


**Hero MotoCorp Ltd.**

ANNUAL REPORT 2016-17



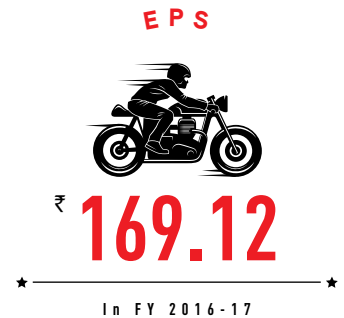
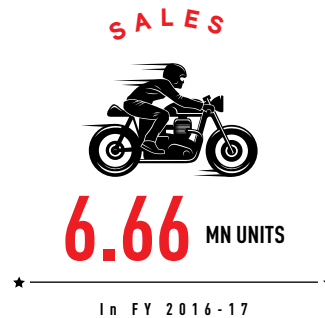
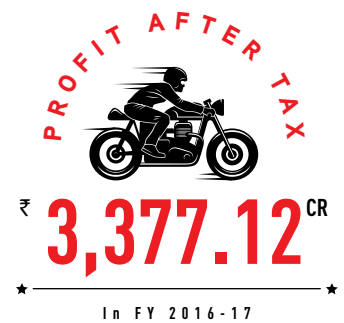
**ONE WORLD. ONE HERO.**

# CONTENTS



## CORPORATE REVIEW

- Corporate Identity 02
- Management Insight 04
- Global Footprint 08
- Global Scale 10
- Global Launches 12
- Association with Global Sporting Events 16
- Foray into Motor Sports 18
- Saluting Real Heroes 20
- Product Range 22
- Corporate Social Responsibility 24
- Board of Directors 28
- Leadership Team 31
- 10-year Financial Summary 32
- Committee Details 33
- Corporate Information 34



## GOVERNANCE REPORTS

- Management Discussion and Analysis Report 35
- Board's Report and Annexures 56
- Business Responsibility Report 96

## FINANCIAL STATEMENTS

- Standalone Financial Statements 121
- Consolidated Financial Statements 178

## EQUITY SHARE INFORMATION

- Market Capitalisation (31st March, 2017): ₹ 64,341 crores
- Proposed final dividend: ₹ 30 per share (Face value ₹ 2)
- Promoters holding: 34.64%
- NSE: HEROMOTOCO
- BSE: 500182
- Bloomberg Code: HMCL:IN



**'ONE WORLD ONE HERO' IS MORE  
THAN A PHRASE FOR US.  
IT'S OUR RESOLVE AND OUR PASSION.**

We are dedicated to expand our global footprint.

Exciting new trails await us, each more engaging than the previous.

Our varied experiences, in the course of this journey enrich us in  
diverse conducts. We foray into new markets, rally new customers, assimilate

refreshing ideas, adopt new technologies, and consequently  
elevate our capabilities. We bring commitment and enduring passion  
to everything we do. From global production excellence,  
to powering innovation, to focussed strategies, to demographically  
oriented product launches, to expanding distribution networks,  
to providing world class work places and environment for our people.

We continue to invest in reinvigorating our brand eminence.  
Integrating customer insights into innovative product design  
and engineering. Aligning community and sustainability initiatives in  
line with global best practices. We are taking our brand experience

to new horizons with the credo of

**'One World, One Hero'.**

# GAINING MOMENTUM ON THE STREETS OF THE WORLD



We have positioned India's manufacturing expertise, innovation, quality standards and entrepreneurial energy to the global grandstand. We are now a global mobility solutions provider with over 70 million brand customers across geographies with a growing formidable base of fans and advocates.

The Company manufactures its products from five world-class facilities in India and one in Colombia, catering to customer aspirations across 35 countries, spanning across three continents.



## HERO'S VISION

The story of Hero began with a simple vision – that of a mobile and empowered India powered by its two-wheelers.

Hero MotoCorp today, continues to reflect its commitment towards providing world-class mobility solutions, but now for customers across and beyond geographical boundaries.

## HERO'S MISSION

Hero MotoCorp's mission is to become a global mobility solutions provider fulfilling and surpassing its customers' needs and aspirations for mobility; setting benchmarks in technology, styling and quality. In the process converting customers into brand advocates. The Company will provide an engaging environment for its people to perform to their true potential. It will continue to focus on value creation and enduring relationships with its partners.



## STRATEGIES FOR GLOBAL GROWTH

- Focus on building a robust product portfolio across categories
- Exploring new growth markets
- Continuously improving operational efficiency
- Aggressively expanding our customer reach
- Sustain investments in brand-building activities
- Ensuring customer and shareholder delight
- Build global talent workforce

## OUR OPERATING PRACTICES

Our benchmarked processes and operations are **ISO 9001** (Quality Management Systems), **ISO 14001** (Environmental Management Systems) and **OHSAS 18001** (Occupational Health and Safety Management Systems) certified.

## OUR NATIONAL OUTREACH

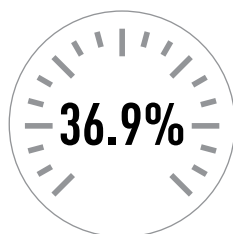
Our extensive sales and service network now spans over **6,000** customer touch points across the country. These comprise a mix of authorised dealerships, service & parts outlets, and dealer-appointed outlets.



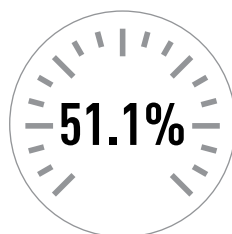
## MARKET PROMINENCE



Two-wheeler Company in the world for the last 16 consecutive years



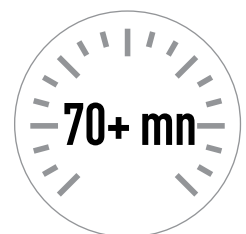
Market share in the domestic two-wheeler market



Market share in the domestic motorcycle market



Country global presence



Cumulative sales since inception



# MANAGEMENT INSIGHT





## DEAR SHAREHOLDERS

Hero commenced its journey over three decades ago, with a bold vision of bringing world-class mobility solutions and technologies into India and in the process making the country more self-reliant. Brand Hero has had an undeniable role in India's industrial transformation. Since then, through dedicated and sincere hard-work, your Company has cemented its distinct place in history and has become a beacon of excellence for the entire industry. Today, Hero MotoCorp is a globally recognised, responsible, ethical organisation, which continues to play a significant role in nation building. Going forward, we stand committed to unceasing enhancement our products, processes, quality and customer orientation.

As is customary, this year's Annual Report attempts to give you a detailed analysis of your Company's working, objectives, challenges and opportunities.

Let me begin by congratulating everyone in the Hero family, for once again putting up a stellar performance in the year gone by.

Complementing the rich legacy of Dr. Brijmohan Lall, Hero MotoCorp has evolved to become a reputable institution.

In an environment marked by volatilities and intense competition, your Company completed yet another financial year (FY 2016-17), retaining its dominant market leadership of the two-wheeler industry.

Your Company has now been the World's largest two-wheeler manufacturer for an incredible 16 consecutive years!

## MANAGEMENT UPDATES

I would like to share with you a significant update on the leadership transitions of the Company.

Mr. Ravi Sud superannuated from the position of Chief Financial Officer with effect from March 31st, 2017 and is now an Advisor to the Company. I take this opportunity to thank Ravi for his valuable contribution over the years. Mr. Niranjan Kumar Gupta has joined us and taken over the charge from Ravi.



## THE INDIA STORY

India is passing through one of its most economically and politically stable phases in the recent history. The strong decisive government at the Centre, supported by stable governments in the states, has ushered in a period of good governance in most parts of the country. The gross domestic product (GDP) growth has held steady at 6.5-7%, while reduced inflation and fiscal deficit have led to positivity in the sentiments. However, for growth in the global economy to revive and the currency situation to improve, a lot depends on how the socio and geo-political landscape unfolds in the backdrop of developments in different parts of the world. It is in this backdrop that I view the political resolve of leaders back at home with a sense of pride. We have been able to clear multiple, longstanding differences on policy decisions, including the passing of the bankruptcy code, and stringent regulations to govern real estate. We are in the process of adopting the 'one country one tax' in the shape of GST. These are all indeed commendable achievements.

The state governments competing with each other to attract investments into their respective states, has resulted in a healthy even-spread of investments across different parts of the country. Thus industrial growth and the consequent socio-economic development is expected to spread across country, rather than being concentrated in and around certain traditional pockets.

The banning of ₹ 500 and ₹ 1,000 currency notes – 'Demonetisation' as it has come to be called – in November 2016 was an enormously bold move by the government, one which only a visionary and a strong leader could have taken. It was indeed a game-changing move.

At Hero MotoCorp, we too faced some discomfort in the initial few months of the demonetisation initiative, but we were willing to go through that phase for the larger good of the country. We took speedy steps to further encourage sales through the banking channels, installed point of sale (POS) machines and other devices of cashless transactions at our dealerships. By February 2017, a clear bounce-back in terms of consumer sentiments was visible in the sector.

Towards the end of FY 2016-17, the auto-industry had to pass through uncertain times on account of the transition of emission regulations from Bharat Stage III (BS III) to BS IV. At Hero MotoCorp, safeguarding of environment has always taken precedence over short-term financial benefits. Personally, I have always been a strong votary of cleaner environment and use of green technologies. For instance, one of the Company's manufacturing facilities is baptised 'Garden Factory' for using advanced, state-of-the-art technologies and environment-friendly manufacturing practices. We have expanded the implementation of our in-house developed and patented i3S (idle Stop-Start System) technology on the majority of our products. The i3S system is an environmentally friendly technology that reduces emissions by automatically shutting-off the engine at traffic stops; while also providing savings and convenience to the customers.

As a responsible and law-abiding corporate citizen and in keeping with our commitment to protect public health, Hero MotoCorp had proactively switched to manufacturing only BS IV compliant vehicles well before the date stipulated by the authorities. Also keeping in mind the ordeals of our dealer partners, we implemented some tactical steps and also incentivised the customers, to liquidate the balance BS III stocks before the end of the financial year. As a public limited Company, we thereby minimised the losses of all our stakeholders. I am happy to inform you that since then, customers have given a positive endorsement to our BS IV vehicles!

In keeping with this spirit, we have already started our preparations for the launch of BS VI models and are aiming to launch BS VI compliant products well before the proposed timeline in 2020.

## THE HERO – HOMEGROWN, FOR THE WORLD

Symbolising the true empowerment of millions of Indians, your Company surpassed the landmark of 70 million units in cumulative sales since its inception, during the FY 2016-17. The year was even more significant as we introduced the Splendor iSmart 110, Achiever 150 and the Glamour 125 – three new models completely designed and developed by our in-house engineers at the Centre of Innovation and Technology (CIT), firmly establishing Hero's capabilities in independently developing new products.

Even as the consolidation of leadership in the domestic market continues, your Company also keeps expanding on the global front. With the addition of Nigeria and Argentina – the largest two-wheeler market in Africa and the second largest two-wheeler market in Latin America respectively – the global footprint of your Company has now reached 35 countries spread across Asia, Africa and South and Central America. With this, we have taken a giant leap towards our stated vision of making 'Hero' a truly global brand, and befittingly received the prestigious 'Indian MNC of Year' award from the All India Management Association (AIMA).

FY 2016-17 also had the distinction of witnessing the unveiling of two new Hero products on foreign soil. In January 2017, the new Glamour 125 (named Ignitor in international markets) became the first Hero product to be launched globally, at a glittering ceremony







in Buenos Aires, Argentina, and in November, 2016, HF Dawn – specially designed for the African market – was showcased at the EICMA in Milan, Italy.

There have been strong headwinds in the global economies with an extremely volatile currency situation. I however believe that these are cyclical situations and can be worked through in the long-term. Hero would, therefore, stay invested in its global markets and continue to engage in brand building so that when the market situation improves, we are well prepared to leverage the conditions.



HERO MOTOSPORTS TEAM RALLY'S IMPRESSIVE DEBUT AT THE DAKAR RALLY 2017

In keeping with our aspiration to become a truly global brand, your Company forayed into motorsports with a rally racing team 'Hero MotoSports Team Rally' through a strategic partnership with Speedbrain GmbH. In its debut year itself, the Team delivered a remarkable performance at the prestigious and arduous Dakar Rally 2017 – putting the India and Hero flags on a prestigious global platform.

The game of football is a passion in Latin America and it is through this platform that we are reaching out to the youth in that region. We have brought on board Argentinian football legend and the coach of Atletico de Madrid team – Diego Simione – as our brand ambassador in Argentina.

Similarly, we are building our brand in the Caribbean even before our commercial launch in that market. Your Company is the Title Sponsor of the Hero Caribbean Premier League – a highly popular T20 cricket tournament. Our association with Tiger Woods and the Tiger Woods Foundation has already helped us build awareness about Brand Hero globally.

## THE ROAD AHEAD

In the new fiscal (FY 2017-18), we are looking at aggressive market share gains to further consolidate our leadership, without compromising on the bottom line and our margins.

We have planned a capital expenditure of around ₹ 2,500 crores for the next two fiscals up to FY 2018-19 towards new product development, digitisation, phase-wise capacity installation and expansion of our existing facility at Gujarat and our upcoming plants in Andhra Pradesh & Bangladesh. This CAPEX also includes investments towards up-gradation and modernisation of our existing plant machinery. We are looking forward to commencing production at our upcoming manufacturing facility in Bangladesh in FY 2017-18, our second manufacturing facility at a global location, following the facility in Cali, Colombia.

The four new products that we introduced in the month of March 2016 – all new Glamour 125, the revamped new Maestro Edge, Duet, and the Pleasure 10th Anniversary edition – are expected to add to our sales performance in FY 2017-18.

Furthermore, we have lined up half a dozen new products – across segments, including the premium and scooter categories – for launch in the next fiscal to drive our growth. Clearly, we are going to have enhanced focus on these two growing segments to make rapid make inroads with new products and innovative customer engagement and communication.

While the Company continues to expand its product portfolio, we are simultaneously looking at mobility solutions for the future also. One such area that is fast developing is the 'electric' vehicle category. Even as we build our own internal capacities, one of our strategic priorities is to also engage with the external ecosystem, including start-ups in a meaningful way. It is with this objective that we have made an investment in Ather Energy – one of the best start-ups in the two-wheeler EV space.

Even as we go for market share gains, Hero will preserve its unwavering focus on sustaining a healthy bottom line and margins through judicious utilisation of resources and rationalisation of costs. At Hero, quality is not important just for the external customers, it is equally important for internal customers also! Thus we will put added focus on quality.

Finally, I would like to thank all our customers, my colleagues across the Hero family, dealers, suppliers, professionals, associates, global partners and you, our shareholders, for your unwavering support. We would not be here but for your trust in us. Thank you to all the government officials as well for their support and understanding. I appreciate and cherish the faith we have been bestowed with from everyone.

