash and bank balances	56.47	97.97
	Reconciliation		
	Cash and Bank balances as per Balance Sheet	**131.36**	**159.25**
	Less: Unpaid dividend current account with Banks	74.89	61.28
	Net Cash and cash equivalents at the end of the year	**56.47**	**97.97**

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 5, 2016

For and on behalf of the Board of Directors

Pawan Munjal
Chairman, Managing Director & CEO
DIN- 00004223

Pradeep Dinodia
Chairman- Audit Committee
DIN- 00027995

Ravi Sud
Sr. Vice President & CFO

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

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.

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 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 / amortization

Fixed assets are stated at cost less accumulated depreciation. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses. Depreciation is charged on a pro-rata basis at the straight line method rates prescribed in Schedule II to the Companies Act, 2013 other than assets covered under employee benefit schemes which are depreciated over a period of five years. Leasehold land has been amortised over the period of lease.

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).

Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets, intangible assets are adjusted to the cost of the respective assets and depreciated/amortised over the remaining useful life of such assets.

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment charge if any is recognised in the statement of profit and loss. In case of any reversal/ reduction of such an impairment, the same is recognised through the profit and loss.

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. Intangible assets under development

Expenditure on Research and development eligible for capitalisation are carried as Intangible assets under development where such assets are not yet ready for their intended use.

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.

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

Defined contribution plan

Provident fund, Superannuation fund and Employees' 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.

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.

x. 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. 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 ESOS are accounted for under the fair value method stated in the guidance note on 'Employee Share Based Payments' issued by the Institute of Chartered Accountants of India.

xi. Foreign currency transactions

Exchange differences are dealt with as follows:-

a. 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.

b. 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.

c. 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.

d. 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.

xii. Sales

Sale of goods is recognised on transfer of significant risk and reward of ownership to the buyer, which generally coincides with point of dispatch 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.

xiii. Government grants, subsidies and export incentives

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants / subsidies will be received.

xiv. 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.

xv. Leases

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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

xvi. 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.

xvii. Earnings per share

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

xviii. 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 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.

xix. 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.

xx. 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, 2016		As at March 31, 2015	
	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) and (iii) below)	199,690,088	39.94	199,687,500	39.94
Total	**199,690,088**	**39.94**	**199,687,500**	**39.94**

(i) Reconcilation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

Particulars	Equity Shares As at March 31, 2016		Equity Shares As at March 31, 2015	
	No. of Shares held	₹ crores	No. of Shares held	₹ crores
Opening balance	199,687,500	39.94	199,687,500	39.94
Addition during the year under ESOP 2014 (#₹ 5,176)*	2,588	#	-	-
Closing balance	199,690,088	39.94	199,687,500	39.94

* Refer note - 40

(ii) Rights, preference and restriction attached to shares:

Equity shares of ₹ 2 each:

a. In respect of equity shares, voting right shall be in same proportion as the capital paid upon such equity share.

b. 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.

c. 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, 2016		Equity Shares As at March 31, 2015	
	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	1,850,440	0.93
M/S Bahadur Chand Investments (P) Ltd	17,306,250	8.67	17,306,250	8.67

*Hold shares on behalf of Brijmohan Lall Om Prakash (partnership firm)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

Note No. 4 - Reserves and surplus

₹ in crores

Particulars	As at March 31, 2016	As at March 31, 2015
(a) Capital Reserves		
On shares forfeited (#₹ 4,250)	#	#
Share premium account on forfeited shares reissued(##₹ 25,500)	##	##
(b) Share options outstanding account		
Opening balance	0.67	-
Add: Net charge during the year	0.93	0.67
Less: Transferred to share premium on issue of shares	(0.31)	-
Closing balance	1.29	0.67
(c) Share premium Account		
Opening balance	-	-
Addition during the year (refer note - 40)	0.87	-
Closing balance	0.87	-
(d) General Reserve		
Opening balance	2,395.79	2,145.79
Add: Transferred from Statement of profit and loss	250.00	250.00
Closing balance	2,645.79	2,395.79
(e) Surplus in Statement of profit and loss		
Opening balance	4,104.93	3,414.14
Less: On account of depreciation as per Schedule II of Companies Act 2013*	-	22.97
	4,104.93	3,391.17
Add: Profit for the year	3,132.37	2,385.64
Less:		
Interim dividend -₹ 40 per equity share (previous year ₹ 30)	798.75	599.06
Dividend proposed to be distributed to equity share holders ₹ 32 per share, (previous year ₹ 30 per share)	639.00	599.06
Tax on dividend	292.69	223.76
Transfer to General Reserve	250.00	250.00
Closing balance	5,256.86	4,104.93
Total	**7,904.81**	**6,501.39**

* Represents depreciation (net of deferred tax ₹ 11.83 crores) on tangible fixed assets with nil remaining useful life as at March 31, 2014 in the previous year on transition to Schedule II of the Companies Act, 2013.

Note No. 5 - Long term liabilities

₹ in crores

Particulars	As at March 31, 2016	As at March 31, 2015
Trade payables	34.89	31.33
Total	**34.89**	**31.33**

Note No. 6 - Deferred tax (assets) / liabilities (net)

₹ in crores

Particulars	As at March 31, 2016	As at March 31, 2015
Deferred tax liabilities		
Accumulated depreciation	230.73	-
Others	8.50	6.31
	239.23	**6.31**
Deferred tax assets		
Accumulated depreciation	-	70.92
Accrued expenses deductible on payment	6.58	4.27
Others	4.86	4.66
	11.44	**79.85**
Deferred tax (assets) / liabilities (net)	**227.79**	**(73.54)**

Note No. 7 - Long - term provisions

₹ in crores

Particulars	As at March 31, 2016	As at March 31, 2015
(a) Employees benefits		
Accumulated leaves	12.39	9.56
Other benefits	3.06	-
(b) Warranties	68.99	56.06
Total	**84.44**	**65.62**

Note No. 8 - Trade payables

₹ in crores

Particulars	As at March 31, 2016	As at March 31, 2015
Trade payables		
(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues on creditors others than micro enterprises and small enterprises	2,766.88	2,700.03
Total	**2,766.88**	**2,700.03**

(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 ₹ Nil). 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

Note No. 9 - Other current liabilities

₹ in crores

Particulars	As at March 31, 2016	As at March 31, 2015
(a) Unclaimed dividend (Refer Note (i) below)	74.90	61.29
(b) Capital creditors	136.24	141.84
(c) Other payables		
Statutory dues	96.41	99.95
Security deposits dealers and others	54.56	51.61
Advances from dealers	107.80	81.36
Other liabilities	13.28	13.28
Total	**483.19**	**449.33**

(i) Unclaimed dividend does not include any amount outstanding as on March 31, 2016 which are required to be credited to the Investor Education and Protection Fund (Fund).

Note No. 10 - Short - term provisions

₹ in crores

Particulars	As at March 31, 2016	As at March 31, 2015
(a) Employees benefits		
Accumulated leaves	3.32	2.79
Other benefits	0.23	-
(b) Provisions -Others		
Warranties	26.11	10.26
Proposed equity dividend	639.00	599.06
Tax on proposed dividend	130.09	121.95
Total	**798.75**	**734.06**

Note No. 11 - Fixed assets

₹ in crores

Particulars	Gross Block				Accumulated depreciation/amortisation					Net block	
	Opening balance as at April 1, 2015	Additions	Deletions/ adjustments	Closing balance as at March 31, 2016	Opening balance as at April 1, 2015	Depreciation/ amortisation charge for the year	On disposals	Other/ transition adjustments	Upto March 31, 2016	As at March 31, 2016	As at March 31, 2015
(a) Tangible assets											
Land											
- Freehold	82.80	-	-	82.80	-	-	-	-	-	82.80	82.80
- Leasehold#	200.21	67.45	-	267.66	14.46	3.76	-	-	18.22	249.44	185.75
Buildings	934.65	485.50	0.03	1,420.12	162.45	32.27	0.03	-	194.69	1,225.43	772.20
Plant and equipment	3,149.62	720.17	78.25	3,791.54	1,477.38	318.02	55.71	-	1,739.69	2,051.85	1,672.24
Furniture and fixtures	30.11	4.12	5.66	28.57	10.36	2.57	1.03	-	11.90	16.67	19.75
Vehicles	34.13	8.17	7.61	34.69	18.33	3.98	5.25	-	17.06	17.63	15.80
Office equipment	32.30	6.27	2.43	36.14	16.09	5.17	1.44	-	19.82	16.32	16.21
Data Processing equipment	139.76	26.79	20.80	145.75	86.22	20.90	19.08	-	88.04	57.71	53.54
Total	**4,603.58**	**1,318.47**	**114.78**	**5,807.27**	**1,785.29**	**386.67**	**82.54**	**-**	**2,089.42**	**3,717.85**	**2,818.29**
(b) Intangible assets											
Model fee/ product design & development	535.81	61.02	-	596.83	479.03	42.46	-	-	521.49	75.34	56.78
Technical know-how/ export licenses	2,895.67	-	-	2,895.67	2,895.67	-	-	-	2,895.67	-	-
Software	78.97	18.20	-	97.17	41.35	12.27	-	-	53.62	43.55	37.62
Total	**3,510.45**	**79.22**	**-**	**3,589.67**	**3,416.05**	**54.73**	**-**	**-**	**3,470.78**	**118.89**	**94.40**
Total (a+b)	**8,114.03**	**1,397.69**	**114.78**	**9,396.94**	**5,201.34**	**441.40**	**82.54**	**-**	**5,560.20**	**3,836.74**	**2,912.69**
(c) Capital work In progress @										288.34	309.78
Intangible assets under development										317.06	402.77
										4,442.14	**3,625.24**

Note :

Includes land of ₹ 83.29 crores at Halol (Gujrat) and ₹ 78.36 crores at Jaipur pending registration in the name of the Company.

@ including pre operative expenses ₹ 0.90 crores {refer note 37}

Note No. 11 - Fixed assets (previous year)

₹ in crores

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 adjustments*	Upto March 31, 2015	As at March 31, 2015
(d) Tangible assets										
Land										
- Freehold	82.80	-	-	82.80	-	-	-	-	-	82.80
- Leasehold#	200.01	0.20	-	200.21	11.38	3.08	-	-	14.46	185.75
Buildings	497.19	437.55	0.09	934.65	116.23	27.77	0.04	18.49	162.45	772.20
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
Furniture and fixtures	22.48	8.63	1.00	30.11	7.73	2.81	0.88	0.70	10.36	19.75
Vehicles	38.47	4.30	8.64	34.13	19.34	4.75	5.87	0.11	18.33	15.80
Office equipment	22.77	9.78	0.25	32.30	5.64	5.16	0.23	5.52	16.09	16.21
Data Processing equipment	114.52	25.94	0.70	139.76	64.06	19.08	0.66	3.74	86.22	53.54
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**
(e) Intangible assets										
Model fee	535.81	-	-	535.81	422.03	57.00	-	-	479.03	56.78
Technical know-how/ export licenses**	2,892.59	3.08	-	2,895.67	2,694.66	201.01	-	-	2,895.67	-
Software	65.00	13.97	-	78.97	30.73	10.62	-	-	41.35	37.62
Total	**3,493.40**	**17.05**	**-**	**3,510.45**	**3,147.42**	**268.63**	**-**	**-**	**3,416.05**	**94.40**
Total (d+e)	**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**
(f) Capital work In progress @										309.78
Intangible assets under development										402.77
										3,625.24

Note :

* Includes ₹ 0.04 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 due to fluctuation in exchange rates.

@ Including pre operative expenses ₹ 1.37 crores {refer note 37}.

** 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

₹ in crores

	Units as at March 31, 2016	Units as at March 31, 2015	As at March 31, 2016		As at March 31, 2015	
			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	18,705,000	12,555,000	-	117.16	-	76.42
Face Value of USD 1000 each						
HMCL Americas INC	3,500	-	-	22.22	-	-
Face Value of ₹ 10 each						
HMC MM Auto Limited	16,469,993	12,869,993	-	16.47	-	12.87
HMCL(N A),Inc.(No Face Value)	2,466	2,466	-	155.38	-	155.38
			-	311.23	-	244.67
Less: Provision for diminution/ amortisation			-	(155.04)	-	(155.04)
			-	**156.19**	**-**	**89.63**
of Associates						
Face Value of ₹ 10 each						
Hero FinCorp Limited	38,343,025	21,910,300	-	421.56	-	224.37
			-	**421.56**	**-**	**224.37**
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
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	161,050	-	16.10	-	16.10
8.51% HUDCO Tax Free Bonds-Maturity-13.01.2024	250,000	250,000	-	25.00	-	25.00
8.18% PFC Tax Free Bonds-Maturity-16.11.2023	323,890	323,890	-	32.39	-	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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

Note No. 12 - Investments (Contd.)

₹ in crores

	Units as at March 31, 2016	Units as at March 31, 2015	As at March 31, 2016		As at March 31, 2015	
			Current	Non Current	Current	Non Current
10.70% Tata Motors Finance Limited-Maturity-10.04.2020	400	400	-	20.82	-	20.82
Face Value of ₹ 10,00,000 each						
13% Religare Finvest Limited-Maturity-30.05.2017	100	100	-	10.00	-	10.00
14% Religare Enterprise Limited-Maturity-30.06.2017	250	375	-	25.56	-	38.34
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
			49.79	252.52	-	315.09
Less: Provision for diminution/ amortisation			-	(1.11)	-	(0.88)
Market value Current ₹ 50.54 crores and Non Current ₹255.80 crores (previous year Current ₹ Nil and Non Current ₹318.73 crores)			**49.79**	**251.41**	**-**	**314.21**
Listed -Quoted But Not Traded						
Face Value of ₹ 1000000 each						
8.91% L&T Finance Limited-Maturity-15.04.2016	150	150	15.00	-	-	15.00
			15.00	-	-	15.00
Maturity Value Current ₹ 15 crores and Non Current ₹ Nil (previous year Current ₹ Nil and Non Current ₹ 15.00 crores)			15.00	-	-	15.00
Zero Coupon Bonds						
National Bank For Agriculture and Rural Development						
Bhavishya Nirman Bonds @ 8182 each-Maturity- 01.08.2017(38000)/01.10.2017(12200)						
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			**64.79**	**292.48**	**-**	**370.28**
Investment in Mutual Funds						
Listed -Quoted But Not Traded						
Debt fund						
(Units of the face value of ₹ 10 each)						
ICICI Prudential Mutual Fund						
FMP Series 64-3 Years Plan I Cumulative	-	10,000,000	-	-	10.00	-
FMP Series 71-366 Days Plan C Direct Plan Cumulative	17,500,000	17,500,000	17.50	-	-	17.50
FMP Series 73-391 Days Plan G Direct Plan Cumulative	-	16,000,000	-	-	16.00	-
Birla Sunlife Mutual Fund						
Fixed Term Plan-Series JY (1099 days)-Gr.-Direct	15,000,000	15,000,000	15.00	-	-	15.00
Fixed Term Plan-Series KO (399 days)-Gr.-Direct	-	25,000,000	-	-	25.00	-

Note No. 12 - Investments (Contd.)