### PAWAN MUNJAL

Chairman, Managing Director & CEO

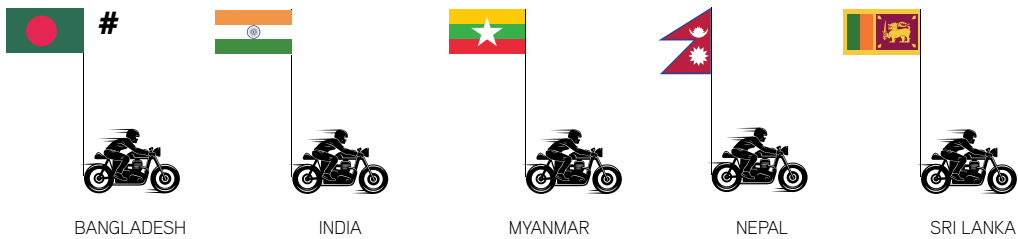
# GLOBAL PROMINENCE AND SCALE

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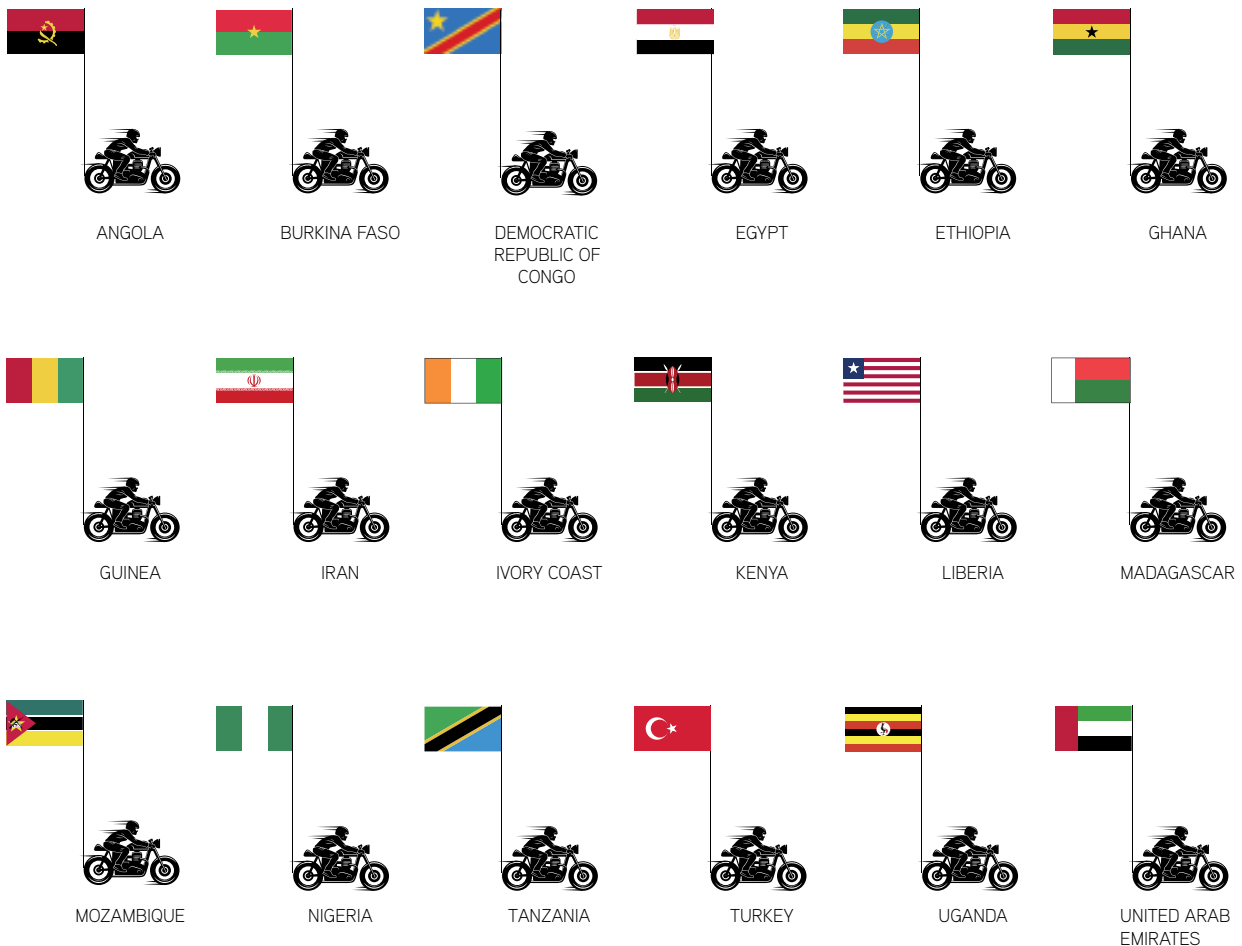
## ASIA

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## AFRICA & THE MIDDLE EAST

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## AMERICAS



ARGENTINA



BOLIVIA



COLOMBIA



COSTA RICA



DOMINICAN  
REPUBLIC



ECUADOR



EL SALVADOR



GUATEMALA



HONDURAS



NICARAGUA



PANAMA



PERU

# Upcoming plant with 150,000 units per annum initial capacity

## GLOBAL FACILITIES

### LOCATIONS

### CAPACITY

Gurgaon, Haryana	2.1 Mn units per annum
Dharuhera, Haryana	2.1 Mn units per annum
Haridwar, Uttarakhand	2.7 Mn units per annum
Neemrana, Rajasthan	1.1 Mn units per annum
Vadodara, Gujarat	1.2 Mn units per annum <sup>^</sup>
Villa Rica, Colombia	0.08 Mn units per annum
Global Parts Centre (GPC), Neemrana, Rajasthan	
Centre of Innovation and Technology (CIT) Jaipur, Rajasthan	

<sup>^</sup> Capacity to be ramped up to 1.2 Mn units per annum

# OUR EXPERIENCE AND EXPERTISE HAS MADE US AGILE AND ADAPTABLE ACROSS INTERNATIONAL MARKETS.



We are building our manufacturing capabilities across geographies and addressing emerging market requirements with swiftness and precision.

## PROGRESSING WELL ON OUR UPCOMING BANGLADESH FACILITY

Our second overseas plant is coming up in Bangladesh, which we are building in joint venture (JV) with 'Nitol Niloy Group' of Bangladesh. This plant will commence operations in 2017-18. The upcoming plant is located in Jessore, Bangladesh with an initial annual capacity of 150,000 units.

Currently, we are catering to Bangladesh markets through the export of over 12 popular motorcycles and scooters, which are marketed through 195 outlets across the country.

## WHY IS BANGLADESH ATTRACTIVE?

- Growing customer demand for two-wheelers and current low penetration
- Growing brand recognition
- Scope to bring differentiated technology and aesthetics to the market





During FY 2016-17, we launched an Eid campaign across our outlets, leading to the sales of 10,000+ two-wheelers in June, making us the No. 1 player during that period.

## STABILISING OUR OPERATIONS IN COLOMBIA

In the current financial year, our state-of-the-art facility in Villa Rica near Cali in Colombia stabilised its operations. The plant is operating at a production capacity of 80,000 units per annum. It will be expanded to produce 150,000 units annually, in the next phase.

Currently, the facility is producing eight models from our range of products. Hero is also the only two-wheeler manufacturer to offer 4-year warranty on all its models in Colombia.

This plant will gradually act as a hub for selling to the Andean countries (Bolivia, Colombia, Ecuador and Peru). It has the potential also to be a strategic base for shipping to North American markets, such as Mexico and the US in the future.

We are selling our products through a network of 195 outlets spread across 133 cities and towns in the country.

## KEY HIGHLIGHTS, FY 2016-17

- Rationalised costs and ensured optimisation of resource utilisation
- Ensured best-in-class quality practices
- Conserved water for efficient water utilisation
- Formulated a viable manpower plan in line with market demand
- Commenced skillset assessment to map training needs of teams

## NEW MANUFACTURING FACILITY IN VADODARA, GUJARAT, INDIA

We commenced commercial production at our Vadodara plant during this year. The first manufactured product from the plant (Splendor Pro) was offered to the Somnath Temple Trust. The first phase capacity of Vadodara plant will have a capacity of 1.2 million units annually. Gradually, the overall production capacity will be increased to 1.8 million units annually.



MANUFACTURING FACILITY IN VADODARA, GUJARAT



## PLANNED CAPEX

We have planned a capital expenditure of around ₹ 2,500 crores up to FY 2019 towards new product development, digitisation, phase-wise capacity installation and expansion at our existing as well as at our upcoming facilities in Andhra Pradesh and Bangladesh. The CAPEX also includes investments towards upgradation and modernisation of plant machinery.



# EVERY GLOBAL RIDE HAS EXCITING STORIES. THESE ARE OURS.



Across emerging markets, we are launching future-ready products with world-class performance and aesthetics.

The products are market specific and address specific customer requirements

Our aggressive global expansion plans are in topgear. We unveiled the New Glamour – our first-ever product to have a global launch outside of India. This global launch of the New Glamour coincided with the commencement of Hero's operations in Argentina, the 35th and latest to its rapidly growing global footprint.

The New Glamour was unveiled at a glittering ceremony held at the historic Law University in Buenos Aires and was attended by senior government officials, diplomats, and more than 100 Hero MotoCorp associates, including global distributors and dealers from India.

The New Glamour – developed at our world-class, state-of-the-art Centre of Innovation and Technology – has been designed keeping in mind our young customers globally. It also helps strengthen the Government of India's 'Make in India' initiative.

The masculine and sportier New Glamour makes a strong technological statement with the new BS IV compliant engine that also features Hero patented and proven i3S technology. In addition to delivering an extraordinary performance and fuel-efficiency, the charismatic New Glamour carries an unmatched style-quotient and offers an exciting package of class-leading features to add to the premiumness of the brand. Hero MotoCorp is already the market leader in 125cc motorcycle segment in India. With the introduction of the New Glamour, we aim to strategically expand our presence in the segment globally.

We appointed Marwen SA as our distributor in Argentina. For the local market in Argentina, we have rolled out four products from our wide portfolio in the first phase - Hunk, Hunk Sports, Ignitor (New Glamour is positioned as Ignitor here) and the scooter - Dash. In the second phase of operations, we will look at bringing in more products across different segments. These products will be sold through a network of 40 dealers across the regions of Capital Federal and Greater Buenos Aires (GBA).



FIRST-EVER GLOBAL PRODUCT LAUNCH IN ARGENTINA



**ARGENTINE SOCCER LEGEND AND THE BEST SOCCER COACH OF 2016, DIEGO SIMEONE JOINED THE HERO FAMILY AS THE GLOBAL BRAND AMBASSADOR.**

## NEW DAWN FOR AFRICA

We showcased the Dawn 125 motorcycle at the EICMA Motorcycle Show in Milan in September 2016. As a part of Hero MotoCorp's market-specific product strategy, the Dawn 125 motorcycle has been developed specifically for the African markets.

### GETTING TO KNOW DAWN

- Strong
- Durable
- Fuel efficient
- Big and round headlights offers improved visibility and metallic front fender provides greater strength.
- Elongated seat, wide rear carrier and extended footrests provide comfort to the rider and the pillion



DAWN 125 AT THE EICMA MOTORCYCLE SHOW IN MILAN

With our widening global footprint, we are engaged in developing products that will bring to life engineering excellence for India and the world.



## GEARED FOR INDIAN MARKETS

### ACHIEVER 150

We launched the new Achiever 150 motorcycle ahead of the festive season to expand our presence in the premium segment. The new Achiever 150 have been completely designed and developed by our own R&D team, based at the Centre of Innovation and Technology (CIT) in Jaipur.

#### SET TO SCORCH ROADS

- Hero patented i3S technology
- BS IV compliant engine
- Bold styling along with premium riding experience.

### SPLENDOR iSMART 110

We launched the all-new Splendor iSmart 110 – the first motorcycle to have been completely designed and developed by the in-house R&D team at the Hero Centre of Innovation and Technology (CIT) at Jaipur. And the initial response from customers has been very positive.

#### LOVING iSMART 110

- Contemporary look
- Superior performance and mileage
- BS IV compliant engine
- Intuitive fuel-efficient i3S technology



## REJUVENATED SIX MODELS WITH i3S

We also deployed the revolutionary and patented i3S (idle-stop-start system) technology across six models (HF Deluxe, Splendor+, PassionPro, Super Splendor, Glamour and Achiever). The i3S system, apart from increasing fuel efficiency, is an important convenience feature in the urban stop-go traffic.

## REJUVENATED SCOOTERS RANGE

To further strengthen our position in the scooters segment, we rejuvenated our scooters range for 2017 with energy boost models (Maestro Edge, Duet and 10th anniversary edition of Pleasure).

### THE NEW MAESTRO EDGE AND DUET

The new Maestro Edge and Duet deliver superior performance and power characteristics to enhance drivability without any compromise on the fuel efficiency. In addition, the new avatars come with new graphics and colours to bolster their modern positioning. The Maestro Edge also gets a new variant with full-body graphics, which further glorifies the model's sportier brand image.

### THE NEW PLEASURE

The new Pleasure is a 10th anniversary edition of Pleasure, which comes with BSIV compliant engine and graphics with exciting new colours.





### PRODUCTS FOR NEPAL, BANGLADESH AND SRI LANKA

- Launched Duet and i3S range (iSmart 110, Super Splendor i3S and Achiever 150) in Nepal
- Launched iSmart 110 and Pleasure refresh Sri Lanka
- Splendor+ launch received encouraging response

### SHOWCASING PRODUCTS ON GLOBAL PLATFORMS

During FY 2016-17, we demonstrated our products across various motor shows such as:

- Dhaka Auto Show in Bangladesh
- Colombo Motor Show in Sri Lanka
- NADA Motor Show in Nepal
- Turkey Motor Show in Turkey

### GLOBAL BRANDING ACTIVITIES

- Launched a feature advertisement for Dash in Colombia
- Launched Dawn Seeding Programme in Kenya and Tanzania
- Launched Hunk stunt of the week contest on digital platform in Bangladesh

## IN STEP WITH ECO-FRIENDLY MOBILITY

We have made an investment commitment in Ather Energy, for a substantial stake in the Company. Ather has made rapid progress on their vision to create a smart electric two-wheeler.

The emerging trend of Electric Vehicles (EV) is currently disrupting the contemporary automotive industry. In keeping with our vision of being 'Future Ready', we started our EV programme a few years back; and the time is now ripe to scale it up further.

Even as we are driving our own internal EV programme, we have also been engaging with the external ecosystem and start-ups.

The coming together of Hero and Ather is a win-win for both. Some of the core areas (strategic sourcing, supply chain, world-class operations, consumer insight, and wide exposure) are Hero's strength and are going to be of immense value for Ather. At the same time, we will benefit from their ongoing efforts in the EV space.

Together, we aspire to create and lead the EV industry nationally and internationally, support the national priority to reduce congestion and pollution, create significant shareholder value and generate additional businesses over time.

# INTERNATIONAL SPORTING EVENTS ARE A GREAT WAY TO ENHANCE BRAND REPUTATION.



Sports and sporting events connect with people over the boundaries of geographies, cultures and economies.

Through our association with sports, we reach a wide and diverse set of audiences and celebrate

'moments and momentum' in all aspects of life.



## ASSOCIATION WITH GLOBAL GOLF EVENTS

We recognise that golf needs more innovation to attract a younger and newer generation of fans and the 'Hero Challenge' is an initiative in that direction. As a partner of the European Tour, we introduced the 'Hero Challenge' at the British Masters last year, which proved to be a resounding success. That success has encouraged us to extend and expand our partnership with the European Tour by another three years to multiple events.

The Hero Challenge marked its return this year with three editions. Firstly, at the Aberdeen Asset Management Scottish Open at Dundonald before returning to the British Masters, supported by Sky Sports at Close House; and then finished at the DP World Tour Championship at Jumeirah Golf Estates in Dubai.

European Tour players Anirban Lahiri and Shiv Kapur, as well as Asian Tour player Daniel Chopra, are Hero brand ambassadors while 14-time Major winner Tiger Woods is our Global Corporate Partner.



Hero has supported the Women's Indian Open since 2010. It has also sponsored India's domestic women's professional tour.

**HERO WORLD CHALLENGE – BAHAMAS**

We joined hands with Tiger Woods and his Foundation to host the Hero World Challenge, an iconic invitational golf tournament. The four-day event features 18 of the world's top ranked golfers, among them major winners and many who have also held the World No. 1 position.

The most exciting news in this year's edition was the return of Tiger Woods, 14-time Major Champion and 5-time Hero World Challenge Champion, who chose this tournament to make his comeback.

**CARIBBEAN PREMIER LEAGUE (CPL)**

During FY 2016-17, we extended our Title Sponsorship of the popular 'Hero Caribbean Premier League' (CPL) for another three years. Hero CPL has become an eagerly awaited annual event for cricket fans not just in the Caribbean but globally.

The extension of our Title Sponsorship of the Hero CPL is also in keeping with the increasing global presence of Brand Hero.

Last year's tournament attracted a global audience of over 90 million. This year it is set to be even higher as fans across geographies continue to be drawn to the action on the pitch and the unique party atmosphere off it.

The Hero CPL has become one of the important events in Hero's annual global sporting calendar.

**FIFA U-17 WORLD CUP INDIA 2017**

We became a 'National Supporter' for the FIFA U-17 World Cup India 2017, which will be held across six cities in India.

Our association with the FIFA U-17 World Cup will go a long way in further popularising football across the country.

**CRICKET TOUR SPONSORSHIP**

- Key sponsor of Hero Cup – Australia's tour of Sri Lanka
- Sponsored the man of the match (Hero Hunk of the match) in Bangladesh tour of Sri Lanka





# MOTOR SPORTS IS ANOTHER DIMENSION OF OUR BRAND PERSONALITY



We have made significant investments to enhance our R&D capabilities (CIT being one of our crown jewels) and widen our global footprint across markets. Our products are known for their robustness, reliability and quality. It is thus a natural progression for us to engage in International Rally Sports - which tests the sturdiness of products and components. The Hero MotoSports Team Rally was born in May 2016.

## PARTNERING WITH THE BEST

Staying true to our vision of putting India on the motorsports map, we have partnered with Speedbrain GmbH, the German off-road racing specialist. Speedbrain brings on board their extensive experience as the Rally World Champion 2013 and the former factory team of BMW, Husqvarna, Honda HRC and the technical expertise in making Rally bikes.

## OUR RIDERS

We have roped in India's finest rider, C S Santosh and the experienced, Portuguese Supercross and Motocross expert, Joaquim Rodrigues, popularly known as 'JRod', as our Pilots.

**C S SANTOSH** is a household name in the arena of motorsports in India. He is now a three time Dakar participant and the only Indian to finish the Dakar twice and the first ever Indian to do so. He has won pretty much everything aboard a dirt bike in India for nine straight years. CS has participated in nine international rallies and took his victories in the Baja India, Raid-de-Himalaya, and the Desert Storm in his maiden attempts.

**JOAQUIM RODRIGUES**, from Portugal, is a top international professional racer who has won titles and races in Motocross, Supercross and Enduro. He is a decorated racer with over 15 years of professional racing experience. He is a Rally Rookie and did his first rally ever with Hero MotoSports Team Rally at Merzouga.

With Speedbrain at the helm, and our two pilots leading the charge, we are confident of having the right combination required to make an impact at the world rally stage.







Rodrigues, who finished the Dakar in the 12th place, tackled the dunes, the fast racing lines and everything that the Dakar threw at him with great poise and skill. India's finest off-road rider C S Santosh also finished the Dakar in the 47th place in the overall rankings, becoming the only Indian rider to do so twice.

### TAKING THE DESERT BY THE STORM

Our team entered their first ever rally on the home turf in Rajasthan – the Desert Storm. Hero MotoSports Team Rally entered the Desert Storm only with C S Santosh, the 3-time winner.

For the most part of the Rally, our ace rider C S Santosh led the stages winning 6 out of 9 stages that included one cancelled stage as well, until a fateful crash on the 2nd Day of the rally turned the tides. Despite the injury and pushing against all the odds to finish the race, Maruti Suzuki Desert Storm gave the Hero MotoSports Team Rally their first ever Podium finish in the world of Rally Sport as we finished 3rd in the overall rankings.

With successful finishes in 4 rallies, including the toughest race on the planet – the Dakar, ending in a Podium finish at the Desert Storm, the year marked an eventful and highly encouraging debut year for the Hero MotoSports Team Rally.

## IMPRESSIVE TRACK RECORD<sup>11</sup>

### THE MAROC DIARIES PART I – MERZOUGA RALLY, MAY 2016

The very first challenge for the team came in the form of the Merzouga Rally in May 2016. Merzouga Rally is considered as a 'Mini Dakar', with similar regulations as Dakar, but much more navigation and open deserts than the Dakar. It spanned over 1,500 kilometres and saw the participation of over 100 pro-rally riders from across the globe. JRod finished his first ever rally raid at an impressive 9th position while C S Santosh finished on 16th.

### THE MAROC DIARIES PART II – OILIBYA RALLY, OCTOBER 2016

The Oilibya Rally, also considered as the 'Mini Dakar', is the last rally of the FIM Cross Country Rally World Championship before the Dakar. The rally tested close to 60 top riders from across the globe over a distance of close to 2000 kilometres. The outcome was another strong performance from the team with JRod finishing at 14th position and C S Santosh finishing 32nd in the overall rankings, but not without making an impression within and outside the team.

### HERO AT THE DAKAR 2017

For a team that made its Dakar debut, both riders, Joaquim Rodrigues and C.S. Santosh, completed the gruelling 9,000 kilometres of the Dakar in an impressive fashion. We proved that we have the grit and the talent to succeed at the world's toughest race.



# HERO SALUTES REAL HEROES



The bravehearts who protect our borders, rescue people during national calamities and suffer immense hardships, so that citizens can feel safe and secured often remain unsung and unacknowledged. We at Hero MotoCorp wanted to help bring the real heroes onto the national centre stage.

## #HEROSALUTES

A clarion call to all Indians to pay reverence to the armed forces by saluting the soldiers, on any interaction with them.

Hero took the lead with all earnestness, respect and sensitivity to echo the sentiments of the nation at a time when India conducted a surgical strike against terrorist positions on September 29, 2016.

The launch of this campaign on the same day caught the nation's attention. Eventually, the campaign took a life of its own. People from various parts of the country, joined #Herosalutes to show respect to the Indian armed forces. It became an expression of people's solidarity with the armed forces.

## SIGNIFICANT IMPACT

- The #Herosalutes initiative became very popular; videos and photographs poured in from individuals, schools and colleges
- Social media registered unprecedented engagement
- Over 7.5 million video views and almost half a million reactions on Facebook
- Over 2 million views on YouTube
- Over 4.5 lakh plus likes and over 1 lakh plus shares on Facebook made the campaign go viral
- The Honourable Prime Minister, Shri Narendra Modi encouraged people to salute our soldiers.
- The Indian national team showed their respects at the Kabbaddi World Championships
- Celebrities hailed the initiative
- While there were other brands that tried to join the bandwagon, the media acknowledged the simplicity and honesty of the Hero initiative

**A PROUD NATION  
SALUTES ITS  
BRAVEST HEROES.**



# CROSSED 70 MILLION, RACING TOWARDS 100 ★

During the year, we crossed the milestone of producing 70 million two-wheelers, becoming the only Indian two-wheeler Company to achieve this honour. The achievement is a testimony to the growing popularity of our wide range of two-wheelers in India and the world.

To commemorate the achievement, which coincides with India's 70th year of Independence, we also launched a Limited-Edition Achiever 150. Clad in the colour of patriotism, only 70 units of the Limited-Edition Achiever 150 were manufactured.

We are now gearing up to reach the 100 million mark.





# DELIGHTING THE MASSES AND CLASSES

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★

## PRODUCTS THAT MAKE A BOLD STATEMENT



★ **ACHIEVER**



★ **SPLENDOR iSMART 110**



★ **MAESTRO EDGE**



★ **DUET**





★ PLEASURE



★ NEW GLAMOUR



★ HF DELUXE



★ PASSION PRO i3S



★ KARIZMA ZMR



★ XTREME SPORTS

# WE CARE

As a conscientious corporate citizen, we have articulated our CSR commitment through our credo

‘We Care’. Our CSR initiatives focus on major socio-economic and environmental concerns of India.

RIDE SAFE INDIA	HAMARI PARI AND E <sup>2</sup>	HAPPY EARTH	COMMUNITY CARE	DIGI AWARE
For Road Safety	For Girl Child Empowerment and Education	For Clean and Green India	For Community Development	For Digital Awareness on Social Causes



CSR INITIATIVE	POSITIVE EFFECTS IN FY 2016 -17	CUMULATIVE POSITIVE EFFECTS IN LAST TWO YEARS
Ride Safe India	157,645 participants	255,710 participants
Hamari Pari & E2	93,619 beneficiaries	123,988 beneficiaries
Happy Earth	97,730 plantations 434 toilets	2.57 lakh plantations 516 toilets
Community Initiatives	61,119 beneficiaries	115,890 beneficiaries
Digi Aware	1.63 crores plus views on social media	4.35 crores plus views on social media



## RIDE SAFE INDIA

Our road safety initiative is one of our flagship programmes that is recognised by the Ministry of Road Transport and Highways, Government of India.

Some of the major activities under the Ride Safe India include:

### TRAFFIC TRAINING PARKS (TTPS)

We have adopted six Traffic Training Parks at Gurugram, Delhi, Lucknow, Hyderabad, Rourkela and Nagpur for holistic road safety programmes. These parks are equipped with riding simulators, safety riding tracks, road stretches with varying road conditions and safety riding equipment. Our trained faculty educate the participants on road safety through specially prepared audio visual aids, road sign posters, brochures and videos.

### STUDENT POLICE CADET (SPC)

In association with Gurugram police, we initiated this programme, wherein students from schools were trained on road safety and traffic rules, along with leadership and personality skills.

### ROAD SAFETY CLUBS (RSC) AND ROAD SAFETY VAN SAFETY VAN (RSV)

We have structured training modules to educate school students about the importance of traffic rules, regulations and road safety. We conduct various safety training modules for school/college students and general two-wheeler riders.

### RIDE SAFETY AWARENESS CAMPAIGNS AND DRIVES ACROSS COMMUNITIES

We organise many mega safety campaigns, such as the National Road Safety Week, the UN Global Safety Week, among others, in collaboration with local, national and international enforcement agencies and organisations.

#### IMPACT

- Over 157,000 individuals, including students, teachers, cops and Hero customers participated at TTPs and road safety awareness programmes
- About 1.2 million participated in 'road safety competition', organised in association with Delhi Police
- More than 75,000 individuals received the message of safe riding during the National Road Safety Week through 2,400 activities
- Over 2,200 students from 50 schools enrolled as Student Police Cadets (SPCs) in association with Haryana Police
- We operate six TTPs in six states

## HAMARI PARI AND E<sup>2</sup>

### Hamari Pari

This programme recognises the ability of girls to become the agents of societal change. The programme benefits over 1,20,000 young underprivileged adolescent girls to grow up in the right conditions, with the right support. From financial assistance to regular motivational sessions and guidance camps with families, our NGO partners ensure that each beneficiary completes her primary education and enjoys an independent and dignified life.

### E<sup>2</sup>- Educate to Empower

Through E<sup>2</sup>, we aim to holistically tackle deep-seated issues within India's education system. The programme seeks to look for long-term solutions for issues such as low enrolment in schools. It is focused on improving school infrastructure to improve the quality of education and learning outcomes. The programme encourages the development of life skills and technical skills that will empower the beneficiaries, ensuring employability.

Moreover, we are engaged in the mobilisation of educational resources. We collect books, stationeries and other education resources and distribute them among children in need. We are buying essential 'interactive' educational materials for programme beneficiaries. Our employees contribute by donating books during our book collection activities.

#### IMPACT

- 126,771 girls in Andhra Pradesh, Delhi, Chennai and Telangana enrolled for education-focused programmes
- 15,983 girls benefited through 'Mobile Science Lab' project in Delhi, Haryana and Rajasthan
- 13,379 girls in Punjab and Rajasthan were counselled to choose right career path
- 8,222 children enrolled in schools across Andhra Pradesh, Bihar and Orissa
- 8,000 girls benefited from Saajha project, focusing on improving school education
- 395 girls enrolled in schools through our Step-Up and Samarth programmes
- 104 activities related to buildings and infrastructure betterment in 71 schools
- 160 girls enrolled in Skill Development Centre and trained for beautician and tailoring courses
- 51 classrooms and laboratories built at schools near our plants
- 18 girls received scholarships to pursue higher education at BML University



## HAPPY EARTH

The Happy Earth programme is a journey to protect, conserve, restore and optimally use environmental resources with facilitation and through awareness programmes. Happy Earth initiatives includes:

### TREE PLANTATION DRIVES

We consistently monitor and facilitate our partners to ensure 90%+ survival of our planted saplings. Till date, we have planted over 2.57 lakh trees. Some distinct events under this programme include:

- Hero green drive was launched in Delhi NCR to plant and maintain trees at parks of Delhi Development Authority (DDA) and Tilpath Valley (Delhi).
- Plantation of fruit trees was focused on planting fruit-bearing trees at various locations in Delhi-NCR and Uttarakhand. To involve more communities, we conduct tree plantation initiatives in orphanages, old-age homes, government schools and other public places. We have already planted almost 57,000 fruit trees. These trees are expected to bear fruits for the next 40-50 years and will be available to local communities for free.

### PROJECT SWACHH VIDYALAYA TO BUILD SCHOOL TOILETS

To do our bit towards supporting Swachh Vidyalaya Abhiyan, we are committed to build sanitation infrastructure, especially toilets for government schools around our areas of operations. The special awareness drives and interaction programmes on basic hygiene are regularly conducted in these schools.

### PROJECT JAL HI JEEVAN HAI

It is aimed at conservation or restoration of water bodies, providing potable drinking water; and creating awareness on cleaning Ganga.

### WATER CONSERVATIONS

Under the scheme of Mukhyamantri Jal Swavlamban Yojana, we excavated an existing pond in Neemrana, Rajasthan and increased its water holding capacity by 60,000 litres. Interestingly, several hundred trucks (full of fertile soil) were removed during the restoration process and given to farmers of the nearby village. The fertility of the soil will help reduce consumption of fertilisers in the village, helping farmers, economically.

### PROMOTING CONSERVATION OF WILDLIFE

We have handed over motorcycles to various forest guards and WWF for their patrolling duties. Powered by sturdy motorcycles, the rangers now cover longer distances in forests; and can protect far-flung areas that are vulnerable to poaching and other such activities.

## IMPACT

- 1.9 lakh saplings planted and now being nurtured at various places of Delhi NCR, thereby increasing the green cover
- 36,000 fruit trees planted at various locations, including an orphanage, an old-age home, government schools, among others are intended to enhance the beauty of the place and health of beneficiaries
- 21,000 fruit trees planted at hilly villages of Dehradun district under the sustainable livelihood project
- Over 7,000 trees planted around our plants and offices at different locations in India.
- Enhanced 60,000 litre water storage capacity through rain water harvesting project at Neemrana village
- 516 toilets built at 63 government schools in Gurgaon, Dharuhera, Neemrana, Haridwar and four districts of Maharashtra as contribution towards Swachh Bharat mission
- 111 motorcycles given to forest rangers to promote wildlife conservation







## COMMUNITY CARE

We selected around 100 backward villages in Alwar, Jaipur, Rewari and Haridwar Districts for their socio-economic development. Before embarking on the journey of upliftment for these villages, we prepared a roadmap to implement our plan and organise all our CSR activities for helping locals to improve themselves.