₹ in crores

	Units as at March 31, 2016	Units as at March 31, 2015	As at March 31, 2016		As at March 31, 2015	
			Current	Non Current	Current	Non Current
IDFC Mutual Fund						
Yearly Series Interval Fund Regular Plan-Series I-Growth	-	25,000,000	-	-	25.00	-
Yearly Series Interval Fund Direct Plan-Series II-Growth	-	25,000,000	-	-	25.00	-
Fixed Term Plan Series 86 Direct Plan-Growth	-	20,000,000	-	-	20.00	-
Reliance Mutual Fund						
Annual Interval Fund -Series I-Direct Growth Plan Growth Option	22,822,076	22,822,076	30.00	-	30.00	-
Fixed Horizon Fund -XXII-Series 34-Growth Plan	-	5,000,000	-	-	5.00	-
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	22,500,000	22.50	-	-	22.50
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	-	-	25.00	-
Fixed Horizon Fund -XXVII-Series 11-Direct Plan Growth Plan	20,000,000	20,000,000	-	20.00	-	20.00
Fixed Horizon Fund -XXX-Series 4-Direct Growth Plan	30,000,000	-	-	30.00	-	-
Religare Mutual Fund						
Fixed Maturity Plan Series XIV-Plan F (1098 Days)-Direct Plan	13,500,000	13,500,000	-	13.50	-	13.50
FMP-Sr.26-Plan A (1098 Days)-Direct Sub Plan Growth	15,000,000	-	-	15.00	-	-
FMP-Sr.26-Plan C (1098 Days)-Direct Sub Plan Growth	10,000,000	-	-	10.00	-	-
FMP-Sr.27-Plan A (1100 Days)-Direct Sub Plan Growth	10,000,000	-	-	10.00	-	-
L&T Mutual Fund						
FMP Series 9- Plan D- Direct Growth	10,000,000	10,000,000	10.00	-	-	10.00
FMP Series 10- Plan H- Direct Growth	-	10,000,000	-	-	10.00	-
FMP Series 10- Plan M- Direct Growth	-	10,000,000	-	-	10.00	-
FMP Series 10- Plan Q- Direct Growth	-	25,000,000	-	-	25.00	-
J P Morgan Mutual Fund						
Fixed Maturtiy Plan Series 302 Growth	-	10,000,000	-	-	10.00	-
DHFL Pramerica Mutual Fund(Formerly Deutsche Mutual Fund)						
Fixed Maturity Plan Series 54-Direct Plan-Growth	-	10,000,000	-	-	10.00	-
Fixed Maturity Plan Series 57-Direct Plan-Growth	4,547,935	20,000,000	-	4.55	20.00	-
SBI Mutual Fund						
Debt Fund Series B-20(1100 Days) Direct Plan-Growth	10,000,000	-	-	10.00	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

Note No. 12 - Investments (Contd.)

₹ in crores

	Units as at March 31, 2016	Units as at March 31, 2015	As at March 31, 2016		As at March 31, 2015	
			Current	Non Current	Current	Non Current
HDFC Mutual Fund						
FMP 1167 D January 2016(1) -Direct-Growth-Series-35	15,000,000	-	-	15.00	-	-
Total Investment in Mutual Funds			**195.00**	**128.05**	**306.00**	**158.50**
Repurchase Price Current ₹ 237.69 crores and Non Current ₹136.56 crores (previous year Current ₹ 346.01 crores and Non Current ₹176.16 crores)						
Total Long Term Investments			259.79	1,014.22	306.00	858.72
Other than Long Term Investments (At lower of cost or fair value)						
Non Trade						
Investment in debentures / bonds						
Quoted						
Face Value of ₹ 10,00,000 each						
9.20% Bank of Baroda RR Perpetual BD 09.10.2019	50	50	-	5.15	-	5.15
			-	5.15	-	5.15
Less: Provision for diminution/ amortisation			-	(0.01)	-	(0.09)
Market value Current ₹ Nil and Non Current ₹ 5.14 crores (previous year Current ₹ Nil and Non Current ₹ 5.06 crores)			**-**	**5.14**	**-**	**5.06**
Unquoted						
Debt fund						
(Units of the face value of ₹ 10 each)						
ICICI Prudential Mutual Fund						
Blended Plan B-Direct Plan-Growth Option-I	24,817,467	24,817,467	50.00	-	50.00	-
Income Opportunities Fund-Direct Plan-Growth Option	19,387,735	-	40.00	-	-	-
Birla Sunlife Mutual Fund						
Dynamic Bond Fund- Retail- Growth	76,684,191	90,522,800	139.20	-	164.32	-
Reliance Mutual Fund						
Floating Rate-Short Term Plan -Direct Growth Plan	46,942,186	46,942,186	94.85	-	94.85	-
Corporate Bond Fund-Direct Growth Plan	53,163,841	32,000,000	57.00	-	32.00	-
Regular Savings Fund -Debt Plan -Direct Growth Plan Growth Option	75,987,841	-	156.25	-	-	-
Medium Term Fund -Direct Growth Plan-Growth Option	15,950,540	-	50.00	-	-	-
L&T Mutual Fund						
Floating Rate Fund Direct Plan-Growth	14,422,938	14,422,938	16.67	-	16.67	-
Income Opportunities Fund Direct Plan-Growth	58,823,714	28,271,410	90.00	-	40.00	-
Triple Ace Bond Fund-Bonus-Original	5,363,713	5,363,713	6.67	-	6.67	-
BNP Paribas Mutual Fund						
MediumTerm Income Fund Direct Plan Growth	25,000,000	25,000,000	25.00	-	25.00	-
DHFL Pramerica Mutual Fund(Formerly Deutsche Mutual Fund)						

Note No. 12 - Investments (Contd.)

₹ in crores

	Units as at March 31, 2016	Units as at March 31, 2015	As at March 31, 2016		As at March 31, 2015	
			Current	Non Current	Current	Non Current
Short Term Floating Rate Fund-Direct Plan Bonus(Formerly 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	-
Low Duration Fund Direct Plan-Annual Bonus (Formerly 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	15,000,000	15.00	-	15.00	-
Dual Advantage Fund -Series VIII- Direct-Growth	25,000,000	25,000,000	25.00	-	25.00	-
Dual Advantage Fund -Series XII- Direct-Growth	15,000,000	-	15.00	-	-	-
IDFC Mutual Fund						
Corporate Bond Fund Direct Plan-Growth	49,986,503	-	50.00	-	-	-
Kotak Mutual Fund						
Treasury Advantage Fund-Direct Plan-Growth	82,437,852	-	200.00	-	-	-
(Units of the face value of ₹ 1000 each)						
Reliance Mutual Fund						
Money Manager Fund-Growth Plan-Growth Option	-	646,368	-	-	80.12	-
Money Manager Fund-Direct Growth Plan Growth Option	1,890,316	-	380.25	-	-	-
Religare Invesco Mutual Fund(Formerly Religare Mutual Fund)						
Credit Opportunities Fund Direct Plan-Growth	296,856	312,215	48.43	-	50.00	-
Short Term Fund-Direct Plan Growth	673,848	-	135.00	-	-	-
Medium Term Bond Fund-Direct Plan Growth	332,394	-	50.00	-	-	-
Bank Debt Fund-Direct Plan Growth	387,669	-	50.00	-	-	-
Taurus Mutual Fund						
Ultra Short Term Bond Fund Direct Plan-Growth	271,558	-	50.00	-	-	-
Repurchase Price Current ₹ 1940.11 crores (previous year Current ₹ 787.14 crores)			**1,779.18**	**-**	**654.57**	**-**
Equity fund						
(Units of the face value of ₹ 10 each)						
L&T Mutual Fund						
Business Cycles Fund Direct Growth	3,000,000	3,000,000	3.00	-	3.00	-
DHFL Pramerica Mutual Fund(Formerly Deutsche Mutual Fund)						
Arbitrage Fund-Direct Plan-Growth	66,883,563	-	70.08	-	-	-
Religare Invesco Mutual Fund(Formerly Religare Mutual Fund)						
Arbitrage Fund -Direct Plan -Dividend	77,316,797	-	100.00	-	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

Note No. 12 - Investments (Contd.)

₹ in crores

	Units as at March 31, 2016	Units as at March 31, 2015	As at March 31, 2016		As at March 31, 2015	
			Current	Non Current	Current	Non Current
Repurchase Price Current ₹180.54 crores (previous year Current ₹3.73 crores)			**173.08**	**-**	**3.00**	**-**
Liquid fund						
(Units of the face value of ₹ 10 each)						
Escorts Mutual Fund						
Liquid Direct Plan-Growth	8,815,873	8,815,873	16.51	-	16.51	-
Sundaram Mutual Fund						
Money Fund-Direct Plan-Growth	42,076,461	-	134.25	-	-	-
(Units of the face value of ₹ 100 each)						
ICICI Prudential Mutual Fund						
Liquid Direct plan-Growth	4,462,450	2,415,432	100.00	-	50.00	-
Birla Sunlife Mutual Fund						
Cash Plus-Growth-Direct Plan	2,283,813	12,985,185	55.50	-	290.60	-
(Units of the face value of ₹ 1000 each)						
Reliance Mutual Fund						
Liquidity Fund- Direct Growth Plan Growth Option	1,846,199	1,559,790	420.40	-	327.20	-
Taurus Mutual Fund						
Liquid Fund-Direct Plan-Super Institutional Growth	-	330,345	-	-	50.00	-
IDFC Mutual Fund						
Cash Fund -Growth-(Direct Plan)	970,501	734,163	178.50	-	124.75	-
L&T Mutual Fund						
Liquid Fund Direct Plan-Growth	192,780	208,656	40.00	-	40.00	-
Axis Mutual Fund						
Liquid Fund-Direct Plan-Growth	237,171	1,794,407	39.80	-	277.70	-
Kotak Mutual Fund						
Liquid Scheme Plan A-Direct Plan-Growth	-	352,834	-	-	100.00	-
Religare Invesco Mutual Fund						
Liquid Fund-Direct Plan Growth	240,103	-	50.00	-	-	-
Principal Mutual Fund						
Cash Management Fund-Direct Plan-Growth	-	367,952	-	-	50.00	-
Repurchase Price Current ₹ 1041.33 crores (previous year Current ₹ 1333.33 crores)			**1,034.96**	**-**	**1,326.76**	**-**
Total Investment in Mutual Funds			**2,987.22**	**-**	**1,984.33**	**-**
Total Other than Long Term Investments			**2,987.22**	**5.14**	**1,984.33**	**5.06**
			3,247.01	**1,019.36**	**2,290.33**	**863.78**

Note No. 12 - Investments (Contd.)

₹ in crores

Aggregate value of	As at March 31, 2016		As at March 31, 2015	
	Book value	Market value	Book value	Market value
Quoted investments -Non Current(Repurchase Price/Market Value/Maturity Value)	426.79	486.06	534.81	615.34
Quoted investments-Current(Repurchase Price/Market Value/Maturity Value)	259.79	303.23	306.00	346.01
Unquoted investments-Non Current (Repurchase Price/Maturity Value/Cost)	748.73	593.69	484.98	329.94
Unquoted investments-Current (Repurchase Price/Maturity Value/Cost)	2,987.22	3,161.98	1,984.33	2,124.20
diminution/amortisation-Non Current	(156.16)	-	(156.01)	-
	4,266.37	**4,544.96**	**3,154.11**	**3,145.49**

Note No. 13 - Long - term loans and advances

₹ in crores

Particulars	As at March 31, 2016	As at March 31, 2015
Unsecured, considered good		
Capital advances	336.59	181.13
Security Deposits	23.20	18.39
Loans to employees	26.70	30.09
Prepaid expenses	2.74	0.46
Advance income tax	227.54	85.19
Balance with Government authorities		
- Excise duty	43.78	45.84
- VAT/ sales tax	209.87	255.72
Total	**870.42**	**616.82**

Note No. 14 - Other non -current assets

₹ in crores

Particulars	As at March 31, 2016	As at March 31, 2015
Unsecured, considered good		
Accruals		
Interest accrued on investments	73.68	60.19
Total	**73.68**	**60.19**

Note No. 15 - Inventories*

₹ in crores

Particulars	As at March 31, 2016	As at March 31, 2015
Raw materials and components	375.16	512.98
Goods in transit of raw materials and components	13.57	38.25
Work in progress (Two wheelers)	27.91	31.60
Finished goods		
Two wheelers	111.25	103.37
Goods in transit of two wheelers	-	2.76
Spare parts	54.66	44.21
Stores and spares	70.70	63.92
Loose tools	19.73	18.40
Total	**672.98**	**815.49**

* Lower of cost and net realisable value.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

Note No. 16 - Trade receivables

₹ in crores

Particulars	As at March 31, 2016	As at March 31, 2015
(a) Outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	0.89	3.24
Unsecured, considered good	4.56	12.09
Unsecured considered doubtful	14.05	11.10
	19.50	26.43
Less: Provision for doubtful trade receivables	14.05	11.10
	5.45	**15.33**
(b) Others		
Secured, considered good	24.44	23.44
Unsecured, considered good	1,252.91	1,350.82
Total	**1,282.80**	**1,389.59**

Note No. 17 - Cash and cash equivalents

₹ in crores

Particulars	As at March 31, 2016	As at March 31, 2015
(a) Cash on hand	0.14	0.17
(b) Balances with banks		
In current accounts	25.77	32.61
In deposit accounts*	30.56	65.19
In dividend current accounts (Earmarked accounts)	74.89	61.28
Total	**131.36**	**159.25**

* Balance with banks include deposits amounting to ₹ 30.50 crores (previous year ₹ 28.19 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 ₹ 29.52 crores (previous year ₹ 27.28 crores).