### PROJECT AROGYA - HEALTHCARE PROJECTS INCLUDING HEALTH CAMPS AND MOBILE MEDICAL VAN

We organised multispecialty medical camps, where thousands of patients were treated and given proper medical care. Hundreds of cataract patients went through free surgeries. Moreover, we conducted awareness programmes for HIV/AIDS, deworming, immunisation, nutrition, and health and hygiene programmes. Our Mobile Medical Van mission benefitted over 23,000 patients in North-West district of Delhi. The patients availed general consultancy and received necessary medicines and tests done for free.

### PROJECT SKILL-OUR-YOUTH - SKILL-DEVELOPMENT

Skill development project at Dharuhera adopted an innovative approach to impart informal education through literacy classes and provided skill trainings in vocational courses, such as tailoring, beauticians and so on. Since its inception, the project trained over 190 women and adolescent girls, among whom over 70% are employed (or self-employed).

### MISSION WE CARE - WINTER RESCUE OF STREET-DWELLERS AND SUPPORT PEOPLE DURING NATURAL CALAMITIES

This night rescue mission helped 1,200+ people. While some received warm clothing, others were shifted to safe shelters to protect them from winter chill. The mission succeeded in significantly reducing the number of fatalities in Delhi due to cold wave during winters.

### STRENGTHENING COMMUNITY BY CAMPS FOR WELFARE OF ANIMALS AND PROMOTING SPORTS

We provided health camp for cattle and organised awareness programmes for the owners of the livestock for better care and yield from them. Likewise, workshops for farmers to understand innovations, technological advancements and best practices for better yields were held.

## IMPACT

- 23,634 patients benefitted through Mobile Medical Van
- 14,538 benefitted from healthcare camps, farm-management, skills and animal welfare workshops
- 3,286 benefiting from water harvesting project
- 3,000 kilograms of clothes collected and distributed among the needy
- 1,125 homeless people benefitted from our Winter Night Rescue Mission

## DIGI AWARE: SAFETY CAMPAIGNS THROUGH MEDIA

This programme aims to gain traction for our road safety campaign on the social media. We are actively campaigning on social media through Facebook, YouTube and Twitter. During EURO 2016 and Rio Olympic we showed safety awareness short films on TV. We received 4.35+ crores views on social media for Ride Safe Awareness.

Our campaign Hamari Pari has been acknowledged by Facebook on Girl Child Empowerment by making "Supporting Hamari Pari" a custom cause under status activities.



# BOARD OF DIRECTORS

<p>1&gt; <b>MR. M. DAMODARAN</b> NON-EXECUTIVE AND INDEPENDENT DIRECTOR</p>	<p>4&gt; <b>MR. RAVI NATH</b> NON-EXECUTIVE AND INDEPENDENT DIRECTOR</p>	<p>7&gt; <b>MS. SHOBANA KAMINENI</b> NON-EXECUTIVE AND INDEPENDENT DIRECTOR</p>	<p>10&gt; <b>DR. PRITAM SINGH</b> NON-EXECUTIVE AND INDEPENDENT DIRECTOR</p>
<p>2&gt; <b>DR. ANAND C. BURMAN</b> NON-EXECUTIVE AND INDEPENDENT DIRECTOR</p>	<p>5&gt; <b>GEN V. P. MALIK (RETD.)</b> NON-EXECUTIVE AND INDEPENDENT DIRECTOR</p>	<p>8&gt; <b>MR. VIKRAM S. KASBEKAR</b> EXECUTIVE DIRECTOR OPERATIONS (PLANTS)</p>	<p>11&gt; <b>MR. PAUL B. EDGERLEY</b> NON-EXECUTIVE AND INDEPENDENT DIRECTOR</p>
<p>3&gt; <b>MR. PRADEEP DINODIA</b> NON-EXECUTIVE AND INDEPENDENT DIRECTOR</p>	<p>6&gt; <b>MR. PAWAN MUNJAL</b> CHAIRMAN, MANAGING DIRECTOR AND CEO</p>	<p>9&gt; <b>MR. SUMAN KANT MUNJAL</b> NON-EXECUTIVE DIRECTOR</p>	

**MR. PAWAN MUNJAL**

Mr. Pawan Munjal has consistently demonstrated visionary leadership to emerge as one of India's highly-respected business leaders. Even in a highly-competitive and volatile market, he has guided Hero MotoCorp to not just consolidate its leadership status, but also expand its global footprint across continents. Under his leadership, Hero MotoCorp achieved the coveted title of world's No. 1 two-wheeler Company (in terms of volume sales by a single company in a calendar year) in 2001 and has successfully retained this position till date. The Company received the coveted Time magazine's Manufacturing Innovator of the year in 2016.

Mr. Munjal has led Hero MotoCorp to command a dominant share in the domestic motorcycle market in India and is now present in 35 countries across Asia, Africa, Central and South America.

**MR. SUMAN KANT MUNJAL**

Mr. Munjal was appointed as an additional director on the Board as on July 29, 2010. He is the Managing Director of Rockman Industries Ltd., one of the leading suppliers of aluminium die casting, machined and painted assemblies to Hero MotoCorp Ltd. A graduate in Commerce, he possesses rich experience and expertise in business management. Over the years, he has been instrumental in elevating Rockman Industries Ltd. to its current status.

Years of experience and expertise have led Mr. Munjal to earn a place in the Boards of various companies.

**MS. SHOBANA KAMINENI**

Ms. Kamineni is the Executive Vice Chairperson of Apollo Hospitals Enterprise Limited, the pioneer of private healthcare in India.

She heads Apollo Pharmacy, India's largest pharmacy chain and is the founder and Whole Time Director on the Board of Apollo Munich Health Insurance.

An Independent Director on the Boards of Blue Star Limited and Hero MotoCorp, she serves on the Advisory Council of the National Cadet Corps (NCC). Getting elected as the first woman President of CII for the year 2017-18 has been another major feather in her cap.

**MR. VIKRAM S. KASBEKAR**

Mr. Kasbekar is responsible for operations, catering to the domestic, exports and after sales market demand. He has been a part of the Company for close to 14 years and has significantly contributed to its growth.

Mr. Kasbekar brings over four decades of experience in the field of operations, supply chain, manufacturing and project engineering. A stint at Birla Copper as Business Head gave him exposure to the copper business and during his tenure the business turned profitable. He is an active member of CII northern region council.

**MR. PRADEEP DINODIA**

Mr. Dinodia was appointed as director on the Board on March 31, 2001.

Mr. Dinodia is a fellow member of the Institute of Chartered Accountants of India (ICAI) and Chairman and Managing Partner in a Delhi-based chartered accountancy firm – M/s. S.R. Dinodia and Co. LLP. He has considerable experience in corporate affairs and allied legal and taxation matters.

**MR. RAVI NATH**

Mr. Nath was appointed as Non-Executive and Independent Director effective October 14, 2009. Mr. Nath, aged 72, is an Advocate of Supreme Court of India and a Partner of one of the India's leading legal firms, Rajinder Narain & Co., also called RNClegal. He studied B.Com. (Hons.), LLB at Delhi and International and Comparative Laws at King's College, London, and PIL at Harvard and was apprenticed at Sinclair Roche and Temperley Solicitors, London. He brings rich and specialised experience of more than 40 years in Corporate and Commercial law, Asset Finance and Cross Boarder issues. He was recognised several times by Euromoney and others as leading Lawyer in the fields of Mergers & Acquisitions and Aviation Laws. He is listed in Who's Who and Legal 500. The Bar Association of India has conferred its highest honour on him.

**MR. PAUL B. EDGERLEY**

Mr. Edgerley was appointed as Non-Executive director on the Board as on May 4, 2011. He was appointed as Non-Executive and Independent Director from May 5, 2016.

Mr. Edgerley is currently a Senior Advisor of Bain Capital and Managing Director of VantEdge Partners, a private investment firm. He has worked with various prestigious organisations in responsible positions such as Bain Capital and Bain & Company. He has gathered experience as a consultant and manager in the healthcare, information services, retail and automobile industries. Earlier, he was a Certified Public Accountant with Peat Marwick Mitchell and Company. At present, he serves on the Boards of Sensata Technologies, APEX Tool Group, MYOB and TI Automotive. Mr. Edgerley is also a member of the Kansas State University Foundation, The Shamrock Foundation, and serves on the Board of Year Up. He was awarded an MBA with distinction from Harvard Business School and a BS from Kansas State University. Mr. Edgerley brings with him enriched experience in the field of finance and administration.

**MR. M. DAMODARAN**

Mr. Damodaran is a retired IAS officer. Currently, he serves as a governance consultant, advisor, mentor and coach, with various state governments and the Central government. He also works with regulatory bodies, investment institutions, banks, development financial institutions and the private sector. He has headed the highly successful restructuring efforts in Unit Trust of India (UTI) and Industrial Development Bank of India (IDBI). In addition, he has chaired the Securities and Exchange Board of India (SEBI). During his tenure at SEBI, he was elected Chairman of the EMC of the International Organisation of Securities Commission (IOSCO). He led the Government of India

(GoI) appointed task force for settling up the Resolution Corporation of India and managed the high-powered committees of GoI, Reserve Bank of India (RBI) and some Chambers of Commerce. He has won several awards for governance, leadership and transformation. Currently, he sits on the Boards of some of India's biggest companies and on the Advisory Boards of some foreign entities. He is the Founder Chairman of IIM, Tiruchirappalli. He graduated with distinction in Economics and in Law from the Universities of Madras and Delhi, respectively. He is widely acknowledged as one of India's foremost champions of corporate governance and is passionate about improving the Board's performance.

**DR. ANAND C. BURMAN**

Dr. Burman was appointed as Non-Executive and Independent director on January 13, 2010. He is an eminent industrialist with particular interests in areas of research and development in Pharmaceutical Sciences, Biotechnology and Technology issues. Dr. Burman has Doctorate in Pharmaceutical Chemistry from the University of Kansas, USA. He is currently the Chairman of Dabur India Limited and a member in the Council of Governors at Birkbeck College, University of London.

**GEN V. P. MALIK (RETD)**

Gen. Malik was appointed as Non-Executive and Independent director on the Board on May 4, 2001. He retired as the chief of Indian Army in September, 2000. During his 41 years long distinguished military career, he received several awards including the Ati Vishisht Seva Medal (AVSM) and the Param Vishisht Seva Medal (PVSM) - the highest National award for distinguished military services.

**DR. PRITAM SINGH**

Dr. Singh was appointed as Non-Executive and Independent director on the Board on September 28, 2004. He is author of ten academically reputed books and over 75 research papers. Dr. Pritam Singh is one of the pioneers of Management Education in India who has devoted his life to the development of Management Education in India and abroad. Dr. Singh received the Padam Shri Award in 2003 for his contributions to this field. Dr Singh has been a member of many government committees as well.





# LEADERSHIP TEAM



MR. SANJAY BHAN  
HEAD - PARTS BUSINESS



MR. RAJAT BHARGAVA  
HEAD - STRATEGY &  
PERFORMANCE  
TRANSFORMATION AND  
GLOBAL BUSINESS



MR. ASHOK BHASIN  
HEAD - SALES, MARKETING  
& CUSTOMER CARE



DR. MARKUS BRAUNSPERGER  
CHIEF TECHNOLOGY OFFICER



MR. NIRANJHAN GUPTA  
CHIEF FINANCIAL OFFICER



MR. SANJAY JORAPUR  
CHIEF HUMAN RESOURCES  
OFFICER



MR. VIKRAM KASBEKAR  
EXECUTIVE DIRECTOR  
OPERATIONS (PLANTS)



MR. MALO LE MASSON  
HEAD - GLOBAL PRODUCT  
PLANNING



MR. NEERAJ MATHUR  
HEAD - STRATEGIC  
SOURCING & SUPPLY CHAIN



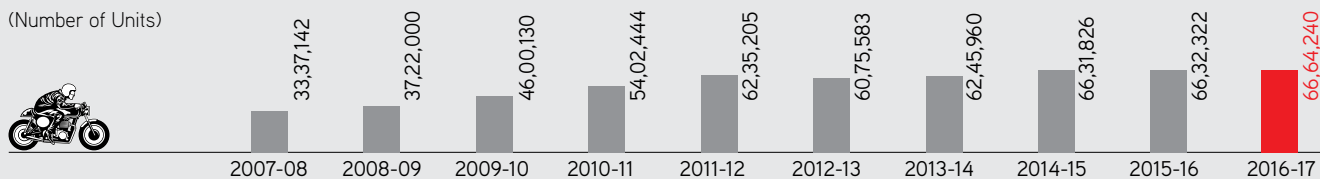
MR. VIJAY SETHI  
CHIEF INFORMATION OFFICER  
& HEAD CSR

# 10-YEAR FINANCIAL SUMMARY



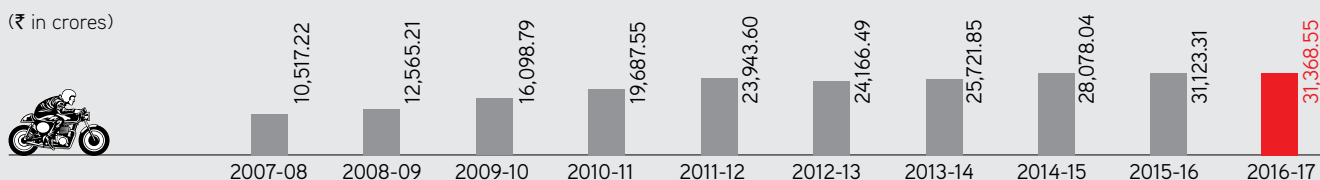
## PRODUCT SALES

(Number of Units)



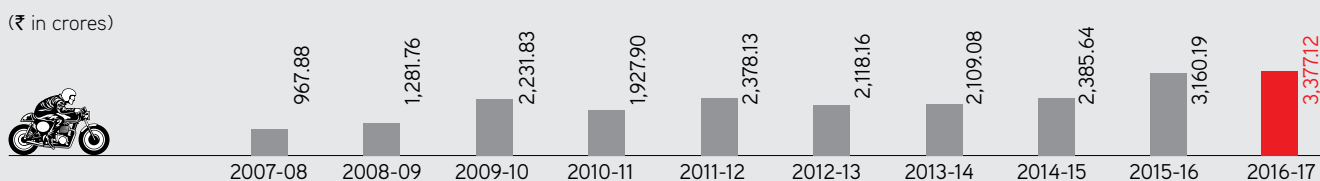
## TOTAL NET INCOME

(₹ in crores)



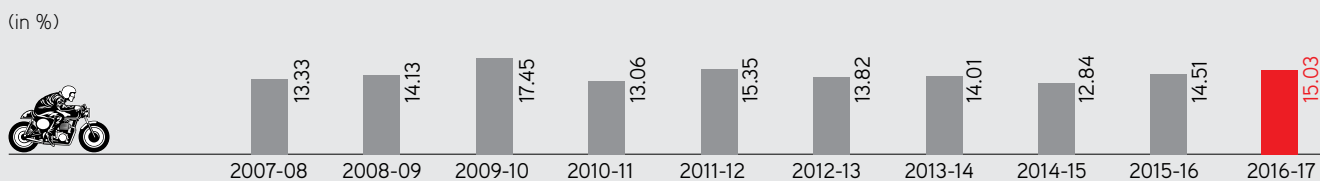
## PROFIT AFTER TAX (PAT)

(₹ in crores)



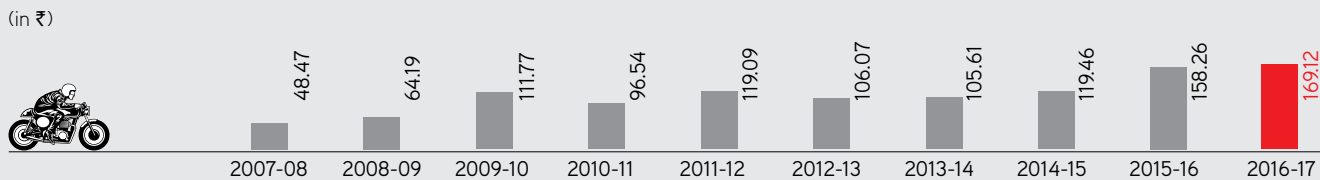
## EBITDA MARGIN

(in %)



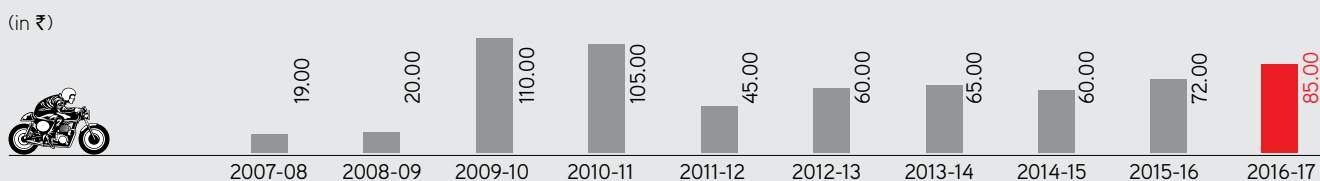
## EARNING PER SHARE

(in ₹)



## DIVIDEND PER SHARE

(in ₹)





# 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**

## STATUTORY AUDITORS

**DELOITTE HASKINS & SELLS**

Chartered Accountants, (FR No. 015125N)  
7th Floor, Building No. 10, Tower B,  
DLF Cyber City Complex, DLF City  
Phase- II,  
Gurgaon - 122 002, Haryana  
Tel: 0124-679 2000  
Fax: 0124-679 2012  
Web: www.deloitte.com/in

## HEAD OF INTERNAL AUDIT

**MR. SOHRAB PRAKASH**

## INTERNAL AUDIT PARTNERS

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8th Floor, Tower B, DLF Cyber City,  
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**KPMG**

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**JRA & ASSOCIATES**

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New Delhi - 110 048  
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Fax: 011-40562779  
Web: www.jraca.com

**ERNST & YOUNG LLP**

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42, Sector Road, Gurgaon, 122 002,  
Haryana, India  
Tel: Office: +91 124 6714000  
Website: http://www.ey.com

## PRINCIPAL BANKERS

Bank of America N.A.  
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

## REGISTERED AND CORPORATE OFFICE

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

## REGISTRAR AND SHARE TRANSFER AGENT

Karvy Computershare Pvt. Ltd.  
Karvy Selenium Tower B,  
Plot 31-32, Gachibowli,  
Financial District, Nanakramguda,  
Serilingampally, Hyderabad - 500 008  
Tel: 040-67161519 / 67161522  
Fax: 040-23001153  
Email: einward.ris@karvy.com  
www.karvycomputershare.com  
Toll Free No.: 1-800-3454001

## PLANT LOCATIONS

**GURGAON PLANT**

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

**DHARUHERA PLANT**

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

**HARIDWAR PLANT**

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

**NEEMRANA PLANT**

Plot No. 101-103, 108&109,  
RIICO Industrial Area,  
Delhi-Jaipur Highway,  
Neemrana, Dist. Alwar - 301 705  
Tel: 01494 673 0000

**HALOL PLANT**

Plot No. 102, Halol (Exp.) Industrial  
Estate, Vadodara Godhra Highway  
Taluka - Kalol, Tehsil-Halol,  
Dist. Panchmahal, Gujarat 389350  
Tel: 02675 229114

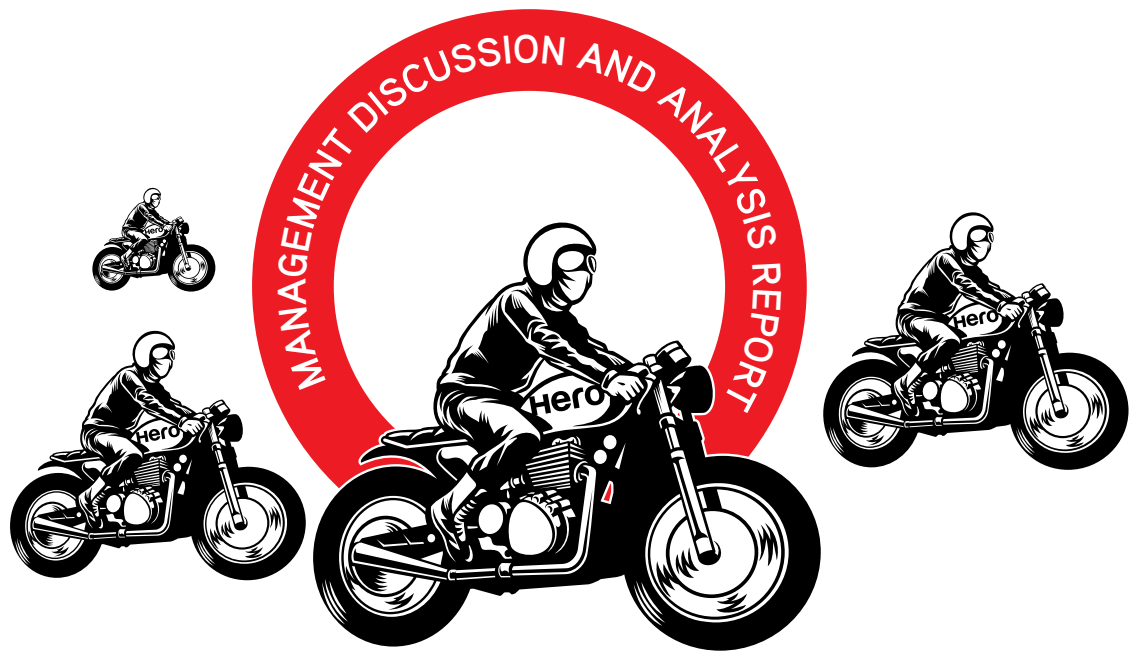
**R&D CENTRE**

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





Economic Review 36

Two-wheeler Industry Review 39

Evolving Global Two-wheeler Markets 42

Achieving Steady Operational Performance 43

Financial Performance 46

Crafting a Customer-facing Approach 48

Building a Robust Supply Chain 49

Adapting Industry-next Technology 51

Celebrating Heroes of Hero 52

Reinforcing Risk-management Architecture 54

# ECONOMIC REVIEW



**THE EMERGING  
MARKETS AND DEVELOPING  
COUNTRIES NOW ACCOUNT  
FOR OVER 75% OF GLOBAL  
GROWTH IN OUTPUT AND  
CONSUMPTION, ALMOST  
DOUBLE THEIR SHARE  
SINCE LAST TWO  
DECADES**

**7.1%**

INDIA'S GDP FOR  
FY 2016-17



## GLOBAL ECONOMY

The global economy seems to be stabilising after a sustained period of volatility. With buoyant financial markets and a long-awaited cyclical improvement in manufacturing and trade under way, global growth is expected to rise from 3.1% in 2016 to 3.5% in 2017 and 3.6% in 2018 [Source: IMF].

During the second half of 2016, US firms grew more confident about future demand and the US economy recorded a lower rate of unemployment even as the new President has made promises to expand domestic investments and production in the country. UK witnessed a rise in domestic demand following Brexit. In addition, there seems to be momentum in the Eurozone economy as robust domestic demand led recovery in the second half of 2016, belying earlier expectations of a slowdown due to geopolitical uncertainties. If these tailwinds continue, the global economy may pick up steam over the medium-term. Going forward, a downside to growth is the rising trend towards protectionism, which may have an impact on global trade.

At the other end of the spectrum are the emerging markets and developing economies, which have grown in importance in the global economy in recent years. They now account for over 75% of global growth in output and consumption, almost double their share in the last two decades. According to the IMF, the significant income gaps in these economies vis-à-vis those in advanced economies suggest further room for catch-up, favouring their prospects of maintaining relatively strong potential growth over the medium term.

During FY 2016-17, the picture for emerging market and developing economies (EMDEs) remained distinctly diverse:

- Stronger than expected growth in China, supported by continued policy stimulus and consolidation after years of break-neck speed
- Weaker than expected activity in some Latin American countries (Argentina, Brazil and Colombia) which faced a sharp contraction in tourism revenues
- Better than expected activity in Russia, in part reflecting firmer oil prices.

### Global growth pattern (%)

	2015	2016	2017 (P)	2018 (P)
World Output	3.2	3.1	3.4	3.6
Advanced Economies	2.1	1.7	2.0	2.0
United States	2.6	1.6	2.3	2.5
Euro Area	2.0	1.7	1.7	1.6
Japan	1.2	1.0	1.2	0.6
United Kingdom	2.2	1.8	2.0	1.5
Other Advanced Economies*	2.0	2.2	2.3	2.4
Emerging and Developing Economies	4.1	4.1	4.5	4.8
China	6.9	6.7	6.6	6.2
Sub-Saharan Africa	3.4	1.4	2.6	3.5

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

## Latin America

The economy of Latin America contracted by 0.7% in 2016. However, Brazil's emergence from a deep and protracted recession and an economic rebound in Argentina is expected to help to lift the regional growth back into positive territory in 2017. Regional growth is expected to be challenging as the largest economies continue to struggle. According to some reliable projections, the region's GDP growth could pick up to 1.5% in 2017. Next year, the economy of Latin America is expected to expand and grow by 2.5%.

## Sub-Saharan Africa

Despite challenges, the economy of Sub-Saharan Africa (SSA) is expected to rebound in 2017; and then gather momentum in 2018. The region's GDP is expected to expand by 2.6% this year. Going forward, as the global economy gains momentum and many commodity markets rebalance, the regional economic performance is set to improve further next year, with analysts forecasting that SSA's GDP could grow by as much as 3.5%.

## INDIAN ECONOMY

India, one of the fastest growing major economies, has recently emerged as the world's sixth largest manufacturing country as well. India's GDP for FY 2016-17 touched 7.1%, demonstrating the fact that India's economic fundamentals continue to be strong. While emerging urban clusters are driving this growth, rural India is seeing a recovery after around 3-4 years. Such a scenario is likely to generate momentum for India Inc. The country's economic prospects appear optimistic with policymakers creating enablers for strong and sustainable growth for the medium to long-term.

### India's GDP grow (%)

2013-14	2014-15	2015-16	2016-17
6.9	7.3	7.6	7.1

## CATALYSTS FOR GROWTH

### Infrastructure resurgence

The government is committed to ensure time-bound creation of world-class infrastructure in the country. It is targeting around ₹ 25 trillion (US\$ 376.53 billion) investment in infrastructure over a period of three years, which will include ₹ 8 trillion (US\$ 120.49 billion) for developing 27 industrial clusters; and an additional ₹ 5 trillion (US\$ 75.30 billion) for roads, railways and port connectivity projects.

### Rural demand

The Union Budget for 2017-18 has allocated ₹ 3,960 billion for rural India. Of this corpus, rural roads alone will get ₹ 29 billion and the Government intends that by 2018 every village should be electrified and by 2019 each village should have road connectivity.

Higher agricultural credit, enhanced allocation for irrigation projects, a crop insurance scheme for farmers and increased allocations for MGNREGA in the Union Budget will also help bolster rural income.

In addition, the implementation of the Seventh Pay Commission Recommendations will also spur demand across semi-urban and rural India.



Rural India therefore, is witnessing a quiet transformation. Consumption patterns in rural areas are gradually changing owing to better networking among rural consumers; and their tendency to proactively seek information via multiple sources, including mainstream as well as social media.

The wider reach of media and telecommunication services is making rural consumers more well informed. Interestingly, rural consumers are evolving towards a broader notion of value, which involves utility, aesthetics and additional features.

### Institutional reforms

The FY 2016-17 was marked by a variety of institutional reforms such as the implementation of the Insolvency and Bankruptcy Code, creation of Monetary Policy Committee, redesigning of the Fiscal Responsibility and Budget Management (FRBM) framework, passage of GST, and finally, the policy thrust towards a less-cash formal economy. In addition, the trend of benign inflation and continued improvement in twin deficits further bolstered the country's macroeconomic parameters.



### BENEFITS OF A LESS-CASH ECONOMY

- Greater push towards digitisation
- Recapitalisation of banks, with consequent decline in interest rates on loans
- Greater transparency and disclosure
- Wider tax base
- Increase in tax compliance
- Greater formalisation of the economy



### GST IS A RADICAL STEP FORWARD

- Provides a uniform tax framework for indirect taxes
- Unifies fragmented Indian market under uniform taxation
- Enhances ease of doing business with transparent taxation
- Removes cascading effects of taxes
- Saves government's cost in tax collection
- Diminishes raw material costs and thus, decreases prices of associated goods
- Reduces corruption with unified taxation

### Outlook

India's growth momentum is likely to accelerate in the second half of FY 2017-18, amid the rapid pace of ongoing re-monetisation and trickle-down impact of past policy reforms.

The country's growth rate is likely to touch 7.4% in 2017-18, driven by a rebound in consumption demand. In addition, long-term consumption growth will be driven by major factors: government reforms across all sectors of the economy; low interest rates; benign inflation; favourable demographics (half of the population is below the age of 35), and an expanding addressable market size (India now has 50 large consumption hubs).

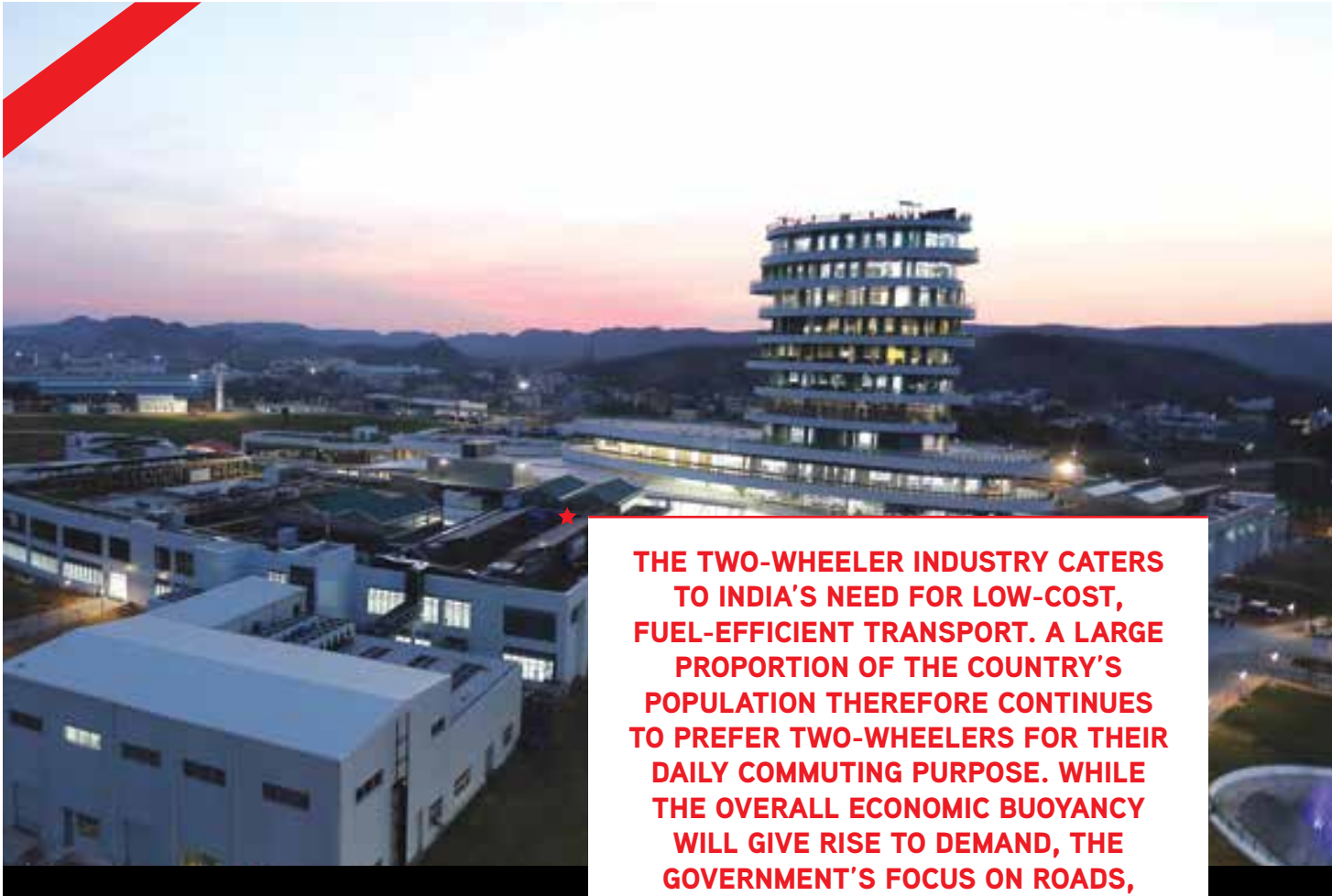
We are excited by the opportunities unfolding before us nationally and internationally. We are geared to capitalise on those opportunities through our market reach, brand strength, focus on innovation and appropriate technology leverage.