Note No. 18 - Short - term loans and advances

₹ in crores

Particulars	As at March 31, 2016	As at March 31, 2015
Unsecured, considered good		
Security deposits	0.94	0.62
Loans and advances to employees	23.12	23.86
Prepaid expenses	35.78	28.85
Balance with Government authorities		
- CENVAT/ Service tax credit	132.52	281.83
- VAT/ sales tax	213.36	114.21
- Excise duty -current account	1.65	0.38
- Export incentive receivables	10.95	21.90
Others		
- Advance to vendors	97.91	91.95
- Others	5.23	4.06
Total	**521.46**	**567.66**

Note No. 19 - Other current assets

₹ in crores

Particulars	As at March 31, 2016	As at March 31, 2015
Unsecured, considered good		
(a) Accruals		
Interest accrued on investments	15.24	17.86
Incentive on investment made in Neemrana plant from Rajasthan state Government	50.77	30.78
Other accruals	13.47	11.17
Total	**79.48**	**59.81**

Note No. 20 - Revenue From Operations

₹ in crores

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
(a) Sale of products		
Two wheelers	27,853.97	26,789.45
(66,32,322 Nos. (previous year 66,31,826 Nos.))		
Spare parts	2,564.69	2,278.79
	30,418.66	**29,068.24**
Less: Excise duty	2,258.18	1,717.64
	28,160.48	**27,350.60**
(b) Income from services		
Dealers support services	26.55	25.81
Goodlife program for customers	55.30	60.99
Services - others	117.58	80.60
	199.43	**167.40**
(c) Other operating revenue		
Duty drawback and other incentives	22.18	24.51
Incentive on investment made in Neemrana plant from Rajasthan state Government	213.29	30.78
Miscellaneous income	3.92	12.01
	239.39	**67.30**
	438.82	**234.70**
Total	**28,599.30**	**27,585.30**

Note No. 21 - Other Income

₹ in crores

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
(a) Interest income		
Intercorporate deposits	-	1.85
Current - Non trade investments	0.55	1.29
Long term - Non trade investments	40.99	49.08
Others	122.51	97.01
(b) Dividend income		
Current investments - Non trade	7.06	1.50
Long term investments - Trade	4.38	2.19
Long term investments - Non trade	0.12	0.06
(c) Net gain on sale of non trade: *		
Current investments	166.53	240.30
Long term investments	38.01	79.57
(d) Other Non operating Income		
Profit on sale of fixed assets	0.51	0.68
Exchange fluctuation	10.46	19.21
Total	**391.12**	**492.74**

* After adjusting loss on sale of current investments aggregating ₹ 0.03 crores (previous year ₹ 0.21 crores)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

Note No. 22 - Cost of materials consumed

₹ in crores

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Raw materials and components consumed:		
Opening stock	551.23	445.86
Add: Purchase of raw materials and components	19,246.60	19,981.12
	19,797.83	20,426.98
Less: closing stock	388.73	551.23
	19,409.10	**19,875.75**
Less:- Sale of components to ancillaries		
on cost to cost basis	1.76	1.09
	19,407.34	19,874.66
Less: Cash discount	59.64	61.56
Consumption of raw materials and components	19,347.70	19,813.10
Less: Scrap sales	25.98	29.22
Net consumption	**19,321.72**	**19,783.88**
Materials consumed comprises:		
Steel sheets	30.55	30.55
Components	19,376.79	19,844.11
Total	**19,407.34**	**19,874.66**

Note No. 23 - Changes in inventory of finished goods and work-in-progress

₹ in crores

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
(a) Opening 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 opening stock	19.15	14.28
Net opening stock	**162.79**	**132.82**
(b) Closing stock		
Two wheelers	111.25	106.13
Spare parts	54.66	44.21
Work in progress	27.91	31.60
	193.82	181.94
Less: Excise duty on closing stock	24.21	19.15
Net closing stock	**169.61**	**162.79**
Net (increase)/ decrease	**(6.82)**	**(29.97)**

Note No. 24 - Employee benefits expenses

₹ in crores

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Employee benefits expenses (Refer (i) & (ii) below)		
(i) Salaries and wages	1,168.57	1,024.92
(ii) Contribution to provident and other funds	78.13	80.91
(iii) Employee Stock Compensation Cost (refer note no 39)	0.93	0.67
(iv) Staff welfare expenses	71.93	66.37
Total	**1,319.56**	**1,172.87**
(i) Defined contribution and other plans	**2015-16**	**2014-15**
Employer's contribution to provident fund	43.84	38.26
Employer's contribution to superannuation fund	17.95	16.60
Employer's contribution to Gratuity fund	13.61	23.72
Employer's contribution to ESIC	2.73	2.33
Total	**78.13**	**80.91**

(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.

₹ in crores

i. Change in benefit obligation	For the year ended March 31, 2016	For the year ended March 31, 2015
Present value of obligation at the beginning of the year	148.48	120.54
Current Service Cost	9.98	8.26
Interest Expenses	11.57	10.30
Actuarial (Gain) / Loss	4.84	14.86
Benefits Paid	(7.54)	(5.48)
Present value of obligation at the end of the year	167.33	148.48

₹ in crores

ii. Fair value of Plan Assets	For the year ended March 31, 2016	For the year ended March 31, 2015
Fair value of plan assets at the beginning of the year	148.48	120.54
Expected return on scheme assets	13.60	11.07
Contributions by the Company	13.61	23.72
Benefits Paid	(7.54)	(5.48)
Actuarial Gain / (Loss)	(0.82)	(1.37)
Fair value of plan assets at the end of the year	167.33	148.48

₹ in crores

iii. Return on Plan Assets	For the year ended March 31, 2016	For the year ended March 31, 2015
Expected return on plan assets	13.60	11.07
Actuarial Gain / (Loss)	(0.82)	(1.37)
Actual return on plan assets	12.78	9.70

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

₹ in crores

iv. Amount recognised in the Balance Sheet	For the year ended March 31, 2016	For the year ended March 31, 2015
Present value of defined benefit obligation	167.33	148.48
Fair value of Plan Assets	167.33	148.48

₹ in crores

v. Expenses recognised in the statement of profit and loss	For the year ended March 31, 2016	For the year ended March 31, 2015
Current service costs	9.98	8.26
Interest expense	11.57	10.30
Expected return on plan assets	(13.60)	(11.07)
Net actuarial (gain)/loss recognized during the year	5.66	16.23
Expenditure recognized in statement of Profit and Loss	13.61	23.72

₹ in crores

vi. Balance Sheet reconciliation	For the year ended March 31, 2016	For the year ended March 31, 2015
Expenses as above	13.61	23.72
Contribution paid	(13.61)	(23.72)

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	For the year ended March 31, 2016	For the year ended March 31, 2015
Rate for discounting liabilities	7.90.% p.a.	8.00% p.a.
Expected salary increase rate	6.00% p.a. for first four years and 5% thereafter	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%	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.

₹ in crores

Experience adjustments	2015-16	2014-15	2013-14	2012-13	2011-12
Gratuity					
Present value of Defined benefit plan	167.33	148.48	120.54	109.55	89.95
Fair value of plan assets	167.33	148.48	120.54	109.55	89.95
Experience (gain) / loss adjustments on plan liabilities	3.63	13.31	7.51	4.08	15.28
Experience (gain) / loss adjustments on plan assets	0.82	1.37	0.52	1.30	0.10

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

₹ in crores

Particulars		For the year ended March 31, 2016	For the year ended March 31, 2015
(a)	Interest expenses		
	On dealers security deposits	1.97	1.85
	On others	0.18	9.24
Total		**2.15**	**11.09**

Note No. 26 - Other expenses

₹ in crores

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Stores and tools consumed	103.08	106.96
Packing, forwarding, freight etc.	866.58	855.68
Power and fuel	122.13	158.47
Rent	33.24	22.20
Lease rent	27.01	22.67
Repairs and maintenance		
- Buildings	18.12	15.84
- Plant and machinery	78.61	70.08
- Others	66.36	52.52
Insurance charges	47.57	48.50
Rates and taxes	221.97	189.46
Royalty	78.89	121.41
Advertisement and publicity	725.40	668.95
Donations#	1.64	10.91
Expenditure on corporate social responsibility	65.00	2.37
Auditors' remuneration	2.11	1.76
Loss on fixed assets sold/discarded	26.10	22.84
Provision for diminution/amortization in value of investments		
- Long term non trade investment	0.52	0.72
Provision for doubtful debts	2.95	0.70
Miscellaneous expenses	1,030.55	744.30
Total	**3,517.83**	**3,116.34**

Donation includes ₹ 0.10 crores to a political party All India Congress Comittee (previous year ₹ 8.00 crores contributed to Satya Electoral Trust).

Note No. 27 - Earnings per equity share*

Particulars		Unit	For the year ended March 31, 2016	For the year ended March 31, 2015
(a)	**Earnings per equity share (EPS):**			
	Net profit after tax	₹ in crores	3,132.37	2,385.64
	Weighted average number of equity shares outstanding during the year	Numbers	199,687,528	199,687,500
	Nominal Value of Equity Shares	₹	2.00	2.00
	Basic and diluted EPS - before exceptional item	₹	156.86	127.23
	Basic/ diluted EPS - after exceptional items	₹	156.86	119.46

* Impact of ESOP is anti dilutive.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

Note No. 28 - Contingent Liabilities and Commitments (to the extent not provided for)

₹ in crores

Particulars	As at March 31, 2016	As at March 31, 2015
(a) Contingent liabilities		
(i) In respect of excise matters	-	4.09
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 ₹ 336.59 crores (previous year ₹ 181.13 crores))	650.44	812.33
Other commitments (Refer note below)		
Total	**650.44**	**816.42**

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.

Note No. 30 - Related party disclosures under Accounting Standard 18

a) Parties over which the Company has control

Subsidiaries

HMCL (NA) Inc
HMCL Americas Inc. (w.e.f June 26, 2015)
HMCL Netherlands BV (w.e.f. June 20, 2014)
HMC MM Auto Limited

Subsidiaries of HMCL Netherlands BV

- HMCL Colombia SAS (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 3}

Brijmohan Lall Om Prakash (partnership firm)

c) Associate of the Company

Hero FinCorp Limited

d) Key Management Personnel and their relatives

Mr. Brijmohan Lall Munjal	- Chairman (Upto May 31, 2015 and thereafter as Director upto October 31, 2015)
Mr. Pawan Munjal	- Chairman, (from June 1, 2015) Managing Director and CEO
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

a) Parties over which the Company has control

₹ in crores

	This year	Previous year
Equity Investment		
Subsidiaries		
HMCL Americas Inc	22.22	-
HMCL Netherlands BV	40.74	76.42
HMC MM Auto Limited	3.60	11.07
Provision for diminution in value of Investments		
HMCL (NA) Inc *	-	151.10
Sales		
HMCL Colombia SAS	124.83	77.98
Other revenues		
HMCL Colombia SAS	1.66	-
Purchases of goods/fixed assets		
HMC MM Auto Limited	0.07	0.03
HMCL Americas Inc.	18.50	-
Expenses reimbursed		
HMCL Colombia SAS	9.75	2.50
Balance outstanding at the year end		
-Receivable	7.92	20.43
- Payable	18.57	0.03

*Excluding costs incidental to investments

b) Parties in respect of which the Company is an associate

₹ in crores

	This year	Previous year
Dividend paid*		
Brijmohan Lall Om Prakash	360.06	588.85

*Exclude proposed final dividend

c) Associate of the Company

₹ in crores

	This year	Previous year
Hero FinCorp Limited		
Lease rental expenses	24.67	20.86
Dividend received	4.38	2.19
Dividend paid	0.01	0.01
Intercorporate deposits given	-	295.00
Intercorporate deposits repaid	-	515.00
Interest on Inter corporate deposits	-	1.85
Investment in equity shares	197.19	167.90
Expenses reimbursed	16.14	3.08
Security deposit received	-	0.01
Rent received	0.05	0.01
Balance outstanding at the year end		
- Payable	0.57	1.72

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

d) Key management personnel and their relative.

₹ in crores

	This year	Previous year
Managerial Remuneration/Sitting fees		
Mr. Brijmohan Lall Munjal	17.29	43.60
Mr. Pawan Munjal	56.96	44.24
Mr. Sunil Kant Munjal	54.11	42.26
Mr. Suman Kant Munjal	0.06	0.06
Balance outstanding at the year end		
-Payables (including commission)	98.00	103.83

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

₹ in crores

	This year	Previous year
Purchase of raw materials and components etc.	2453.51	2346.06
Purchase of assets	31.65	34.35
Payment towards services etc.	2.45	2.03
Expenses reimbursed	-	4.34
Donation	-	0.40
Balance outstanding as at the year end		
- Receivable	0.15	1.01
- Payables	275.23	272.91

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

₹ in crores

	This year	Previous year
Purchase of raw materials and components etc.		
A.G. Industries Private Limited	560.89	707.75
Rockman Industries Limited	1824.01	1541.57
Purchase of Assets		
Rockman Industries Limited	21.03	21.76
A.G. Industries Private Limited	-	0.86
Hero Solar Energy Private Limited	10.61	11.73
Payment for services etc.		
Hero Management Services	0.67	0.36
Hero Mindmine Institute Limited	1.78	1.67
Expenses reimbursed		
Hero InvestCorp Limited	-	4.34
Donation		
Raman Kant Munjal Foundation	-	0.40

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 ₹ 42.85 crores (previous year ₹ 27.87crores) have been charged under "Lease rentals" and " Rent" in Note 26.

Future lease payments under operating leases non-cancellable in nature is as follows:

₹ in crores

Particulars	This year	Previous year
Payable not later than one year	15.84	15.84
Payable later than one year and not later than five years	10.56	26.40
Total	**26.40**	**42.24**

Note No. 32 - Information pursuant to clause 3 (vii) (b) of the Companies (Auditor's Report) Order, 2016 in respect of disputed dues, not deposited as at March 31, 2016, pending with various authorities:

Name of Statute	Nature of Dues	Amount* (₹ in crores)	Amount paid under protest (₹ in crores)	Period to which the Amount Relates	Forum where Dispute is Pending
Central Excise Law	Excise duty	1,001.73	480.83	2000-2001 and 2002-2015	CESTAT
		2.82	0.09	2009-10, 2013-14, 2014-15, 2015-16	Commissioner Appeals
	Service Tax	0.89	0.45	2004-05 and 2005-06	Supreme Court
		255.08	22.04	2004-05 to 2011-12	CESTAT
Sales Tax	Sales Tax	1.90	1.90	1998-99, 1999-2000	Haryana Tax Tribunal
		5.22	-	2011-12	Commissioner Appeals (Dehradun)
Income Tax Act, 1961	Income-tax	3081.28	201.16	2009-10	Income Tax Appellant Tribunal
		3120.09	-	2010-11	Income Tax Appellant Tribunal
		14.25	7.13	2011-2012 to 2013-2014	Commissioner Appeal, Dehradun

*Amount as per demand orders including interest and penalty wherever indicated in the order and excludes disputed dues fully paid.

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

Name of Statute	Nature of Dues	Amount* (₹ in crores)	Period to which the Amount Relates	Forum where Dispute is Pending
Central Excise Law	Excise duty	2.19	2004-05 to 2010-11	CESTAT
	Service Tax	0.20	2004-05 and 2005-06	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 and 2006-07	High Court
		73.94	2001-02, 2003-04, 2005-06 and 2009-10	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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

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 28.00	USD 2.00	USD 13.00
Options contracts				
Hedging				
USD- Call	-	-	-	3.00
USD- Put	-	-	3.00	3.00

The unhedged foreign currency exposures are as under:

	As at March 31, 2016		As at March 31, 2015	
	Amount of foreign currency in million	Amount in ₹ crores	Amount of foreign currency in million	Amount in ₹ crores
Payables	JPY 898.12	53.04	JPY 269.85	14.06
	USD 17.58	116.84	USD 11.26	70.37
	EUR 2.93	21.95	EUR 0.57	3.85

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:

₹ in crores

	This year	Previous year
Provision at the beginning of the year	66.32	48.61
Additional provision made during the year	65.34	48.66
Amount utilised during the year	36.56	30.95
Provision as at the end of the year	95.10	66.32

Note No. 36 - Research and Development

Expenses charged to revenue account

₹ in crores

	This year	Previous year
Raw Material consumption	1.24	0.68
Consumables	0.05	0.34
Employee benefits	90.57	67.82
Depreciation and amortisation	17.31	14.80
Others*	170.07	41.42
Total	**279.24**	**125.06**

* Includes intangible assets under development amounting to ₹ 82.89 crores (previous year ₹ 20.11 crores) expensed during the year.

Capital expenditure during the year

₹ in crores

	This year	Previous year
Building	385.27	-
Equipments	272.40	18.43
Furniture and fixtures	1.51	-
Office equipments	-	0.01
Software	-	3.51
Vehicles	3.32	0.29
Data processing equipments	10.49	0.23
	672.99	**22.47**
Capital work in progress	83.63	575.51
Total	**756.62**	**597.98**

Note No. 37 - Pre-operative expenses

₹ in crores

	This year	Previous year
Employee benefit expenses		
Salaries and wages	0.32	0.62
Other expenses		
Rent	-	0.17
Miscellaneous expenses	0.58	0.58
Total	**0.90**	**1.37**

Note No. 38 - In the previous year, 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 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 was occasioned by inability of EBR to honor outstanding creditors. Consequently the net worth of HMCL (NA) Inc. got fully eroded. In view of the above, the Company in the previous year 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. 39 - 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. 49,90,000 options are covered under the Scheme for 49,90,000 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 ₹ 2159 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 fair value as on the date of the grant of the options, representing Stock compensation charge, is expensed over the vesting period.

Employee Stock option details as on the balance sheet date are as follows

	This year	Previous year
	Employee Incentive Scheme 2014	
Option outstanding at the beginning of the year:	23,110	-
Granted during the year:	-	23,110
Vested during the year:	4,622	-
Exercised during the year:	2,588	-
Lapsed during the year:	1,746	-
Options outstanding at the end of the year:	18,776	23,110
Options available for grant:	49,68,636	49,66,890
The weighted average share price at the date of exercise for stock options exercised during the year	2,851.50	-
Weighted average remaining contractual life for options outstanding as at the year end.	3.43	4.43

Exercise price for options outstanding at the end of the year ₹ 2159.

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	
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. 40 - Addition in share premium account represents premium @ ₹ 2157 per share amounting to ₹ 0.56 crores and ₹ 0.31 crores transferred from share option outstanding account on 2588 equity shares issued and allotted during the year under ESOP Scheme.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

Note No. 41 - Corporate Social responsibility

₹ in crores

Particular		This year	Previous year
(a)	Gross amount required to be spent	58.18	55.07
(b)	Amount spent for the purposes other than construction/acquisition of assets in the company.	65.00	2.37
(c)	Details of contribution to the related party*		
	- Brijmohal Lall Munjal University	27.05	-
	- Raman Munjal Vidya Mandir	7.50	-

* Related party pursuant to the key management personnel of the Company having significant influence.

Note No. 42 - Additional information

a) CIF Value of imports:

₹ in crores

Class of goods	This year	Previous year
Capital goods	162.04	145.98
Raw materials *	0.62	16.92
Components, spare parts and others *	894.50	1,182.28

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

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

₹ in crores

Class of goods	This year		Previous year	
	Value	Percentage %	Value	Percentage %
Raw materials				
-Imported **	2.97	0.01	14.33	0.07
-Indigenous	16.96	0.09	16.22	0.08
Components				
-Imported **	969.59	5.00	1,180.09	5.94
-Indigenous	18,417.82	94.90	18,664.02	93.91
	19,407.34 *	100.00	19,874.66 *	100.00
Spares consumed (charged to repairs and maintenance)				
-Imported	7.78	18.45	7.23	16.99
-Indigenous	34.38	81.55	35.32	83.01
	42.16	100.00	42.55	100.00

*Includes ₹ 2.93 crore (previous year ₹ 1.55 crore) 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):

₹ in crores

	This year	Previous year
Royalty	78.89	121.41
Technical guidance fee	23.82	2.67
Travel and other accounts	72.14	150.65
Advertisement and Publicity	97.45	128.84

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

₹ in crores

	This year	Previous year
FOB value of exports	776.74	720.18
Freight and insurance	0.53	1.49
Royalty	0.89	-

e) Provision and/or payment in respect of Auditors' Remuneration:

₹ in crores

	This year	Previous year
a) As Statutory Auditors		
- Audit fee	0.92	0.82
- Audit fee for Internal Control Over Financial Reporting	0.15	-
- Limited Review of unaudited financial results	0.66	0.64
- Other certification	0.32	0.22
b) Tax audit fees	0.07	0.06
c) Out of pocket expenses	0.02	0.02

Note No. 43 - Previous Year figures have been regrouped/ reclassified wherever necessary to correspond with the current year classifications / disclosures.

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

For and on behalf of the Board of Directors

Pawan Munjal
Chairman, Managing Director & CEO
DIN- 00004223

Jaideep Bhargava
Partner

Pradeep Dinodia
Chairman- Audit Committee
DIN- 00027995

Ravi Sud
Sr. Vice President & CFO

New Delhi
May 5, 2016

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 associate, comprising of the Consolidated Balance Sheet as at March 31, 2016, 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 Associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, as applicable. The respective Board of Directors of the companies included in the Group and of its associate 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. 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 Other Matter 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 associate as at March 31, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matter

We did not audit the financial statements of HMCL (NA) Inc., HMCL Americas Inc. and HMCL Netherlands B.V. subsidiaries of the Company and HMCL Colombia S.A.S. and HMCL Niloy Bangladesh Limited, subsidiaries of HMCL Netherlands B.V., whose financial statements reflect total assets of ₹ 369.57crores as at March 31, 2016, total revenues of ₹ 142.41crores and net cash flows amounting to ₹ 7.99 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, is based solely on the reports of the other auditors.

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 matter 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 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 prescribed under Section 133 of the Act, as applicable.

   e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company and an associate company incorporated in India, none of the directors of the Holding company, its subsidiary company and its associate company incorporated in India is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our Report in **"Annexure A"**, which is based on the auditors' reports of the Holding company, subsidiary company and its associate company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company's / subsidiary company's / associate company's incorporated in India internal financial controls over financial reporting.

   g) 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 associate.

      ii. The Group and its associate 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. In respect of an associate incorporated in India, there has been a delay in transferring ₹ 0.06 crore (deposited subsequent to year end), required to be transferred, to the Investor Education and Protection Fund. 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)
Gurgaon, May 5, 2016

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of **HERO MOTOCORP LIMITED** (hereinafter referred to as "the Holding Company"), its subsidiary company and its associate company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary company and its associate company which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the "Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the auditors of the subsidiary company and associate company, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted

accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Holding Company, its subsidiary company and its associate company which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on "the internal control over financial reporting criteria established by the Holding Company, its subsidiary company and its associate company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to the subsidiary company and its associate company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm Registration No. 015125N)

Jaideep Bhargava
Partner
(Membership No. 90295)

Gurgaon, May 5, 2016

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2016

₹ in crores

Particulars			Note No.	As at March 31, 2016	As at March 31, 2015
I	**Equity and Liabilities**				
1	**Shareholders' funds**				
	(a)	Share capital	3	39.94	39.94
	(b)	Reserves and surplus	4	7,912.74	6,500.06
2	**Minority Interest**			53.62	18.54
3	**Non - current liabilities**				
	(a)	Long - term borrowings	5	145.98	12.00
	(b)	Other long - terms liabilites	6	34.89	31.33
	(c)	Deferred tax liabilities (Net)	7	227.79	-
	(d)	Long - term provisions	8	84.64	66.25
4	**Current liabilities**				
	(a)	Short- term borrowings	9	84.06	88.00
	(b)	Trade payables	10		
	(i)	Total outstanding dues of micro enterprises and small enterprises		-	-
	(ii)	Total outstanding dues of creditors other than micro enterprises and small enterprises		2,791.70	2,713.09
	(c)	Other current liabilities	11	497.45	450.74
	(d)	Short - term provisions	12	798.89	734.40
Total				**12,671.70**	**10,654.35**
II	**Assets**				
1	**Non - current assets**				
	(a)	Fixed assets	13		
		(i) Tangible assets		3,907.02	2,850.86
		(ii) Intangible assets		129.07	101.42
		(iii) Capital work-in-progress		330.78	315.12
		(iv) Intangible assets under development		322.59	404.08
	(b)	Non- current investments	14	945.26	821.15
	(c)	Deferred tax assets (Net)	7	-	73.54
	(d)	Long - term loans and advances	15	876.39	648.27
	(e)	Other non- current assets	16	73.68	60.19
2	**Current assets**				
	(a)	Current investments	14	3,249.15	2,297.35
	(b)	Inventories	17	761.99	861.39
	(c)	Trade receivables	18	1,282.08	1,371.82
	(d)	Cash and cash equivalents	19	179.09	215.78
	(e)	Short - term loans and advances	20	535.12	573.41
	(f)	Other current assets	21	79.48	59.97
Total				**12,671.70**	**10,654.35**

Accompanying notes forming part of the consolidated financial statements 1 to 41

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Jaideep Bhargava
Partner

New Delhi
May 5, 2016

For and on behalf of the Board of Directors

Pawan Munjal
Chairman, Managing Director & CEO
DIN- 00004223

Pradeep Dinodia
Chairman- Audit Committee
DIN- 00027995

Ravi Sud
Sr. Vice President & CFO

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2016

₹ in crores

	Particulars	Note No.	For the year ended March 31, 2016	For the year ended March 31, 2015
I	**Revenue from Operations**	22		
	(a) Gross sales of products		30,434.29	29,020.98
	Less: Excise duty		2,258.21	1,717.65
			28,176.08	**27,303.33**
	(b) Sale of services and other operating revenue		437.65	234.70
	Net revenue from operations		**28,613.73**	**27,538.03**
II	**Other income**	23	389.08	492.11
III	**Total Revenue (I + II)**		**29,002.81**	**28,030.14**
IV	**Expenses:**			
	(a) Cost of materials consumed	24	19,357.95	19,790.40
	(b) Changes in inventories of finished goods and work-in-progress	25	(44.80)	(75.10)
	(c) Employee benefits expenses	26	1,343.06	1,178.72
	(d) Finance costs	27	11.87	11.70
	(e) Depreciation and amortization expenses	13	447.01	540.45
	(f) Other expenses	28	3,575.27	3,147.28
	Total Expenses		**24,690.36**	**24,593.45**
V	**Profit before exceptional item and tax (III - IV)**		**4,312.45**	**3,436.69**
VI	**Exceptional item - Provision for diminution in value of non current investment (refer note no. 37)**		-	144.73
VII	**Profit before tax (V -VI)**		**4,312.45**	**3,291.96**
VIII	**Tax expenses**			
	(a) Current tax		960.91	899.18
	(b) Deferred tax		301.33	44.27
			1,262.24	**943.45**
IX	**Profit for the year before share of profit of associate and minority interest (VII-VIII)**		**3,050.21**	**2,348.51**
X	**Share of profit of associate**		39.46	15.15
XI	**Less: Minority interest profit/(loss)**		(4.11)	(1.04)
XII	**Profit for the year (IX+X-XI)**		**3,093.78**	**2,364.70**
XIII	**Basic and diluted earnings per equity share (of ₹ 2 each):**	29		
	(a) before exceptional items		154.93	125.66
	(b) after exceptional items		154.93	118.41
	Accompanying notes forming part of the consolidated financial statements	1 to 41		