# TWO-WHEELER INDUSTRY REVIEW



**THE TWO-WHEELER INDUSTRY CATERES TO INDIA'S NEED FOR LOW-COST, FUEL-EFFICIENT TRANSPORT. A LARGE PROPORTION OF THE COUNTRY'S POPULATION THEREFORE CONTINUES TO PREFER TWO-WHEELERS FOR THEIR DAILY COMMUTING PURPOSE. WHILE THE OVERALL ECONOMIC BUOYANCY WILL GIVE RISE TO DEMAND, THE GOVERNMENT'S FOCUS ON ROADS, RAPID URBANISATION AND IMPROVING PUBLIC TRANSPORT INFRASTRUCTURE INCLUDING IN THE RURAL PARTS OF THE COUNTRY WILL DRIVE GROWTH FURTHER.**

## 5.2%

**TWO-WHEELER INDUSTRY  
GROWTH IN FY 2016-17**

### INDIAN TWO-WHEELER INDUSTRY

The two-wheeler industry registered a 5.2% growth in FY 2016-17, compared to the previous year. The overall industry (domestic and export) increased from 18.94 million units in FY 2015-16 to 19.92 million units in FY 2016-17.

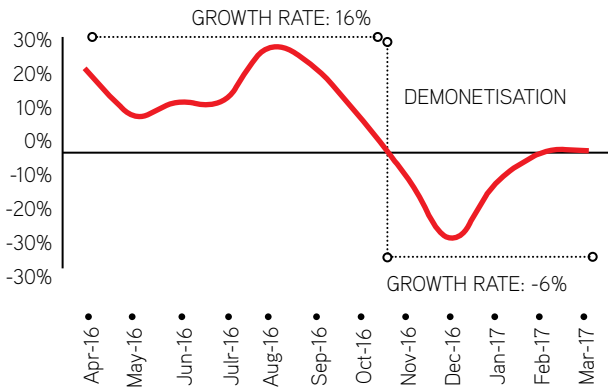
The performance of India's two-wheeler industry in FY 2016-17 can be divided into two parts: pre- and post-demonetisation.

- Pre-demonetisation: The industry witnessed double-digit growth from April to October 2016, highest since FY 2011-12. The demand in this phase was strong in rural markets owing to average monsoons. Moreover, the Seventh

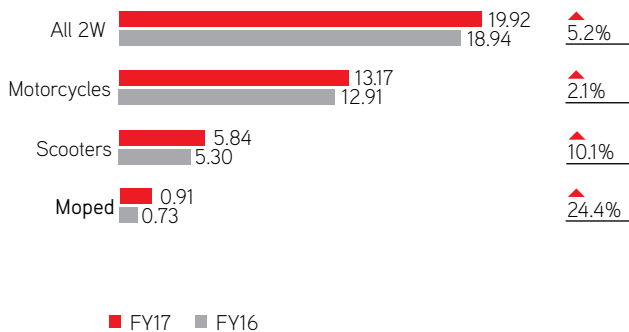
Pay Commission pay-outs played a part in pushing demand in urban and semi-urban India.

- Post-demonetisation: Demonetisation had a short-term impact on the overall automotive sector, as it led to a cash crunch in the market. Consequently, the two-wheeler industry recorded a decline in the post-demonetisation phase (November 2016 to January 2017).
- In February-March, 2017 the industry partially recovered, although it was hampered by the industry's migration from BSIII to BSIV emission norms.

### TWO-WHEELER INDUSTRY GROWTH TREND



### INDIAN TWO-WHEELER GROWTH TREND (DOMESTIC + EXPORTS) (mn)



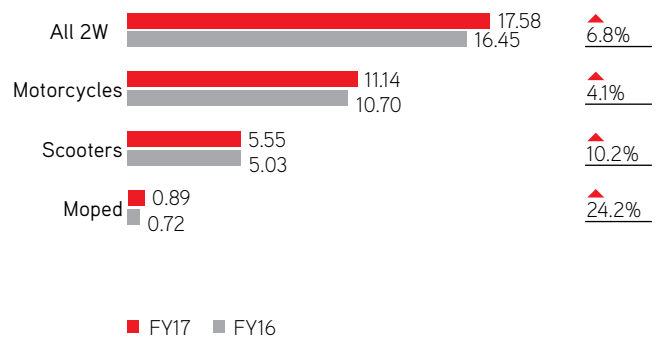
Motorcycles constitute 66% of the two-wheeler market (Domestic and exports), and grew by 2.1% from 12.91 million units in FY 2015-16 to 13.17 million units in FY 2016-17. The launch of new attractive models at affordable prices for urban and rural consumers, and design innovations (primarily targeting youth) drove this growth.

Scooter sales grew by 10.1%, from 5.30 million units in FY 2015-16 to 5.84 million units in FY 2016-17 owing to rapid urbanisation and its 'gender-neutral' image. Moreover, factors like enhanced comfort, versatility, and contemporary features, along with youth connect drove the sales of scooters in India. While scooter growth seems strong, it has been slowing down on a year on year on a larger base.

Moped sales increased significantly by 24.4%, from 0.73 million units in FY 2015-16 to 0.91 million units in FY 2016-17 owing to a slew of new product launches.

### DOMESTIC TWO-WHEELER INDUSTRY

#### INDIAN TWO-WHEELER INDUSTRY (DOMESTIC) (mn)



The domestic two-wheeler industry sales grew by 6.8% from 16.45 million units in FY 2015-16 to 17.58 million units in FY 2016-17.

Motorcycle sales grew by 4.1%, from 10.70 million units in FY 2015-16 to 11.14 million units in FY 2016-17. The scooter sales registered a 10.2% growth, from 5.03 million units in FY 2015-16 to 5.55 million units in FY 2016-17. Moped sales grew significantly by 24.2% from 0.72 million units in FY 2015-16 to 0.89 million units in FY 2016-17.





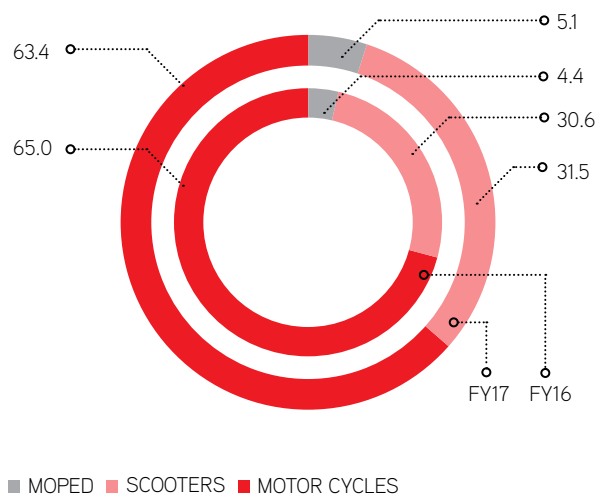
The domestic two-wheeler industry grew steadily owing to new product launches, robust rural demand, and rising urbanisation.

### Two-wheeler industry - segmental break-up

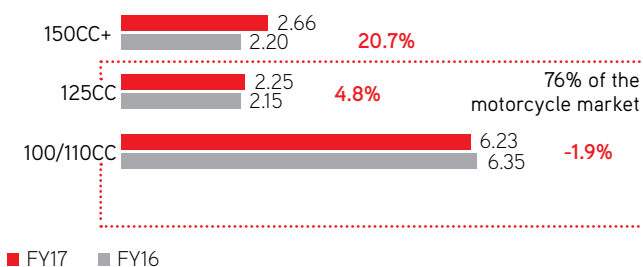
Motorcycles continue to dominate the domestic two-wheeler industry with 63.4% share. Within the segment, 100-125cc category motorcycles, where Hero MotoCorp is a formidable leader, continued to dominate the segment with over 76% market share. The 150cc+ category grew significantly by over 20% in the previous financial year, primarily owing to consumer preferences moving towards premiumisation.

Scooter's share in the overall industry has grown by one percentage point from 30.6% in the FY 2015-16 to 31.5% in the FY 2016-17

### TWO-WHEELER SEGMENT SHARE (%)



### MOTORCYCLE SEGMENT SHARE (mn)



### Exports in two-wheeler industry

Exports of two-wheelers from India declined by 5.9% from 2.49 million units in FY 2015-16 to 2.34 million in FY 2016-17. The decline was owing to sluggish demand and adverse currency movements in emerging markets and local economic factors. This was the second consecutive year of de-growth for two-wheeler exports from India.

The motorcycle segment witnessed a decline (y-o-y) of 7.9%, while the exports of scooters grew by 8.1% (y-o-y), owing to the favourable introduction of new models. Exports of mopeds (from a very low base) grew significantly by 36.3% (y-o-y).

### ROBUST OUTLOOK

India's two-wheeler industry is expected to grow consistently. The catalysts of growth comprise the following:

- Consistent economic growth with a predominantly youth bulge;
- Make in India drive;
- Rising middle-class income and aspirations;
- Rapid urbanisation;
- Boost in rural economy

**Evolving customer preferences:** There has been a significant shift in customer preferences from choosing basic transportation options to demonstrating social standing by owning multiple vehicles. Other factors include a rise in the trend of 'commuting with leisure', rise of individualisation and an increased requirement for women to commute.

Going forward, the government's policies – aided by the measures announced in the Union Budget – is expected to facilitate long-term economic growth. This could help the two-wheeler industry to maintain its positive outlook and consequently, change the face of 'Bharat' – the India beyond our cities. We are also hopeful of a successful implementation of the GST in July. With all these factors coming into play, FY 2017-18 may well turn out to be a turning point for the industry as well as the country's economy.

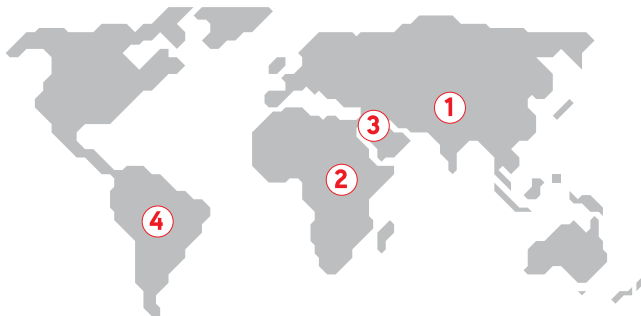




# EVOLVING GLOBAL TWO-WHEELER MARKETS



**AT HERO MOTOCORP, WE ARE EXPANDING OUR PRESENCE ACROSS THE EMERGING AND DEVELOPING WORLD. GROWING ECONOMIC WELLBEING, INEFFICIENT PUBLIC TRANSPORTATION, HIGH FUEL EFFICIENCY, LOWER EMISSIONS, AND RISING YOUNG POPULATION DRIVE DEMAND ACROSS THESE GROWTH MARKETS.**



## 1. SOUTH ASIA

South Asian markets proved much more resilient than the rest of the world, with Nepal and Bangladesh, demonstrating double-digit growth. The Sri Lankan market which grew considerably in FY 2015-16 remained flat. Customer preference and regulatory mandates continue to shift the market towards scooters in both Nepal and Sri Lanka. The Bangladesh market should continue to show high growth and dominance of entry level motorcycles, going forward.

Major opportunities exist in all the three markets for Hero MotoCorp. New product launches especially in the scooter category should strengthen our share in Nepal and Sri Lanka in the coming years. With our new manufacturing facility coming up in Bangladesh, we foresee major upside in that market.

## 2. AFRICA

African markets continue to be besieged by volatile crude oil price and currency devaluation. Rise in inflation has also led to a major corrosion of margins for OEMs in this region. East and Central

African markets have been relatively more stable, with consistent pricing from OEMs and lower market contractions.

Going ahead, Africa would continue to be a high volume low margin market for OEMs. The rebound of the African market as a whole may take some time due to overdependence on crude prices. We continue to build on the strong foundations laid in previous years with a focus on improving customer reach, awareness, and advocacy.

## 3. MIDDLE EAST

Turkey and Iran (two important markets) saw a change in regulation this financial year. Turkey has moved to Euro-4 and Iran has moved to fuel injected bikes for imports. Two-wheeler volumes in both markets are expected to contract owing to higher input cost, as a result of change in regulation, which will lead to a significant price rise in these markets. At Hero MotoCorp, we remain committed to our customers in these markets and would be launching new products soon.

## 4. LATIN AMERICA

The two-wheeler market in Colombia declined by over 12% in FY 2016-17. Other Latin American markets have been flat or witnessed marginal growth during this fiscal. Except for Colombia, markets continue to be geared towards 125-150cc bikes. We expect high upside in markets of Colombia, and Central America and the Caribbean (CAC), owing to strong distribution network and growing customer reach going forward.





# ACHIEVING STEADY OPERATIONAL PERFORMANCE



**FOR OVER THREE DECADES, WE HAVE BEEN PROVIDING BEST-IN-CLASS MOBILITY SOLUTIONS TO THE INDIAN CONSUMER. WE ARE CONSISTENTLY ADOPTING WORLD-CLASS TECHNOLOGIES AND KEEPING WITH THE EMERGING TRENDS TO BE ABLE TO STAY AHEAD OF COMPETITION THROUGH OUR PRODUCTS AND SERVICES. THE RESULT IS A BRAND THAT IS TRUSTED FOR RELIABILITY, DURABILITY, AND ENDURING STAKEHOLDER VALUE.**

## OPERATIONAL BANDWIDTH

During FY 2016-17, our two-wheeler sales posted a marginal growth of 0.5% to 6.66 million units, compared to 6.63 million units in FY 2015-16. An above-average monsoon and positive consumer sentiments expanded sales. We enjoy a leading market share of 36.9% in the domestic market.



**HERO MOTOCORP CONTINUES TO SUSTAIN ITS LEADERSHIP IN THE HYPER-COMPETITIVE TWO-WHEELER INDUSTRY LANDSCAPE. IT HAS REMAINED THE WORLD'S LARGEST MANUFACTURER OF TWO-WHEELERS FOR 16 CONSECUTIVE YEARS.**

## SEGMENTAL REVIEW

### Motorcycles

In FY 2016-17, sales in the entry segment grew by 21.5% to 1.41 million units, resulting in a segment share of 55.2%. In the deluxe segment, we captured 70.6% of the segment with sales of 4.17 million units in FY 2016-17. In the premium segment, we registered sales of 0.10 million units and 3.7% segment share in FY 2016-17.