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Jaideep Bhargava
Partner

New Delhi
May 5, 2016

For and on behalf of the Board of Directors

Pawan Munjal
Chairman, Managing Director & CEO
DIN- 00004223

Pradeep Dinodia
Chairman- Audit Committee
DIN- 00027995

Ravi Sud
Sr. Vice President & CFO

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2016

₹ crores

		Year ended March 31, 2016		Year ended March 31, 2015	
A.	**Cash Flow from Operating Activities**				
	Profit before Tax		**4,312.45**		**3,291.96**
	Adjustments for:				
	Add: Depreciation and amortisation	447.01		540.45	
	Loss on fixed assets sold/discarded	108.99		22.84	
	Loss on sale of non-trade current investments	0.03		0.21	
	Provision for diminution in value of investment:				
	Exceptional item: Long term trade investment - non current	-		144.73	
	Long term non trade investment	0.52		0.72	
	Finance cost	11.87		11.70	
	Impairment of goodwill on consolidation	-		3.94	
	Expense on employee stock option scheme	0.93		0.67	
	Provision for doubtful debts	3.03		0.70	
			572.38		**725.96**
	Less: Interest on long term and current non-trade investments	41.54		50.37	
	Interest on loans, deposits etc.	124.24		99.64	
	Profit on sale of fixed assets	0.51		0.68	
	Foreign currency translation (net)	(1.81)		3.64	
	Dividend income:				
	On current Investments - Non-Trade	7.06		1.50	
	On long-term investments- Non trade	0.12		0.06	
	Profit on sale of non-trade current investments	205.18		320.75	
			376.84		**476.64**
	Operating profit before working capital changes		**4,507.99**		**3,541.28**
	Changes in working capital:				
	Adjustment for (increase)/decrease in operating assets:				
	Inventories	99.40		(191.84)	
	Trade receivables	86.71		(451.94)	
	Short-term loans and advances	38.29		(243.03)	
	Long-term loans and advances	44.21		(23.14)	
	Other current assets	(22.13)		(30.78)	
			246.48		**(940.73)**
	Adjustment for increase/(decrease) in operating liabilities:				
	Trade payables	78.61		563.92	
	Other current liabilities	28.42		(5.22)	
	Other long-term liabilities	3.56		6.88	
	Short-term provisions	16.61		2.99	
	Long-term provisions	18.39		16.23	
			145.59		**584.80**
	Cash generated from operations		**4,900.06**		**3,185.35**
	Less: Direct taxes paid		1,103.65		999.84
	Net cash from operating activities		**3,796.41**		**2,185.51**
B	**Cash Flow from Investing Activities**				
	Proceeds from sale of fixed assets		6.63		2.71
	Sale of investments		26,972.56		20,655.46
	Purchase of Investment		(27,521.95)		(19,306.17)
	Investment in Associates		(197.19)		(152.40)
	Inter corporate deposits received back		-		515.00
	Inter corporate deposits paid		-		(295.00)
	Interest received on long term and current non-trade investments		30.67		30.85
	Interest received on loans, deposits etc.		124.24		99.64

₹ crores

		Year ended March 31, 2016	Year ended March 31, 2015
	Dividend income		
	On current Investments - Non-Trade	7.06	1.50
	On long-term investments-Trade and Non trade	0.12	0.06
	Capital expenditure on fixed assets, including capital advances	(1,708.02)	(1,232.93)
	Payment of deferred credits	-	(287.34)
	Net cash from / (used) in investing activities	**(2,285.88)**	**31.38**
C.	**Cash Flow from Financing Activities**		
	Interest paid	(11.23)	(11.70)
	Dividends paid	(1,397.81)	(1,897.03)
	Tax on dividend	(284.56)	(322.40)
	Proceeds from issue of equity share capital	0.56	-
	Proceeds from long-term borrowings	136.15	12.00
	Proceeds from other short-term borrowings (net)	(3.94)	88.00
	Net cash (used) in financing activities	**(1,560.83)**	**(2,131.13)**
D.	**Increase/(Decrease) In Cash and Cash Equivalents (A+B+C)**	**(50.30)**	**85.76**
	Cash and cash equivalents at the beginning of the year	154.50	68.74
	Cash and cash equivalents at the end of the year		
	Cash and bank balances	104.20	154.50
		104.20	**154.50**
	Reconciliation		
	Cash and Bank balances as per Balance Sheet	**179.09**	**215.78**
	Less: Unpaid dividend current account with Banks	74.89	61.28
	Net Cash and cash equivalents at the end of the year	**104.20**	**154.50**

Accompanying notes forming part of the consolidated financial statements 1 to 41

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Jaideep Bhargava
Partner

New Delhi
May 5, 2016

For and on behalf of the Board of Directors

Pawan Munjal
Chairman, Managing Director & CEO
DIN- 00004223

Pradeep Dinodia
Chairman- Audit Committee
DIN- 00027995

Ravi Sud
Sr. Vice President & CFO

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

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 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 Significant Accounting Policies

i. Accounting convention

The 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, 2016, 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 37).

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 company 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 the associate company (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, 2016	March 31, 2015
HMCL (NA) Inc.	Subsidiary	United States of America	Company	100%	100%
HMCL Americas Inc.	Subsidiary	United States of America	Company	100%	-
HMC MM Auto Limited	Subsidiary	India	Company	60%	60%
HMCL Netherlands BV	Subsidiary	Netherlands	Company	100%	100%
HMCL Colombia SAS	Subsidiary	Colombia	HMCL Netherlands BV	51%	100%
HMCL Niloy Bangladesh Limited	Subsidiary	Bangladesh	HMCL Netherlands BV	55%	55%
Hero FinCorp Limited	Associate	India	Company	48.42%	48.42%
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 37).

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 / amortization

Fixed assets are stated at cost less accumulated depreciation. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses. Depreciation is charged on a pro-rata basis at the straight line method rates prescribed in Schedule II to the Companies Act, 2013 other than assets covered under employee benefit schemes which are depreciated over a period of five years. Leasehold land has been amortised over the period of lease.

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 13).

Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets, intangible assets are adjusted to the cost of the respective assets and depreciated/amortised over the remaining useful life of such assets.

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment charge if any is recognised in the statement of profit and loss. In case of any reversal/ reduction of such an impairment, the same is recognised through the profit and loss.

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. Intangible assets under development

Expenditure on Research and development eligible for capitalisation are carried as Intangible assets under development where such assets are not yet ready for their intended use.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

viii. 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.

ix. 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

x. Employee benefits

Defined contribution plan

Provident fund, Superannuation fund and Employee's State Insurance Corporation (ESIC) are the defined contribution schemes offered by 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.

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.

xi. 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. 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 ESOS are accounted for under the fair value method stated in the guidance note on 'Employee Share Based Payments' issued by the Institute of Chartered Accountants of India.

xii. Foreign currency transactions

Exchange differences are dealt with as follows:-

a. 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.

b. 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.

c. 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.

d. 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.

xiii. Sales

Sale of goods is recognised on transfer of significant risk and reward of ownership to the buyer, which generally coincides with point of dispatch 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.

xiv. Government grants, subsidies and export incentives

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants / subsidies will be received.

xv. 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.

xvi. 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.

xvii. 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.

xviii. Earnings per share

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

xix. 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 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 incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

xx. 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.

xxi. 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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

Note No. 3 - Share capital

Particulars	As at March 31, 2016		As at March 31, 2015	
	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) and (iii) below)	199,690,088	39.94	199,687,500	39.94
Total	**199,690,088**	**39.94**	**199,687,500**	**39.94**

(i) Reconcilation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

Particulars	Equity Shares As at March 31, 2016		Equity Shares As at March 31, 2015	
	No. of Shares held	₹ crores	No. of Shares held	₹ crores
Opening balance	199,687,500	39.94	199,687,500	39.94
Addition during the year (# ₹ 5176)	2,588	#	-	-
Closing balance	199,690,088	39.94	199,687,500	39.94

(ii) Rights, preference and restriction attached to shares:

Equity shares of ₹ 2 each:

a. In respect of equity shares , voting right shall be in same proportion as the capital paid upon such equity share.

b. 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.

c. 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, 2016		Equity Shares As at March 31, 2015	
	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	1,850,440	0.93
M/S Bahadur Chand Investments (P) Ltd	17,306,250	8.67	17,306,250	8.67

* Hold shares on behalf of Brijmohan Lall Om Prakash (partnership firm).

Note No. 4 - Reserves and surplus

₹ in crores

Particulars	As at March 31, 2016	As at March 31, 2015
(a) Capital Reserves		
On shares forfeited (#₹ 4,250)	#	#
Share premium account on forfeited shares reissued (##₹ 25,500)	##	##
(b) Share options outstanding account		
Opening Balance	0.67	-
Add: Net charge during the year	0.93	0.67
Less: Transfer to share premium on issue of shares (Refer note no 38)	(0.31)	-
Closing balance	1.29	0.67
(c) Share premium Account		
Opening balance	-	-
Addition during the year	0.87	-
Closing balance	0.87	-
(d) General Reserve		
Opening balance	2,426.34	2,175.86
Add: Consequent to change in Group's interest	-	0.48
Add: Transferred from Statement of profit and loss	250.00	250.00
Closing balance	2,676.34	2,426.34
(e) Surplus in Statement of profit and loss		
Opening balance	4,077.57	3,407.72
Less: On account of depreciation as per Schedule II of Companies Act 2013*	-	22.97
	4,077.57	3,384.75
Add: Profit for the year	3,093.78	2,364.70
Consequent to change in Group's interest **	46.04	-
Less:		
Interim dividend -₹40 per equity share (previous year ₹30)	798.75	599.06
Dividend proposed to be distributed to equity share holders (₹ 32 per share, (previous year ₹ 30 per share))	639.00	599.06
Tax on dividend	292.69	223.76
Transfer to General Reserve	250.00	250.00
Closing balance	5,236.95	4,077.57
(f) Foreign currency translation reserve		
Opening Balance	(4.52)	(0.88)
Add/(less): Effect of foreign exchange rate variation during the year	1.81	(3.64)
Closing Balance	(2.71)	(4.52)
Total	**7,912.74**	**6,500.06**

* Represents depreciation (net of deferred tax ₹ 11.83 crores) on tangible fixed assets with nil remaining useful life as at March 31, 2014 in the previous year on transition to Schedule II of the Companies Act, 2013 .

** Consequent to the issuance of 49% equity in HMCL Colombia SAS to Woven Holding LLC on March 29, 2016, the cumulated loss aggregating to ₹ 46.04 crores has been transfered to minority interest as its part of share therein.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

Note No. 5 - Long - term Borrowings

₹ in crores

Particulars	As at March 31, 2016	As at March 31, 2015
Term loan from bank - unsecured *	130.67	12.00
Term loan from bank - secured **	15.31	-
Total	**145.98**	**12.00**

* Includes ₹ 35 crores borrowed by HMCL Colombia SAS for preoperative expenses, against demand promisory notes, payable over a period of 7 years charged at DTF+5.4%. Also includes ₹ 84 crores towards building and plant and machinery repayable over 8-12 years at DTF+5.35%.

* Includes ₹ 10.83 crores of HMCL MM Auto, repayable in 18 quarterly installments starting with effect from 07 September, 2016, last installment due on 07 December, 2020. Rate of Interest -Bank base rate + 50 basis points.

** These include borrowing by HMCL Niloy Bangladesh secured against first charge over borrowers plant and machinery, inventory, and debtors. The term loans are repayable over a period of 6 years with a moritorium period of one year at Libor+4%. Working capital facilites are charged at 10.50%-11.50% repayable over 6 months or on demand.

Note No. 6 - Other long - term liabilities

₹ in crores

Particulars	As at March 31, 2016	As at March 31, 2015
Trade payables	34.89	31.33
Total	**34.89**	**31.33**

Note No. 7 - Deferred tax (assets) / liabilities (net)

₹ in crores

Particulars	As at March 31, 2016	As at March 31, 2015
Deferred tax liabilities		
Accumulated depreciation	230.73	-
Others	8.50	6.31
	239.23	**6.31**
Deferred tax assets		
Accumulated depreciation	-	70.92
Accrued expenses deductible on payment	6.58	4.27
Others	4.86	4.66
	11.44	**79.85**
Deferred tax (assets) / liabilities (net)	**227.79**	**(73.54)**

Note No. 8 - Long - term provisions

₹ in crores

Particulars	As at March 31, 2016	As at March 31, 2015
(a) Employees benefits - accumulated leaves	12.48	10.12
- gratuity	0.11	0.07
- other benefits	3.06	-
(b) Warranties	68.99	56.06
Total	**84.64**	**66.25**

Note No 9- Short - term borrowings

₹ in crores

Particulars	As at March 31, 2016	As at March 31, 2015
(a) Loans from banks - Unsecured*	83.95	38.76
(b) Loans from related party (refer note no 32)	0.11	49.24
Total	**84.06**	**88.00**

* Includes ₹ 3.73 crores of HMCL MM Auto limited and ₹ 80.22 of HMCL Colombia SAS at DTF+3.5%, Libor+1.2%.

Note No. 10 - Trade payables

₹ in crores

Particulars		As at March 31, 2016	As at March 31, 2015
	Trade payables		
(i)	Total outstanding dues of micro enterprises and small enterprises	-	-
(ii)	Total outstanding dues of creditors other than micro enterprises and small enterprises	2,791.70	2,713.09
Total		**2,791.70**	**2,713.09**

(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 ₹ Nil). 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.

Note No. 11 - Other current liabilities

₹ in crores

Particulars		As at March 31, 2016	As at March 31, 2015
(a)	Current maturity of long term - borrowings	2.17	-
(b)	Capital creditors	143.71	141.84
(c)	Unclaimed dividend (Refer Note (i) below)	74.90	61.29
(d)	Interest accrued but not due on borrowings	0.64	-
(e)	Other payables		
	Statutory dues	99.15	100.36
	Security deposits dealers and others	54.60	51.64
	Advances from dealers	109.00	82.33
	Other liabilities	13.28	13.28
Total		**497.45**	**450.74**

(i) Unclaimed dividend does not include any amount outstanding as on March 31, 2016 which are required to be credited to the Investor Education and Protection Fund (Fund).

Note No. 12 - Short - term provisions

₹ in crores

Particulars		As at March 31, 2016	As at March 31, 2015
(a)	Employees benefits - accumulated leaves	3.36	2.83
	- gratuity	0.10	0.10
	- others benefits	0.23	-
(b)	Provisions -Others		
	Taxation	-	0.20
	Warranties	26.11	10.26
	Proposed equity dividend	639.00	599.06
	Tax on proposed dividend	130.09	121.95
Total		**798.89**	**734.40**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

Note No. 13 - Fixed assets

₹ in crores

Particulars	Gross Block				Accumulated depreciation/amortisation					Net block	
	Opening balance as at April 1, 2015	Additions	Deletions/ adjustments	Closing balance as at March 31, 2016	Opening balance as at April 1, 2015	Depreciation/ amortisation charge for the year	On disposals	Other/ transition adjustments*	Upto March 31, 2016	As at March 31, 2016	As at March 31, 2015
(a) Tangible assets											
Land											
- Freehold	99.58	-	-	99.58	-	-	-	-	-	99.58	99.58
- Leasehold#	200.21	67.45	-	267.66	14.46	3.76	-	-	18.22	249.44	185.75
Buildings	934.65	595.34	0.03	1,529.96	162.45	33.78	0.05	-	196.18	1,333.78	772.20
Plant and equipment	3,164.57	771.58	78.25	3,857.90	1,477.58	320.41	55.71	-	1,742.28	2,115.62	1,686.99
Furniture and fixtures	30.17	4.18	5.66	28.69	10.36	2.58	1.03	-	11.91	16.78	19.81
Vehicles	34.25	10.86	7.61	37.50	18.33	4.15	5.25	-	17.23	20.27	15.92
Office equipment	32.41	6.34	2.43	36.32	16.10	5.19	1.44	-	19.85	16.47	16.31
Data Processing equipment	140.59	28.05	20.80	147.84	86.29	21.36	19.08	-	88.57	59.27	54.30
Translation Exchange difference	-	-	-	-	-	-	-	4.19	4.19	(4.19)	-
Total	**4,636.43**	**1,483.80**	**114.78**	**6,005.45**	**1,785.57**	**391.23**	**82.56**	**4.19**	**2,098.43**	**3,907.02**	**2,850.86**
(b) Intangible assets											
Goodwill on Consolidation	3.94	-	-	3.94	3.94	-	-	-	3.94	-	-
Model fee	535.81	61.02	-	596.83	479.03	42.46	-	-	521.49	75.34	56.78
Technical know-how/ export licenses	2,902.17	3.51	-	2,905.68	2,895.80	0.66	-	-	2,896.46	9.22	6.37
Software	79.69	18.90	-	98.59	41.42	12.66	-	-	54.08	44.51	38.27
Total	**3,521.61**	**83.43**	**-**	**3,605.04**	**3,420.19**	**55.78**	**-**	**-**	**3,475.97**	**129.07**	**101.42**
Total (a+b)	**8,158.04**	**1,567.23**	**114.78**	**9,610.49**	**5,205.76**	**447.01**	**82.56**	**4.19**	**5,574.40**	**4,036.09**	**2,952.28**
(c) Capital work In progress @										330.78	315.12
(d) Intangible assets under development										322.59	404.08
										4,689.46	**3,671.48**

Note :

Includes land of ₹ 83.29 crores at Halol (Gujrat) and ₹ 78.36 crores at Jaipur pending registration in the name of the Company.

@ Including pre operative expenses ₹ 0.90 crores {refer note 36}.

Note No. 13 - Fixed assets (previous year)

₹ in crores

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
(e) Tangible assets										
Land										
- Freehold	82.80	16.78	-	99.58	-	-	-	-	-	99.58
- Leasehold#	200.01	0.20	-	200.21	11.38	3.08	-	-	14.46	185.75
Buildings	497.19	437.55	0.09	934.65	116.23	27.77	0.04	18.49	162.45	772.20
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
Furniture and fixtures	22.48	8.69	1.00	30.17	7.73	2.81	0.88	0.70	10.36	19.81
Vehicles	38.47	4.42	8.64	34.25	19.34	4.75	5.87	0.11	18.33	15.92
Office equipment	22.82	9.84	0.25	32.41	5.64	5.17	0.23	5.52	16.10	16.31
Data Processing equipment	114.57	26.72	0.70	140.59	64.06	19.15	0.66	3.74	86.29	54.30
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**
(f) Intangible assets										
Goodwill on consolidation (refer note no 37)	3.94	-	-	3.94	-	-	-	3.94	3.94	-
Model fee	535.81	-	-	535.81	422.03	57.00	-	-	479.03	56.78
Technical know-how/export licenses**	2,892.59	9.58	-	2,902.17	2,694.66	201.14	-	-	2,895.80	6.37
Software	65.00	14.69	-	79.69	30.73	10.69	-	-	41.42	38.27
Total	**3,497.34**	**24.27**	**-**	**3,521.61**	**3,147.42**	**268.83**	**-**	**3.94**	**3,420.19**	**101.42**
Total (e+f)	**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**
(g) Capital work In progress @										315.12
(h) Intangible assets under development										404.08
										3,671.48

Note :

* Includes ₹ 0.04 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 due to fluctuation in exchange rates.

@ Including pre operative expenses ₹ 1.37 crores relating to salaries, wages and other related project expenses of Neemrana plant {refer note 36}.

** 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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

Note No. 14 - Investments

₹ in crores

	Units as at March 31, 2016	Units as at March 31, 2015	As at March 31, 2016		As at March 31, 2015	
			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	9,686	9,686	-	150.09	-	150.09
Convertible Preferred stock series A Equity Shares of USD 0.01 each						
Cost of acquisition (including Goodwill ₹ 119.65 crores)			-	150.09	-	150.09
Less: Provision for diminution/ amortisation			-	(150.09)	-	(150.09)
			-	-	-	-
of Associates						
Face Value of ₹ 10 each						
Hero FinCorp Limited	38,343,025	21,910,300	-	421.56	-	224.37
Add/(less): Group's share of profit/(loss) upto March 31,			-	82.09	-	47.01
			-	**503.65**	**-**	**271.38**
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
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	161,050	-	16.10	-	16.10
8.51% HUDCO Tax Free Bonds-Maturity-13.01.2024	250,000	250,000	-	25.00	-	25.00
8.18% PFC Tax Free Bonds-Maturity-16.11.2023	323,890	323,890	-	32.39	-	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

Note No. 14 - Investments (Contd.)

₹ in crores

	Units as at March 31, 2016	Units as at March 31, 2015	As at March 31, 2016		As at March 31, 2015	
			Current	Non Current	Current	Non Current
Face Value of ₹ 10,00,000 each						
13% Religare Finvest Limited-Maturity-30.05.2017	100	100	-	10.00	-	10.00
14% Religare Enterprise Limited-Maturity-30.06.2017	250	375	-	25.56	-	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
			49.79	**252.52**	**-**	**315.08**
Less: Provision for diminution/ amortisation			-	(1.11)	-	(0.88)
Market value Current ₹ 50.54 crores and Non Current ₹ 255.80 crores (previous year Current ₹ Nil and Non Current ₹318.73 crores)			**49.79**	**251.41**	**-**	**314.20**
Listed -Quoted But Not Traded						
Face Value of ₹ 1000000 each						
8.91% L&T Finance Limited-Maturity-15.04.2016	150	150	15.00	-	-	15.00
			15.00	-	-	15.00
Maturity Value Current ₹ 15 crores and Non Current ₹ Nil (previous year Current ₹ Nil and Non Current ₹ 15.00 crores)			**15.00**	**-**	**-**	**15.00**
Zero Coupon Bonds						
National Bank For Agriculture and Rural Development Bhavishya Nirman Bonds @ 8182 each-Maturity- 01.08.2017(38000)/01.10.2017(12200) 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			**64.79**	**292.48**	**-**	**370.27**
Investment in Mutual Funds						
Listed -Quoted But Not Traded						
Debt fund						
(Units of the face value of ₹ 10 each)						
ICICI Prudential Mutual Fund						
FMP Series 64-3 Years Plan I Cumulative	-	10,000,000	-	-	10.00	-
FMP Series 71-366 Days Plan C Direct Plan Cumulative	17,500,000	17,500,000	17.50	-	-	17.50
FMP Series 73-391 Days Plan G Direct Plan Cumulative	-	16,000,000	-	-	16.00	-
Birla Sunlife Mutual Fund						
Fixed Term Plan-Series JY (1099 days)-Gr.-Direct	15,000,000	15,000,000	15.00	-	-	15.00
Fixed Term Plan-Series KO (399 days)-Gr.-Direct	-	25,000,000	-	-	25.00	-

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

Note No. 14 - Investments (Contd.)

₹ in crores

	Units as at March 31, 2016	Units as at March 31, 2015	As at March 31, 2016		As at March 31, 2015	
			Current	Non Current	Current	Non Current
IDFC Mutual Fund						
Yearly Series Interval Fund Regular Plan-Series I-Growth	-	25,000,000	-	-	25.00	-
Yearly Series Interval Fund Direct Plan-Series II-Growth	-	25,000,000	-	-	25.00	-
Fixed Term Plan Series 86 Direct Plan-Growth	-	20,000,000	-	-	20.00	-
Reliance Mutual Fund						
Annual Interval Fund -Series I-Direct Growth Plan Growth Option	22,822,076	22,822,076	30.00	-	30.00	-
Fixed Horizon Fund -XXII-Series 34-Growth Plan	-	5,000,000	-	-	5.00	-
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	22,500,000	22.50	-	-	22.50
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	-	-	25.00	-
Fixed Horizon Fund -XXVII-Series 11-Direct Plan Growth Plan	20,000,000	20,000,000	-	20.00	-	20.00
Fixed Horizon Fund -XXX-Series 4-Direct Growth Plan	30,000,000	-	-	30.00	-	-
Religare Mutual Fund						
Fixed Maturity Plan Series XIV-Plan F (1098 Days)-Direct Plan	13,500,000	13,500,000	-	13.50	-	13.50
FMP-Sr.26-Plan A (1098 Days)-Direct Sub Plan Growth	15,000,000	-	-	15.00	-	-
FMP-Sr.26-Plan C (1098 Days)-Direct Sub Plan Growth	10,000,000	-	-	10.00	-	-
FMP-Sr.27-Plan A (1100 Days)-Direct Sub Plan Growth	10,000,000	-	-	10.00	-	-
L&T Mutual Fund						
FMP Series 9- Plan D- Direct Growth	10,000,000	10,000,000	10.00	-	-	10.00
FMP Series 10- Plan H- Direct Growth	-	10,000,000	-	-	10.00	-
FMP Series 10- Plan M- Direct Growth	-	10,000,000	-	-	10.00	-
FMP Series 10- Plan Q- Direct Growth	-	25,000,000	-	-	25.00	-
J P Morgan Mutual Fund						
Fixed Maturtiy Plan Series 302 Growth	-	10,000,000	-	-	10.00	-
DHFL Pramerica Mutual Fund(Formerly Deutsche Mutual Fund)						
Fixed Maturity Plan Series 54-Direct Plan-Growth	-	10,000,000	-	-	10.00	-
Fixed Maturity Plan Series 57-Direct Plan-Growth	4,547,935	20,000,000	-	4.55	20.00	-
SBI Mutual Fund						
Debt Fund Series B-20(1100 Days) Direct Plan-Growth	10,000,000	-	-	10.00	-	-

Note No. 14 - Investments (Contd.)

₹ in crores

	Units as at March 31, 2016	Units as at March 31, 2015	As at March 31, 2016		As at March 31, 2015	
			Current	Non Current	Current	Non Current
HDFC Mutual Fund						
FMP 1167 D January 2016(1) -Direct-Growth-Series-35	15,000,000	-	-	15.00	-	-
Total Investment in Mutual Funds			**195.00**	**128.05**	**306.00**	**158.50**
Repurchase Price Current ₹ 237.69 crores and Non Current ₹136.56 crores (previous year Current ₹ 346.01 crores and Non Current ₹176.16 crores)						
Total Long Term Investments			**259.79**	**940.12**	**306.00**	**816.09**
Other than Long Term Investments (At lower of cost or fair value)						
Non Trade						
Investment in debentures / bonds						
Quoted						
Face Value of ₹ 10,00,000 each						
9.20% Bank of Baroda RR Perpetual BD 09.10.2019	50	50	-	5.15	-	5.15
			-	5.15	-	5.15
Less: Provision for diminution/ amortisation			-	(0.01)	-	(0.09)
Market value Current ₹ Nil and Non Current ₹ 5.14 crores (previous year Current ₹ Nil and Non Current ₹ 5.06 crores)			**-**	**5.14**	**-**	**5.06**
Unquoted						
Debt fund						
(Units of the face value of ₹ 10 each)						
ICICI Prudential Mutual Fund						
Blended Plan B-Direct Plan-Growth Option-I	24,817,467	24,817,467	50.00	-	50.00	-
Income Opportunities Fund-Direct Plan-Growth Option	19,387,735	-	40.00	-	-	-
Birla Sunlife Mutual Fund						
Dynamic Bond Fund- Retail- Growth	76,684,191	90,522,800	139.20	-	164.32	-
Reliance Mutual Fund						
Floating Rate-Short Term Plan -Direct Growth Plan	46,942,186	46,942,186	94.85	-	94.85	-
Corporate Bond Fund-Direct Growth Plan	53,163,841	32,000,000	57.00	-	32.00	-
Regular Savings Fund -Debt Plan -Direct Growth Plan Growth Option	75,987,841	-	156.25	-	-	-
Medium Term Fund -Direct Growth Plan-Growth Option	15,950,540	-	50.00	-	-	-
L&T Mutual Fund						
Floating Rate Fund Direct Plan-Growth	14,422,938	14,422,938	16.67	-	16.67	-
Income Opportunities Fund Direct Plan-Growth	58,823,714	28,271,410	90.00	-	40.00	-
Triple Ace Bond Fund-Bonus-Original	5,363,713	5,363,713	6.67	-	6.67	-
BNP Paribas Mutual Fund						
MediumTerm Income Fund Direct Plan Growth	25,000,000	25,000,000	25.00	-	25.00	-

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

Note No. 14 - Investments (Contd.)

₹ in crores

	Units as at March 31, 2016	Units as at March 31, 2015	As at March 31, 2016		As at March 31, 2015	
			Current	Non Current	Current	Non Current
DHFL Pramerica Mutual Fund(Formerly Deutsche Mutual Fund)						
Short Term Floating Rate Fund-Direct Plan Bonus(Formerly 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	-
Low Duration Fund Direct Plan-Annual Bonus (Formerly 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	15,000,000	15.00	-	15.00	-
Dual Advantage Fund -Series VIII- Direct-Growth	25,000,000	25,000,000	25.00	-	25.00	-
Dual Advantage Fund -Series XII- Direct-Growth	15,000,000	-	15.00	-	-	-
IDFC Mutual Fund						
Corporate Bond Fund Direct Plan-Growth	49,986,503	-	50.00	-	-	-
Kotak Mutual Fund						
Treasury Advantage Fund-Direct Plan-Growth	82,437,852	-	200.00	-	-	-
(Units of the face value of ₹ 1000 each)						
ICICI Prudential Mutual Fund						
Flexible Income-Direct Plan -Growth	49,519	112,284	1.23	-	2.78	-
Reliance Mutual Fund						
Money Manager Fund-Growth Plan-Growth Option	-	646,368	-	-	80.12	-
Money Manager Fund-Direct Plan Growth Option	4,980	23,151	0.91	-	4.24	-
Money Manager Fund-Direct Growth Plan Growth Plan Option	1,890,316	-	380.25	-	-	-
Religare Invesco Mutual Fund(Formerly Religare Mutual Fund)						
Credit Opportunities Fund Direct Plan-Growth	296,856	312,215	48.43	-	50.00	-
Short Term Fund-Direct Plan Growth	673,848	-	135.00	-	-	-
Medium Term Bond Fund-Direct Plan Growth	332,394	-	50.00	-	-	-
Bank Debt Fund-Direct Plan Growth	387,669	-	50.00	-	-	-
Taurus Mutual Fund						
Ultra Short Term Bond Fund Direct Plan-Growth	271,558	-	50.00	-	-	-
Repurchase Price Current ₹ 1942.57 crores (previous year Current ₹ 794.56 crores)			**1,781.32**	**-**	**661.59**	**-**
Equity fund						
(Units of the face value of ₹ 10 each)						

Note No. 14 - Investments (Contd.)