### Scoters

With a focus to further strengthen our position in scooters segment, we have rejuvenated our scooters range in 2017 with energy boost models - Maestro Edge, Duet and 10th anniversary edition of Pleasure.

### Commissioned our Vadodara plant

We commissioned our greenfield plant in Vadodara, Gujarat – our sixth plant. We produced the Vadodara plant's first product (Splendor Pro), and presented it to the Somnath Temple in Gujarat. The first phase capacity of Vadodara plant is 12 lakh units per annum, while overall production capacity planned is 18 lakh units.

## GLOBAL BUSINESS

Hero MotoCorp is steadily growing its global presence across Asia, Africa, the Middle East, and Central Americas. We are now present in 35 international markets.

During FY 2016-17, we exported 0.182 million units, compared to 0.21 million units in FY 2015-16. In the motorcycle segment (export), the Company's sales stood at 0.14 million units in FY 2016-17 from 0.133 million units in FY 2015-16.



# GENUINELY HERO

**Save your bike from dangerous fake parts.**  
Always buy Genuine Parts for a healthier bike.



## **FIGHT FAKE, STAY SAFE**

We initiated the 'Fight Fake, Stay Safe' campaign as a part of the ongoing initiative to curb the menace of spurious parts. We launched stringent action against the manufacturers and traders of spurious parts and counterfeit products under this initiative. The objective of the initiative is to ensure the safety of the vehicle and those riding it. Usage of genuine parts also goes a long way in curbing environmental pollution. This initiative thus, safeguards the interests of customers and ensures that they have access to Hero genuine parts.

## **TOTAL SEIZED PARTS**

**25,000** FAKE PARTS

**2** LAKH LABELS



# 226

AUTHORISED  
REPRESENTATIVE  
OF PARTS  
DISTRIBUTOR  
(ARPD) OUTLETS

# 20,450

RETAIL POINTS  
WHERE HERO GENUINE  
PARTS ARE SOLD

AS ON MARCH 31, 2017

### Global Parts Centre (GPC) at Neemrana

The GPC at Neemrana ensured stability and efficiency in operations in delivering genuine parts of Hero MotoCorp to a widespread nationwide network. The infrastructure at GPC helped in effectively servicing large quantities of parts and will play a crucial role to manage the ever-expanding complex business of parts. Currently, it delivers and services 22,000 different parts; and the number is expected to rise with every new model launched by the Company.

Process level improvements were done in the areas of serviceability, supply chain and logistics, strategic marketing, Parts Distributor Operational Excellence Programme (PDOEP) and channel management.

### Influencer Management

We launched the 'Asli Hero' programme for Parts Distributors (PDs) in India to establish relationship with key influencers (open



GLOBAL PARTS CENTRE  
(GPC) DELIVERS AND  
SERVICES 22,000 DIFFERENT  
PARTS; AND THE NUMBER IS  
EXPECTED TO RISE WITH  
EVERY NEW MODEL  
LAUNCHED BY THE  
COMPANY.

market technicians) in the parts business. The programme has been successful in registering 32,400 technicians, of which 26,600 technicians are actively transacting and procuring our parts.

### Unique Product Identifier (UPI) Authentication Campaign

Role of UPI to identify Hero genuine parts was further strengthened with a nation-wide campaign. The campaign was rolled out using multiple mediums – radio and on-ground activation to create awareness.

### Brand Building for Hero Genuine Parts

For greater visibility and visual uniformity of our genuine parts, a standard design for boards was placed at all open market retail outlets. We leveraged our social media presence to educate our customers about the importance of genuine parts.

### Accessory Launch

The role of a two-wheeler has evolved over the years. It has transformed from a mere mode of transport to a style statement. To enhance customer delight, we launched an exclusive range of Hero Genuine Accessories (HGA) across four categories: helmets, seat covers, grip covers and floor mats. Our accessories combine the highest level of quality, aesthetics, and design. We are committed to deliver an enhanced driving experience and the pride of owning a Hero to our customers.

WELCOME TO THE WORLD OF  
HERO GENUINE ACCESSORIES

HELMET | SEAT COVER | GRIP COVER | FLOOR MAT





# FINANCIAL PERFORMANCE



## FINANCIAL HIGHLIGHTS

During the financial year under review, your Company Sales of 66,64,240 units brought a revenue of ₹ 30,328.83 crores, depicting an increase of 0.23% over the previous financial year when 66,32,322 units sales brought a revenue of ₹ 30,258.96 crores.

Revenue from operations of your Company increased by 0.47%, from ₹ 30,700.88 crores in FY 2015-16 to ₹ 30,846.12 crores in FY 2016-17.

Profit before tax (PBT) has shown an increase of 5.04% from ₹ 4,434.87 crores in FY 2015-16 to ₹ 4,658.46 crores in FY 2016-17. Your Company's Profit after Tax (PAT) increased by 6.86% from ₹ 3,160.19 crores in FY 2015-16 to ₹ 3,377.12 crores in FY 2016-17.

Earnings before Interest, Depreciation and Taxes (EBIDTA) margins stood at 15.03% in FY 2016-17 as compared to 14.51% in FY 2015-16.





There was no exceptional expense during the year, the Company's marketing and publicity spend was 0.12% higher than the previous year. Hero MotoCorp is going global on a large scale, with plans of entering 50 markets by 2020.

### DIVIDEND

Continuing with its payout policy, your Directors are pleased to recommend for your approval a Final Dividend of 1500% i.e. ₹ 30 per equity share of the face value of ₹ 2 each, in addition to an interim dividend of 2750% i.e. ₹ 55 per equity share of the face value of ₹ 2 each, paid in the month of March 2017, aggregating to a total dividend payout of 4250% amounting to ₹ 1,697.42 crores (exclusive of tax on dividend) during the financial year ended March 31, 2017. In the previous financial year, total dividend payout of 3600% i.e. ₹ 72 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 well within the stipulated time.

### 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 2016-17	FY 2015-16
Return On Average Capital Employed	49.18	54.78
Return On Average Equity	35.65	39.03
Profit after Tax / Income from Operations	10.95	10.29
Profit before Tax/ Income from Operations	15.10	14.45
Operating Profit before Interest and Tax / Income from Operations	15.03	14.51
Operating Profit before Tax / Income from Operations	13.43	13.09

Ratios	FY 2016-17	FY 2015-16
Inventory Period (in days)	9.26	10.35
Inventory and Receivable Conversion Period (in days)	26.04	26.15
Cash Cycle	(29.97)	(22.78)
Current Ratio	0.71	0.78
Acid Test Ratio	0.55	0.58

# 1500%

FINAL DIVIDEND PAYOUT  
FOR FY 2016-17

# 15.03%

EBITDA MARGIN  
FOR FY 2016-17

# CRAFTING A CUSTOMER-FACING APPROACH



## Hero Joyride Programme

We launched a Smart Card based annual maintenance package, named Hero Joyride Programme, with benefits of upto 30% saving to consumers. Within three months of the launch of the Programme, close to two lakh customers have enrolled in the programme. The facility is available at more than 2000 authorised service centres across the country and over one-lakh customers have already availed the Joyride services.

## Customer Outreach activities

More than 100 mega service camps were conducted nationally, primarily covering small towns with more than 800 Hero consumer visits per camp, on average. During the year, nearly three lakh Hero two-wheelers benefitted from our 'Service Har Jagah' initiative in villages.

## RURAL MARKETING

Under the aegis of our 'Har Gaaon Har Aangan' umbrella rural initiative, we further strengthened Hero brand value across rural markets, by offering best-in-class sales and after-sales experience. We established Hero as not just a mobility provider but as a source of economic and social upliftment in rural India.

To touch the lives of people in vast rural landscape of India, we participated in local fairs and festivals, which enabled us to engage with and create brand awareness among people from various regions of the country.

## Common Services Centre (CSC)

We are the first two-wheeler company to tie-up with Common Services Centres (CSCs), under the Ministry of Information Technology. We have more than 3,50,000 CSCs operational across India including 1,00,000 centres in rural areas. We also engaged with and conducted trainings for influencers and opinion leaders in regional centres to further cultivate our brand association.

## Chalo Sakhi Pleasure Seekhein

We continued our drive to empower rural women, by teaching them to ride two-wheelers. By leveraging government's social and physical infrastructure, we engaged with over 1,500 women in rural India this year. And in process made them our loyal customers and brand ambassadors.

## Kushiyan Har Angan

This year again we strengthened our relationship with over 20,000 opinion leaders and customer-focus groups. We engaged the opinion leaders as our brand ambassadors in rural areas by educating them about our products and services.

## Bharat Shreshth 2017

This is an innovative practice to identify and utilise new sales channels and improve penetration to strengthen our brand's presence. We united Rural Support Executives (RSEs) under a standard operating procedure (SOP) to generate maximum results. We engaged with customers through opinion leader meetings and loan and exchange melas and focused on scooters in rural markets for referral sales through our existing customer base. We recognised and rewarded top performing RSEs of Bharat Shreshth campaign.



# BUILDING A ROBUST SUPPLY CHAIN



**OUR INVENTORY MANAGEMENT CONTINUES TO IMPROVE, DESPITE GROWING PRODUCT COMPLEXITY AND THE INTRODUCTION OF NEW MODELS. WE HAVE ENSURED THAT OUR PRODUCT DISTRIBUTION SYSTEM CATERES TO THE EVOLVING MARKET DEMANDS.**

## ENHANCED EFFICIENCIES AND ROBUSTNESS OF SUPPLY CHAIN

To improve our inbound supply chain functionalities, we have outsourced logistics services to external service providers. This allowed us to develop and implement a returnable packing for transportation to Gujarat, which brought about a 25% reduction in inbound logistics cost for Vadodara Plant.

## OPTIMISED UTILISATION OF INBOUND VEHICLE

We increased the truck capacity by increasing the use of two-and three-tier trucks, enabling better turnaround time, reduced manpower costs and enhanced material movement.

Additionally, an efficient logistics system reduces road congestion and environmental pollution.

## BROAD-BASED SUPPLY CHAIN

Our portfolio of supplier base was enhanced with the integration of local and global suppliers. We formed strategic partnerships with key suppliers of critical engine and emission controls parts. We also partnered with global best-in-class suppliers, to gear-up for upcoming emissions (BSVI) and safety (ABS/ CSB) regulations.

## SUPPLIER INITIATIVES

- Supplier certification: We rolled out numerous quality initiatives such as Supplier Certification of Part Excellence (SCOPE) for better productivity and outcome.
- Total Productive Maintenance (TPM): TPM drive continued with participation of 26 suppliers. They were meticulously reviewed, periodically, to enhance the impact of the TPM methodology.
- Supplier Operation Excellence programme: This was put into place to enhancing productivity and quality of supply chain partners. These projects have had significant impact on reducing raw material consumption and waste generation at the supplier end.

## STRATEGIC COLLABORATIONS

To abide by evolving regulatory requirements globally and developing future-ready technology, our supply chain partners have collaborated with top technology players for Fuel Injection (FI) system, to build advanced solutions for engine control.

## GREEN INITIATIVES IN VENDOR DEVELOPMENT

We continue to review and monitor our suppliers under the Green Vendor Development Programme, encouraging them to use green practices.

## LEAP (a cost optimisation initiative)

Our LEAP initiative completed four years in FY 2016-17. In this financial year, LEAP has contributed over ₹ 0.27 billion to our bottom line. LEAP continues to build team competencies and drive initiatives to challenge the status quo, enabling higher efficiency.



**VADODARA PLANT**

Globally competitive suppliers have been identified and on-boarding processes have been initiated. Our focus remains on cost-efficient transportation model and highly efficient inventory control. Also, the implementation of e-material flow is in the pipeline.

**BANGLADESH PLANT**

We plan to develop a local supply base. Moreover, existing suppliers have been roped in to provide technology and product support. A five-year supply chain investment outlook has been prepared to source majority of the parts locally to improve the value chain.

**WAY FORWARD**

- Consolidate our procedures to achieve best-in-class logistics, enabling best turnaround time in the industry
- Focus on digitisation across processes in supply chain
- Identification and implementation of automation in the key business areas

**₹ 0.27 BN**  
CONTRIBUTION FROM  
LEAP INITIATIVE IN  
FY 2016-17

**26**  
SUPPLIERS  
PARTICIPATED  
IN TPM DRIVE



**OUR PORTFOLIO OF SUPPLIER BASE WAS ENHANCED WITH THE INTEGRATION OF LOCAL AND GLOBAL SUPPLIERS. WE FORMED STRATEGIC PARTNERSHIPS WITH KEY SUPPLIERS OF CRITICAL ENGINE AND EMISSION CONTROLS PARTS.**



VADODARA PLANT





# ADAPTING INDUSTRY-NEXT TECHNOLOGY



**DURING FY 2016-17, WE ADOPTED ADVANCED TECHNOLOGIES TO STREAMLINE OUR ENTIRE OPERATIONS ECOSYSTEM. BEST-IN-CLASS MANUFACTURING FACILITIES, COUPLED WITH THE MOST ADVANCED BUSINESS PROCESSES HAVE HELPED US BUILD A PRUDENT GROWTH MODEL.**

To streamline our organisational processes, the following initiatives were undertaken:

- Digitisation of our manufacturing process, a step towards Industry 4.0. We implemented a 'Digital Twin', a system that simulates manufacturing operations before setting them up physically. This ensures zero disruptions at the live stage and expedites manufacturing process
- Several mobile apps for employees were launched to enhance productivity
- Integration of product manuals resulted in customers not having to maintain physical copies of their documents
- Digitised 'Free Service Coupons' (FSCs) were launched to eliminate the need of maintaining physical coupons
- Created an app for road safety to address any kind of on-road emergencies
- Commenced using predictive analytics to assess demand and production trends of our products
- Organised hackathons for devising solutions to business problems. We also conducted internal contests for employees to think without boundaries and share their ideas

#### Some of the other initiatives are:

- Integration of HR processes with IT systems and move to Cloud based systems
- Digitised our collaboration with Channel Partners to strengthen our daily operations
- Strengthened social media presence and engagement with our customers. We also deployed tools to capture customer voice on the Internet and imbibe the feedback internally
- Launched an employee platform for discussion on new trends in the two-wheeler industry, helping propagate a knowledge-sharing among employees
- Enhanced operational efficiency in Colombia through multiple initiatives. Also created a futuristic and robust technology landscape for the manufacturing plant
- Prepared for the rollout of the Goods and Service Tax (GST). All the groundwork for GST adoption has been completed with the multiple internal and external stakeholders
- Extended autoDX (B2B Electronic Data Interchange) to more suppliers during the year
- Extended e-Material Flow to multiple manufacturing facilities

# CELEBRATING HEROES OF HERO



INTERNATIONAL WOMEN'S DAY CELEBRATIONS #BEBOLDFORCHANGE

**WE TREASURE OUR TALENTED EMPLOYEE POOL AND CELEBRATE THEIR ACHIEVEMENTS. OUR DIVERSE, MULTI-CULTURAL WORKFORCE DRIVES THE BRAND GLOBALLY. OUR APPROACH OF 'ONE HERO' IS A KEY CATALYST IN CREATING A WELL-KNIT ORGANISATION, WHICH IS EFFECTIVELY IMPROVING PERFORMANCE AND SIMULTANEOUSLY RAISING THE COMPANY'S COMPETITIVE EDGE.**

## 'ONE HERO' APPROACH

At Hero MotoCorp, we are working towards the human resource strategy of 'One Hero'. This is a philosophy aimed at standardisation, agility, transparency, and fairness in all our initiatives. Our thrust areas are:

- Creating a diverse and inclusive culture that represents and engages our workforce consisting of different nationalities, educational backgrounds, skills & capabilities, gender and age.
- Skilling our people and building world-class capabilities within the organisation for our employees to deliver our aspirational business objectives and while doing so, also achieve their personal career milestones.
- Building a strong leadership and talent pipeline to fuel a rapidly growing organisation across different geographies and competing with the best in the world.