₹ in crores

	Units as at March 31, 2016	Units as at March 31, 2015	As at March 31, 2016		As at March 31, 2015	
			Current	Non Current	Current	Non Current
L&T Mutual Fund						
Business Cycles Fund Direct Growth	3,000,000	3,000,000	3.00	-	3.00	-
DHFL Pramerica Mutual Fund(Formerly Deutsche Mutual Fund)						
Arbitrage Fund-Direct Plan-Growth	66,883,563	-	70.08	-	-	-
Religare Invesco Mutual Fund(Formerly Religare Mutual Fund)						
Arbitrage Fund -Direct Plan -Dividend	77,316,797	-	100.00	-	-	-
Repurchase Price Current ₹180.54 crores (previous year Current ₹3.73 crores)			**173.08**	**-**	**3.00**	**-**
Liquid fund						
(Units of the face value of ₹ 10 each)						
Escorts Mutual Fund						
Liquid Direct Plan-Growth	8,815,873	8,815,873	16.51	-	16.51	-
Sundaram Mutual Fund						
Money Fund-Direct Plan-Growth	42,076,461	-	134.25	-	-	-
(Units of the face value of ₹ 100 each)						
ICICI Prudential Mutual Fund						
Liquid Direct plan-Growth	4,462,450	2,415,432	100.00	-	50.00	-
Birla Sunlife Mutual Fund						
Cash Plus-Growth-Direct Plan	2,283,813	12,985,185	55.50	-	290.60	-
(Units of the face value of ₹ 1000 each)						
Reliance Mutual Fund						
Liquidity Fund- Direct Growth Plan Growth Option	1,846,199	1,559,790	420.40	-	327.20	-
Taurus Mutual Fund						
Liquid Fund-Direct Plan-Super Institutional Growth	-	330,345	-	-	50.00	-
IDFC Mutual Fund						
Cash Fund -Growth-(Direct Plan)	970,501	734,163	178.50	-	124.75	-
L&T Mutual Fund						
Liquid Fund Direct Plan-Growth	192,780	208,656	40.00	-	40.00	-
Axis Mutual Fund						
Liquid Fund-Direct Plan-Growth	237,171	1,794,407	39.80	-	277.70	-
Kotak Mutual Fund						
Liquid Scheme Plan A-Direct Plan-Growth	-	352,834	-	-	100.00	-
Religare Invesco Mutual Fund						
Liquid Fund-Direct Plan Growth	240,103	-	50.00	-	-	-
Principal Mutual Fund						
Cash Management Fund-Direct Plan-Growth	-	367,952	-	-	50.00	-
Repurchase Price Current ₹ 1041.33 crores (previous year Current ₹ 1333.33 crores)			**1,034.96**	**-**	**1,326.76**	**-**
Total Investment in Mutual Funds			**2,989.36**	**-**	**1,991.35**	**-**
Total Other than Long Term Investments			**2,989.36**	**5.14**	**1,991.35**	**5.06**
			3,249.15	**945.26**	**2,297.35**	**821.15**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

Note No. 14 - Investments (Contd.)

₹ in crores

Aggregate value of	As at March 31, 2016		As at March 31, 2015	
	Book value	Market value	Book value	Market value
Quoted investments -Non Current(Repurchase Price/Market Value/Maturity Value)	426.79	486.06	534.80	615.33
Quoted investments-Current(Repurchase Price/Market Value/Maturity Value)	259.79	303.23	306.00	346.01
Unquoted investments-Non Current (Repurchase Price/Maturity Value/Cost)	674.63	519.59	437.41	287.32
Unquoted investments-Current (Repurchase Price/Maturity Value/Cost)	2,989.36	3,164.44	1,991.35	2,131.62
diminution/amortisation-Non Current	(156.16)	-	(151.06)	-
diminution/amortisation-Current	-	-	-	-
	4,194.41	**4,473.32**	**3,118.50**	**3,380.28**

Note No. 15 - Long - term loans and advances

₹ in crores

Particulars	As at March 31, 2016	As at March 31, 2015
Unsecured, considered good		
Capital advances	342.19	212.40
Security Deposits	23.38	18.57
Loans to employees	26.70	30.09
Prepaid expenses	2.74	0.46
Advance income tax	227.73	85.19
Balance with Government authorities		
- Excise duty	43.78	45.84
- VAT/ sales tax	209.87	255.72
Total	**876.39**	**648.27**

Note No. 16 - Other non -current assets

₹ in crores

Particulars	As at March 31, 2016	As at March 31, 2015
Unsecured, considered good		
Accruals		
Interest accrued on investments	73.68	60.19
Total	**73.68**	**60.19**

Note No. 17 - Inventories*

₹ in crores

Particulars	As at March 31, 2016	As at March 31, 2015
Raw materials and components	376.23	513.44
Goods in transit of raw materials and components	13.57	38.25
Work in progress	28.09	31.60
Finished goods		
Two wheelers	182.91	148.50
Goods in transit of two wheelers	11.27	2.76
Spare parts	54.66	44.21
Stores and spares	75.53	64.23
Loose tools	19.73	18.40
Total	**761.99**	**861.39**

* Lower of cost and net realisable value.

Note No. 18 - Trade receivables

₹ in crores

Particulars	As at March 31, 2016	As at March 31, 2015
(a) Outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	0.89	3.24
Unsecured, considered good	4.56	12.09
Unsecured considered doubtful	14.13	11.10
	19.58	26.43
Less: Provision for doubtful trade receivables	14.13	11.10
	5.45	**15.33**
(b) Others		
Secured, considered good	24.44	23.44
Unsecured, considered good	1,252.19	1,333.05
Total	**1,282.08**	**1,371.82**

Note No. 19 - Cash and cash equivalents

₹ in crores

Particulars	As at March 31, 2016	As at March 31, 2015
(a) Cash on hand	0.16	0.18
(b) Balances with banks		
In current accounts	47.21	65.02
In deposit accounts*	56.83	89.30
In dividend current accounts (Earmarked accounts)	74.89	61.28
Total	**179.09**	**215.78**

* Balance with banks include deposits amounting to ₹ 30.50 crores (previous year ₹ 28.19 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 period (along with interest earned thereon) aggregating ₹ 29.52 crores (previous year ₹ 27.28 crores).

Note No. 20 - Short - term loans and advances

₹ in crores

Particulars	As at March 31, 2016	As at March 31, 2015
Unsecured, considered good		
Security deposits	1.97	0.65
Loans and advances to employees	23.21	23.86
Prepaid expenses	36.22	28.90
Balance with Government authorities		
- CENVAT/ Service tax credit	135.16	283.73
- VAT/ sales tax	222.40	117.92
- Excise duty -current account	1.65	0.38
- Export incentive receivables	10.95	21.90
Others		
- Advance to vendors	98.03	91.98
- Others	5.53	4.09
Total	**535.12**	**573.41**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

Note No. 21 - Other current assets

₹ in crores

Particulars	As at March 31, 2016	As at March 31, 2015
Unsecured, considered good		
(a) Accruals		
Interest accrued on investments	15.24	17.86
Incentive on investment made in Neemrana plant from Rajasthan state Government	50.77	30.78
Other accruals	13.47	11.33
Total	**79.48**	**59.97**

Note No. 22 - Revenue From Operations

₹ in crores

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
(a) Sale of products		
Two wheelers	27,869.50	26,742.19
Spare parts	2,564.79	2,278.79
	30,434.29	**29,020.98**
Less: Excise duty	2,258.21	1,717.65
	28,176.08	**27,303.33**
(b) Income from services		
Dealers support services	26.55	25.81
Goodlife program for customers	55.30	60.99
Services - others	117.58	80.60
	199.43	**167.40**
(c) Other operating revenue		
Duty drawback and other incentives	22.18	24.51
Incentive on investment made in Neemrana plant from Rajasthan state Government	213.29	30.78
Miscellaneous income	2.75	12.01
	238.22	**67.30**
	437.65	**234.70**
Total	**28,613.73**	**27,538.03**

Note No. 23 - Other Income

₹ in crores

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
(a) Interest income		
Intercorporate deposits	-	1.85
Current - Non trade investments	0.55	1.29
Long term - Non trade investments	40.99	49.08
Others	124.24	97.79
(b) Dividend income		
Current investments - Non trade	7.06	1.50
Long term investments - Non trade	0.12	0.06
(c) Net gain on sale of non trade *		
Current investments	167.14	240.97
Long term investments	38.01	79.57
(d) Other Non operating Income		
Profit on sale of fixed assets	0.51	0.68
Exchange fluctuation	10.46	19.32
Total	**389.08**	**492.11**

* After adjusting loss on sale of current investments aggregating ₹ 0.03 crores (previous year ₹0.21 crores).

Note No. 24 - Cost of materials consumed

₹ in crores

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Raw materials and components consumed:		
Opening stock	551.69	445.86
Add: Purchase of raw materials and components	19,283.44	19,988.10
	19,835.13	20,433.96
Less: closing stock	389.80	551.69
	19,445.33	19,882.27
Less: - Sale of components to ancillaries on cost to cost basis	1.76	1.09
	19,443.57	19,881.18
Less: Cash discount	59.64	61.56
Consumption of raw materials and components	19,383.93	19,819.62
Less: Scrap sales	25.98	29.22
Net consumption	**19,357.95**	**19,790.40**
Materials consumed comprises:		
Steel sheets	30.55	30.55
Components	19,413.02	19,850.63
Total	**19,443.57**	**19,881.18**

Note No. 25 - Changes in inventory of finished goods and work-in-progress

₹ in crores

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
(a) Opening 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 opening stock	19.15	14.28
Net opening stock	**207.92**	**132.82**
(b) Closing stock		
Two wheelers	194.18	151.26
Spare parts	54.66	44.21
Work in progress	28.09	31.60
	276.93	227.07
Less: Excise duty on closing stock	24.21	19.15
Net closing stock	**252.72**	**207.92**
Net (increase)/ decrease	**(44.80)**	**(75.10)**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

Note No. 26 - Employee benefits expenses

₹ in crores

Particulars		For the year ended March 31, 2016	For the year ended March 31, 2015
Employee benefits expenses (Refer (i) & (ii) below)			
(i)	Salaries and wages	1,191.23	1,030.57
(ii)	Contribution to provident and other funds	78.79	80.99
(iii)	Employee Stock Compensation Cost	0.93	0.67
(iv)	Gratuity Expense	0.05	0.04
(v)	Staff welfare expenses	72.06	66.45
Total		**1,343.06**	**1,178.72**
(i)	**Defined contribution and other plans**		
	Employer's contribution to provident fund	44.05	38.34
	Employer's contribution to superannuation fund	17.95	16.60
	Employer's contribution to Gratuity fund	13.61	23.72
	Employer's contribution to ESIC	3.18	2.33
Total		**78.79**	**80.99**

(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 period of employment i.e. five years. The liability of gratuity plan is provided based on actuarial valuation as at the end of each financial year based on which the Company contributes the ascertained liability to Life Insurance Corporation of India by whom the plan assets are maintained.

₹ in crores

	Funded		Unfunded	
	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2016	For the year ended March 31, 2015
i. Change in benefit obligation				
Present value of obligation at the beginning of the year	148.48	120.54	0.17	0.13
Current Service Cost	9.98	8.26	0.05	0.04
Interest Expenses	11.57	10.30	0.01	0.01
Actuarial (Gain) / Loss	4.84	14.86	(0.01)	(0.01)
Benefits Paid	(7.54)	(5.48)	-	-
Present value of obligation at the end of the year	**167.33**	**148.48**	**0.22**	**0.17**
ii. Fair value of Plan Assets				
Fair value of plan assets at the beginning of the year	148.48	120.54	-	-
Expected return on scheme assets	13.60	11.07	-	-
Contributions by the Company	13.61	23.72	-	-
Benefits Paid	(7.54)	(5.48)	-	-
Actuarial Gain / (Loss)	(0.82)	(1.37)	-	-
Fair value of plan assets at the end of the year	167.33	148.48	-	-
iii. Return on Plan Assets				
Expected return on plan assets	13.60	11.07	-	-
Actuarial Gain / (Loss)	(0.82)	(1.37)	-	-
Actual return on plan assets	**12.78**	**9.70**	**-**	**-**
iv. Amount recognised in the Balance Sheet				
Present value of defined benefit obligation	167.33	148.48	-	-
Fair value of Plan Assets	167.33	148.48	-	-
Net liability/(asset) recognised in the balance sheet	-	-	-	-

₹ in crores

	Funded		Unfunded	
	For the year ended March 31, 2016	**For the year ended March 31, 2015**	**For the year ended March 31, 2016**	**For the year ended March 31, 2015**
v. Expenses recognised in the statement of profit and loss				
Current service costs	9.98	8.26	0.05	0.04
Interest expense	11.57	10.30	0.01	0.01
Expected return on plan assets	(13.60)	(11.07)	-	-
Net actuarial (gain)/loss recognized during the year	5.66	16.23	(0.01)	(0.01)
Expenditure recognized in statement of Profit and Loss	13.61	23.72	0.05	0.04
vi. Balance Sheet reconciliation				
Net liability/(asset) at the beginning of the year	-	-	0.17	0.13
Expenses as above	13.61	23.72	0.05	0.04
Contribution paid	(13.61)	(23.72)	-	-
Net liability/(asset) at the end of the year	-	-	0.22	0.17

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	7.90% p.a.	8.00% p.a.	8.00% p.a.	7.75% p.a.
Expected salary increase rate	6.00% p.a. for first three years and 5% thereafter	6.00% p.a. for first four years and 5% thereafter	5.50% p.a.	5.25% 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%	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.	India assured Lives Mortality (2006-08) (modified) Ult.	India assured Lives Mortality (2006-08) (modified) Ult.

Experience adjustments	**2015-16**	**2014-15**	**2013-14**	**2012-13**	**2011-12**
Gratuity					
Present value of Defined benefit plan	167.33	148.48	120.54	109.55	89.95
Fair value of plan assets	167.33	148.48	120.54	109.55	89.95
Experience (gain) /loss adjustments on plan liabilities	3.63	13.31	7.51	4.08	15.28
Experience (gain) /loss adjustments on plan assets	0.82	1.37	0.52	1.30	0.10

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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

Note No. 27 - Finance costs

₹ in crores

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Interest expenses		
On dealers security deposits	1.97	1.85
On borrowings	6.73	0.61
On others	3.17	9.24
Total	**11.87**	**11.70**

Note No. 28 - Other expenses

₹ in crores

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Stores and tools consumed	103.12	106.96
Packing, forwarding, freight etc.	866.58	855.68
Power and fuel	122.20	158.49
Rent	34.21	22.50
Lease rent	28.10	23.17
Repairs and maintenance		
- Buildings	18.16	15.92
- Plant and machinery	78.65	70.32
- Others	66.60	52.53
Insurance charges	48.08	48.61
Rates and taxes	223.62	190.28
Royalty	78.89	121.41
Advertisement and publicity	733.22	678.71
Donations#	1.64	10.91
Expenditure on corporate social responsibility	65.00	2.37
Exchange fluctuation	8.00	11.89
Loss on fixed assets sold/discarded	26.10	22.84
Provision for diminution/amortization in value of investments		
- Long term non trade investment	0.52	0.72
Provision for doubtful debts	3.03	0.70
Miscellaneous expenses	1,069.55	753.27
Total	**3,575.27**	**3,147.28**

Includes ₹ 0.10 crore to political parties All India Congress committee (previous year ₹ 8.00 crores contributed to Satya Electoral Trust).

Note No. 29 - Earnings per equity share*

Particulars	Unit	For the year ended March 31, 2016	For the year ended March 31, 2015
Earnings per equity share (EPS):			
Net profit after tax after exceptional items	₹ in crores	3,093.78	2,364.70
Weighted average number of equity shares outstanding during the year	Nos	199,687,528	199,687,500
Nominal Value of Equity Shares	₹	2.00	2.00
Basic and diluted EPS - before exceptional item	₹	154.93	125.66
Basic/ diluted EPS - after exceptional items	₹	154.93	118.41
* Impact of ESOP is anti dilutive			

Note No. 30 - Contingent Liabilities and Commitments (to the extent not provided for)

₹ in crores

Particulars	As at March 31, 2016	As at March 31, 2015
(a) Contingent liabilities		
(i) In respect of excise matters	-	4.09
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 ₹ 338.54 crores (previous year ₹ 181.30 crores))	694.50	822.13
Other commitments (Refer note below)		
Total	**694.50**	**826.22**

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.

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 companies are an associate. {refer note no 3}

Brijmohan Lall Om Prakash (partnership firm)
Magneti Marelli S.p.A, Italy
Niloy Motors Limited, Bangladesh
Nitol Motors Limited, Bangladesh
Woven Holdings LLC (w.e.f March 29, 2016), United States
Velvet Management LLC (upto March 29, 2016) United States

b) Associate of the Company

Hero FinCorp Limited
Erik Buell Racing Inc. (refer note 37), United States

c) Key management personnel and their relatives

Mr. Brijmohan Lall Munjal - Chairman (Upto May 31, 2015 and thereafter as Director upto October 31, 2015)
Mr. Pawan Munjal - Chairman, (from June 1, 2015) Managing Director and CEO
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, Hero Solar Energy Private Limited and Raman Kant Munjal Foundation.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

Transactions with related parties during the year

a) Parties in respect of which the Group companies are an associate

₹ in crores

	This year	Previous year
Dividend paid*		
Brijmohan Lall Om Prakash	360.06	588.85
Magneti Marelli S.p.A		
Investment in Equity	-	7.38
Purchase of Goods	0.08	0.13
Technical Knowhow	3.32	6.19
Services	-	0.44
Expenses reimburse	1.26	-
Niloy Motors Limited**		
Equity issues	16.32	11.35
Loans received	0.28	0.16
Loan repaid	0.33	-
Share application money	0.07	-
Nitol Motors Limited**		
Loans received	-	0.02
Loan repaid	0.02	-
Velvet Management LLC**		
Loans received	-	49.06
Woven Holdings LLC		
Equity Investments	67.34	-
Balance outstanding at the year end		
- Loans payable**	0.11	49.24
- Payable	4.15	0.50

*Exclude proposed final dividend

b) Associate of the Company

₹ in crores

	This year	Previous year
Hero FinCorp Limited		
Lease rental expenses	24.67	20.86
Dividend received	4.38	2.19
Dividend paid	0.01	0.01
Intercorporate deposits given	-	295.00
Intercorporate deposits repaid	-	515.00
Interest on Inter corporate deposits	-	1.85
Investment in equity shares	197.19	167.90
Subvention of expenses- Paid	16.14	3.08
Security deposit received	-	0.01
Rent received	0.05	0.01
Erik Buell Racing Inc.		
Technical Consultancy and Sponsorship	-	104.33
Provision towards value of investments	-	140.79
Balance outstanding at the year end		
- Payable	0.57	1.72

c) Key management personnel and their relative.

₹ in crores

	This year	Previous year
Managerial Remuneration/Sitting fees		
Mr. Brijmohan Lall Munjal	17.29	43.60
Mr. Pawan Munjal	56.96	44.24
Mr. Sunil Kant Munjal	54.11	42.26
Mr. Suman Kant Munjal	0.06	0.06
Balance outstanding at the year end		
-Payables (including commission)	98.00	103.83

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

₹ in crores

	This year	Previous year
Purchase of raw materials and components etc.	2453.51	2346.06
Purchase of Assets	31.65	34.35
Payment towards services etc.	2.45	2.03
Expenses reimbursed	-	4.34
Donation	-	0.40
Balance outstanding as at the year end		
- Receivable	0.15	1.01
- Payables	275.23	272.91

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

₹ in crores

	This year	Previous year
Purchase of raw materials and components etc.		
A .G. Industries Private Limited	560.89	707.75
Rockman Industries Limited	1824.01	1541.57
Purchase of Assets		
Rockman Industries Limited	21.03	21.76
A.G. Industries Private Limited	-	0.86
Hero Solar Energy Private Limited	10.61	11.73
Payment for services etc.		
Hero Management Services	0.67	0.36
Hero Mindmine Institute Limited	1.78	1.67
Expenses reimbursed		
Hero InvestCorp Limited	-	4.34
Donation		
Raman Kant Munjal Foundation	-	0.40

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 ₹ 43.64 crores (previous year ₹ 28.45 crores) have been charged under "Lease rentals" and "Rent" in Note 28.

Future lease payments under operating leases non-cancellable in nature is as follows:

₹ in crores

Particulars	This year	Previous year
Payable not later than one year	16.51	16.50
Payable later than one year and not later than five years	12.61	27.23
Total	**29.12**	**43.73**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

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 - Two wheeler sales are covered by a warranty period of two to five years. The details of provision for warranties are as under:

₹ in crores

	This year	Previous year
Provision at the beginning of the year	66.32	48.61
Additional provision made during the year	65.17	48.66
Amount utilised during the year	36.39	30.95
Provision as at the end of the year	95.10	66.32

Note No. 36 - Pre operative expenses

₹ in crores

	This year	Previous year
Employee benefit expenses		
Salaries and wages	0.32	0.62
Other expenses		
Rent	-	0.17
Miscellaneous expenses	0.58	0.58
	0.90	**1.37**

Note No. 37 - In the previous year, Erik Buell Racing Inc. (EBR) (along with its subsidiary Erik Buell Racing, LLC), an associate of HMCL (NA) Inc. a wholly owned subsidiary of the Company 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 was occasioned by inability of EBR to honor outstanding creditors. Consequently the net worth of HMCL (NA) Inc. got fully eroded. In view of the above, the Company in the previous year had made a provision of ₹ 144.73 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 in previous year.

Note No. 38 - Addition in share premium account represents premium @ ₹ 2157 per share amounting to ₹ 0.56 crores and ₹ 0.31 crores transferred from share option outstanding account on 2588 equity shares issued and allotted during the year under ESOP Scheme.

Note No. 39 - Corporate Social responsibility

₹ in crores

Particular		This year	Previous year
(a)	Gross amount required to be spent	58.18	55.07
(b)	Amount spent for the purposes other than construction/acquisition of assets in the company.	65.00	2.37
(c)	Details of contribution to the related party*		
	- Brijmohal Lall Munjal University	27.05	-
	- Raman Munjal Vidya Mandir	7.50	-

* Related part pursuant to the key management personnel of the Company having significant influence.

Note No. 40 - 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 total liabilities		Share of Profit/ (Loss)	
		As % of Consolidated Net Assets	Amount (₹ in crores)	As % of Consolidated Profit or (Loss)	Amount (₹ in crores)
PARENT	Hero MotoCorp Limited	91.86	7,354.76	100.71	3,115.73
Subsidiaries	**Indian**				
	HMC MM Auto Limited	0.11	8.72	(0.29)	(9.09)
	Foreign				
	HMCL Netherlands BV	-	-	(0.03)	(0.89)
	HMCL Colombia SAS	0.37	29.98	(1.70)	(52.66)
	HMCL Niloy Bangladesh Limited	0.43	34.41	(0.02)	(0.47)
	HMCL (NA) Inc.	-	0.07	(0.01)	(0.29)
	HMCL Americas Inc.	0.26	21.09	(0.07)	(2.12)
	Minority Interests in all subsidiaries	0.67	53.62	0.13	4.11
Associates *	**Indian**				
	Hero FinCorp Limited	6.30	503.65	1.28	39.46
	Foreign				
	Erik Buell Racing Inc.	-	-	-	
	Total	**100.00**	**8,006.30**	**100.00**	**3,093.78**

* Investments as per Equity method

Note No. 41 - Previous Year figures have been regrouped/ reclassified wherever necessary to correspond with the current year classifications / disclosures.

For AOC-1

Statement pursuant to Section 129 (3) of the Companies Act, 2013 containing salient features of financial statements of Subsidiaries and Associates

Part "A": Subsidiaries

Particulars											
Name of the Subsidiary	**HMC MM Auto Limited**	**HMCL NA Inc[5]**		**HMCL Americas Inc**		**HMCL Netherlands BV**		**HMCL COLOMBIA SAS[3]**		**HMCL Niloy Bangladesh Limited[3]**	
Reporting period	Year ended March 31, 2016	Year ended March 31, 2016		Period ended March 31, 2016		Year ended March 31, 2016		Year ended March 31, 2016		Year ended March 31, 2016	
Reporting Currency	INR	INR	USD	INR	USD	INR	USD	INR	COP[4]	INR	BDT[4]
Exchange Rate	1.00	66.41	1.00	66.41	1.00	66.41	1.00	0.02207	1.00	0.8448	1.00
Reporting amounts in	INR Crore	INR Crore	USD MN	INR Crore	USD MN	INR Crore	USD MN	INR Crore	COP[4] Thousand MN	INR Crore	BDT[4] MN
Share Capital	25.05	166.52	25.08	23.24	3.50	124.22	18.71	137.43	62.27	63.28	749.01
Reserve	(12.92)	(166.46)	(25.07)	(2.15)	(0.32)	(1.76)	(0.27)	(85.95)	(38.94)	(0.16)	(1.88)
Total Assets	35.51	0.07	0.01	21.09	3.18	122.73	18.48	304.06	137.77	83.02	982.72
Total Liabilities[2]	35.51	0.07	0.01	21.09	3.18	122.73	18.48	304.06	137.77	83.02	982.72
Investment	2.14	-	-	-	-	122.46	18.44	-	-	-	-
Turnover[6]	0.69	-	-	18.55	2.79	-	-	138.29	62.66	1.74	20.65
Profit/(Loss) Before Taxation	(9.09)	(0.29)	(0.04)	(2.15)	(0.32)	(0.91)	(0.14)	(62.50)	(28.32)	(0.48)	(5.68)
Provision for Taxation	-	-	-	-	-	-	-	0.04	0.02	0.01	0.06
Profit/(Loss) after Taxation	(9.09)	(0.29)	(0.04)	(2.15)	(0.32)	(0.91)	(0.14)	(62.54)	(28.34)	(0.49)	(5.74)
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-
%age holding	60	100		100		100		51		55	

Note

1 Financial information has been extracted from the standalone audited financial statements for the year/period ended March 31, 2016, and have been translated at the exchange rate prevailing on March 31, 2016.

2 Total liabilities are inclusive of share capital and reserves.

3 HMCL Colombia SAS and HMCL Niloy Bangladesh Ltd are subsidiaries of HMCL Netherlands BV.

4 COP- Colombian Peso; BDT - Bangladesh Taka.

5 Investment made by HMCL NA Inc into Erik Buell Racing Inc , USD 25 million has been fully provided for, on account of bankruptcy filing under chapter 128 of the Wisconsin Statutes.

6 Turnover includes other income and other operating revenue.

7 HMCL Niloy Bangladesh Limited is yet to commence operations.

8 There are no subsidiaries which have been liquidated or sold during the year.

Part "B": Associates

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies

S. no.	Name of Associates	Hero FinCorp Limited	Erik Buell Racing Inc. ***
1	Latest audited Balance Sheet Date	Year ended March 31, 2016	Year ended December 31, 2013
2	Shares of Associate held by the company on the year end		
	No.	38,343,025	9686
	Amount of Investment in Associates (₹ in crores)	421.56	***
	Extent 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 is not consolidated	-	-
5	Networth attributable to Shareholding as per latest audited Balance Sheet (₹ in crores)	503.65	***
6	Profit / (Loss) for the year*		
	i. Considered in Consolidation	39.46	-
	ii. Not Considered in Consolidation**	42.04	-

* Profit/(Loss) include necessary adjustment on account of dividend distribution tax.

** Represent portion of Profit attributable to other shareholders.

*** Investment in 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 and on behalf of the Board of Directors

Pawan Munjal
Chairman, Managing Director & CEO
DIN- 00004223

Pradeep Dinodia
Chairman- Audit Committee
DIN- 00027995

Ravi Sud
Sr. Vice President & CFO

New Delhi
May 5, 2016

NOTES

CLASSIC
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