Automating and digitising HR processes, enhancing quality of all HR processes and services, ensuring positive employee relations to build a strong foundation for the organisation.

## HR DIGITISATION

We launched the 'mySuccess' platform, an integrated talent management suite. The suite is live with features such as

Employee profile, Goals module, Performance management module, Learning module and Recruitment on-boarding module. Additionally, a Contingent Workforce Management System (CWMS) has been made functional. This will provide a single platform for all our off-roll employees and give real-time data visibility on contingent workforce, engaged in our business activities, in addition to handling all compliance activities seamlessly.

## SECURING THE FUTURE: SUCCESSION AND LEADERSHIP DEVELOPMENT

During the year, we further strengthened our Leadership Talent management and succession planning processes. We conducted Talent reviews at functional level, and identified critical positions, succession depth and high potential talent in each function. Using this as foundation, and the identified gaps in succession, we filled these leadership positions with highly competent talent from across the globe. We now have several nationalities working for us under one roof helping build high quality, technology infused products for our customers.



We continued to deploy leadership development initiatives to build succession for key roles. We partnered leading business schools for both strategic leadership, technical and operations management. A variety of technical and behavioural training, job rotation programs are conducted throughout the year, to provide holistic development for our employees.

In a unique intervention – Inspire to Imagine (i2!), we engaged a cross section of the high potential talent in a journey to Harvard Business School & MIT Labs to explore the latest and most advanced developments in the area of automobiles, AI, robotics,

### COMMUNICATING EFFECTIVELY

The leadership communication efforts continued in FY 17 with the Chairman addressing the organisation on the theme of SOAR – Strengths, Opportunities, Aspirations and Results and outlining organisational goals and objectives. Our anonymous employee engagement app Hyphen enabled employees to make their voices heard discreetly without the fear of retaliation. The tool is meant for engaging our employees in providing constructive feedback that has led to several changes in the policies such as Team Celebrations, Leave etc.

We continued to demonstrate our commitment to improve the work-life balance, focused on employee health and wellbeing. For the purpose, we conducted regular preventive health check-ups, yoga camps, sports competitions (like the Hero Premier League). More than 300 employees of Hero participated in the Airtel Delhi Half Marathon – leading the way towards healthy lifestyle.

### HERO CAMPUS CHALLENGE 2.0

FY 2016-17 was the second year of 'The Hero Campus Challenge', based on scenario planning exercises designed exclusively for B-school campuses. A total of 533 teams from Indian B-schools participated in it; and the participation was 40% higher vis-à-vis the previous year.

# 533

TEAMS FROM  
INDIAN B-SCHOOLS  
PARTICIPATED  
HERO CAMPUS  
CHALLENGE 2.0

# 150+

WOMEN ASSOCIATES IN  
OUR THREE FACILITIES  
AT NEEMRANA PLANT,  
GLOBAL PARTS CENTRE  
AND HARIDWAR PLANT



### DIVERSITY AND INCLUSION

Breaking the barriers of gender diversity on manufacturing shop floors, we successfully implemented Project Tejaswini – to introduce 'Women Associates at Hero Shop Floor' for the first time in our history. These bold changes called for shifting mind-sets towards affirmation and build an eco-system for women associates to work and thrive. Today, at Hero, we have more than 150 women associates in our three facilities at Neemrana Plant, Global Parts Centre and Haridwar Plant.

This was a bold step towards becoming an employer of choice and a Great Place to Work!

### WOMEN WARRIORS

We continued to identify champions within our women employees through the Women in Leadership (WIL) Programme, in collaboration with BML Munjal University and Imperial College of London. This programme is designed specifically to provide critical inputs on leadership development that enable women employees to take leadership roles in the future.

We also started an Alternate Career Programme (ACP) for women, which create unique opportunities for female professionals looking for work after a hiatus. We revamped and introduced several policies aimed at improving work-life balance of our female employees. Restructuring our maternity leave policy at an industry best of 30 weeks, flexi-work policy post maternity leave, introduction of a paternity leave and adoption leave are some of them.

Our International Women's Day celebrations was themed around #BeBoldforChange where employees reiterated their commitment to the promise of diversity and inclusion.



WOMEN ASSOCIATES WORKING ON THE SHOP FLOOR

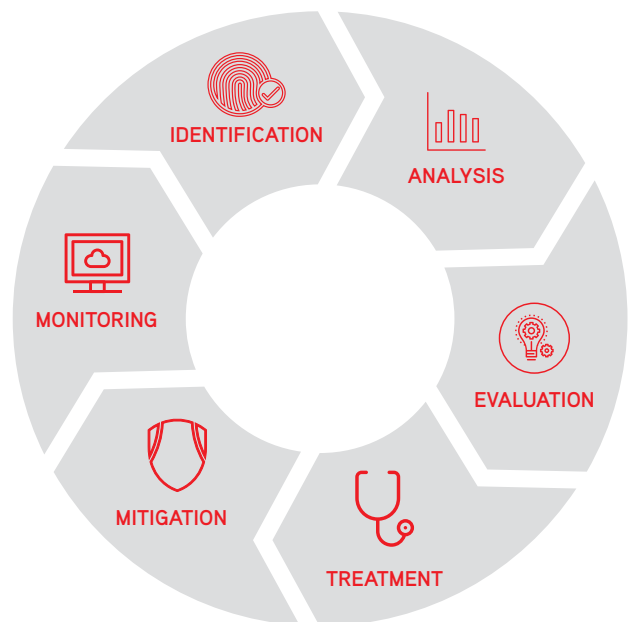


# REINFORCING RISK-MANAGEMENT ARCHITECTURE



**WITH THE VOLATILE, UNCERTAIN AND COMPLEX ENVIRONMENT; ONLY COMPANIES THAT MANAGE THEIR RISKS EFFECTIVELY WILL GROW SUSTAINABLY. ORGANISATIONS NEED TO CREATE AND FOSTER A SYMBIOTIC RELATIONSHIP BETWEEN RISK MANAGEMENT AND STRATEGIC PLANNING. RISK MANAGEMENT IS INCREASINGLY BEING RECOGNISED AS A 'GUIDANCE PROVIDER' ON THE PATH AHEAD. A ROBUST ENTERPRISE RISK MANAGEMENT (ERM) FRAMEWORK MUST PROVIDE RELEVANT RISK INFORMATION TO THE DECISION MAKERS AND ALSO SERVE AS A STRATEGIC GROWTH ENABLER.**

At HMCL, the functions of risk management and strategic planning are intertwined. Risks to achieving business objectives are key inputs to the formulation and development of strategy and business planning. Our ERM framework encompasses practices relating to:







The landscape of the framework includes strategic, external, financial, regulatory and operational risks to achieve our key business objectives. Key strategic initiatives are identified to mitigate specific risks. ERM at Hero MotoCorp seeks to minimise the adverse impact of these risks; thereby enabling us to leverage market opportunities effectively and enhance its long-term competitive advantage.

### COMPETITIVE LANDSCAPE

The two-wheeler market is driven by the motorcycle segment and the market leader is one who maintains the lead in that segment. However, the complexion of India's two-wheeler industry is changing due to two main reasons:

- (i) Change in segment contribution to the overall market - scooters continued to have a larger share of the overall industry. Also, the revival of mopeds and growth in premium motorcycle segment.
- (ii) Competition intensification with new, global players entering and/or raising their competitive intensity.

Moreover, domestic and global players alike have expanded their product portfolio in not just the above-mentioned segments; but also in entry and deluxe segments of the market.

Except for the 2nd half of the calendar, FY 2016-17 witnessed a significant traction in each of the segments including:

- Entry motorcycles- with the launch of lower priced products
- Premium motorcycles- as both global and domestic players
- Scooters
- Mopeds

Hero has been the market leader for 16 consecutive years now, including the six years of its solo journey; amidst increasing competition across segments. Not only have we scaled up our in-house R&D capabilities, we have also invested in strengthening our processes and systems appropriately. We will continue to set new benchmarks in product introductions, innovations, global expansion and customer orientation in the years to come.

### EVOLVING CUSTOMER PREFERENCES, DRIVING STRUCTURAL INDUSTRY SHIFTS

Evolving customers' preferences, higher disposable incomes, increasing urbanisation and infrastructure turnaround may lead to structural and segmental shifts in the two-wheeler industry. The increase in Scooter contribution and the growth of Premium motorcycles in the industry are led by the emergence of women buyers and millennials. Hero MotoCorp is addressing these structural shifts with its new product pipeline. We are also making our processes, capacities and plans agile and lean to adapt to the changing scenario with swiftness, through closer inter departmental collaboration.

### REGULATORY CHANGES DRIVING TECHNOLOGY AND COST IMPLICATIONS

Regulatory changes, especially in vehicular emissions, have grown significantly in recent times. The big impact of the changeover from Bharat Stage III to Bharat Stage IV (BSIII to BSIV) emission norms was visible in FY 2016-17. While the upcoming regulatory changes will enhance technology standards and hence may have cost implications, it is imperative all manufacturers, not just work on preparedness but also consider the possible cost of compliance.

### MACRO TRENDS

Hero MotoCorp has worked towards diversifying its products and expanding into new markets to neutralise the impact of unforeseen trends in specific markets.

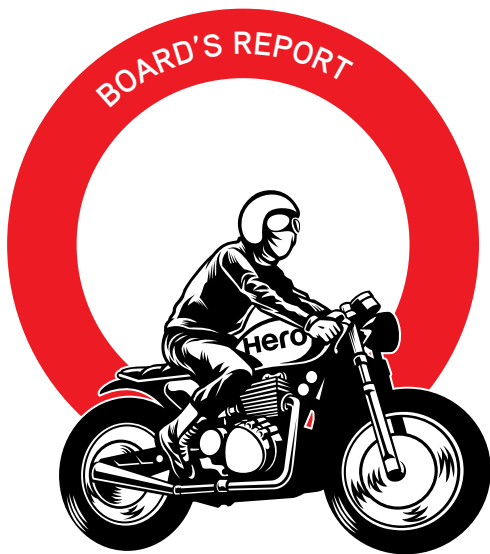
### CYBER SECURITY THREATS

The Company's IT systems along with its third-party service providers and vendors' systems are vulnerable to the 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 ourselves from emerging cyber security threats.

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

A decline in the market share in domestic markets or failure in growth in exports could have an adverse impact on a Company's growth plans. These could be due to capacity constraints, competitive pressures or other factors.

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



Dear Members,

Your Directors are pleased to present the Thirty Fourth Annual Report, together with the Company's audited financial statements for the financial year ended March 31, 2017.

### FINANCIAL RESULTS – STANDALONE & CONSOLIDATED

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

Particulars	Standalone		Consolidated	
	Year ended		Year ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Net Sales and Other Income	31,368.55	31,123.31	31,480.14	31,128.16
<b>Profit before Finance costs and Depreciation</b>	5,157.24	4,877.40	5,097.92	4,810.53
<b>Expenses</b>				
Finance cost	6.05	4.89	27.28	14.61
Depreciation and amortisation expenses	492.73	437.64	502.25	443.25
<b>Profit from ordinary activities before share of Profit / (Loss) of associates</b>	<b>4,658.46</b>	<b>4,434.87</b>	<b>4,568.39</b>	<b>4,352.67</b>
<b>Profit/ (loss) from associates</b>				
Share in net profit / (loss) of associates	-	-	54.92	34.33
Gain on dilution of interest in an associate	-	-	262.09	-
<b>Profit from ordinary activities before tax</b>	<b>4,658.46</b>	<b>4,434.87</b>	<b>4,885.40</b>	<b>4,387.00</b>
<b>Tax expense</b>				
Current tax	1,082.08	960.88	1,082.24	960.91
Deferred tax	199.26	313.80	256.86	313.80
	<b>1,281.34</b>	<b>1,274.68</b>	<b>1,339.10</b>	<b>1,274.71</b>
<b>Net Profit from ordinary activities after tax</b>	<b>3,377.12</b>	<b>3,160.19</b>	<b>3,546.30</b>	<b>3,112.29</b>
Other comprehensive income / (expense) (net of tax)	(14.08)	(2.37)	(18.71)	(3.42)
<b>Total comprehensive income for the period</b>	<b>3,363.04</b>	<b>3,157.82</b>	<b>3,527.59</b>	<b>3,108.87</b>
<b>Net Profit / (loss) attributable to</b>				
a) Owners of the Company	3,377.12	3,160.19	3,584.27	3,141.98
b) Non controlling interest	-	-	(37.97)	(29.69)
<b>Other comprehensive income attributable to</b>				
a) Owners of the Company	(14.08)	(2.37)	(16.71)	(2.56)
b) Non controlling interest	-	-	(2.00)	(0.86)
<b>Total comprehensive income attributable to</b>				
a) Owners of the Company	3,363.04	3,157.82	3,567.56	3,139.42
b) Non controlling interest	-	-	(39.97)	(30.55)
Balance of profit brought forward	6,146.52	4,921.06	6,118.53	4,911.26
<b>Dividend</b>				
- Interim	1,098.33	798.75	1,098.33	798.75
- Proposed Final	639.00	599.06	639.00	599.06
Corporate Dividend Tax	353.70	284.55	353.69	284.55
Transfer to General Reserve	-	250.00	-	250.00
Transfer to Foreign Currency Translation Reserve	-	-	(14.17)	(2.35)
<b>Balance carried to Balance Sheet</b>	<b>7,418.53</b>	<b>6,146.52</b>	<b>7,597.60</b>	<b>6,118.53</b>
<b>Basic &amp; diluted earning per equity share on Net profit from ordinary activities after tax (face value ₹ 2/- each) (In Rupees)</b>	169.12	158.26	179.49	157.34



## FINANCIAL HIGHLIGHTS

During the Financial Year (FY) 2016-17 under review, your Company clocked sales of 6,664,240 units over 6,632,322 units in the previous FY.

During FY 2016-17, revenue from operations was ₹ 30,846.12 crores as compared to ₹ 30,700.88 crores in FY 2015-16, registering an increase of 0.47%.

Profit before tax (PBT) was ₹ 4,658.46 crores as compared to ₹ 4,434.87 crores in FY 2015-16, reflecting an increase of 5.04%. Profit after Tax (PAT) was ₹ 3,377.12 crores as against ₹ 3160.19 crores in FY 2015-16, an increase of 6.86% over the previous year.

Earnings before Interest, Depreciation and Taxes (EBIDTA) stood at 15.03% in FY 2016-17, as compared to 14.51% in FY 2015-16.

## CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the provisions of the Companies Act 2013 ('the Act') and Indian Accounting Standard (AS)-110 on Consolidated Financial Statements, read with IND AS-28 Investments in Associates and Joint Ventures the Audited Consolidated Financial Statement for the FY ended March 31, 2017 is provided in this Annual Report.

## CHANGES IN CAPITAL STRUCTURE

During the financial year under review, 6,750 equity shares of ₹ 2 each were allotted on exercise of employee stock options by the employees of the Company. Consequently, the issued and paid up capital of the Company as on March 31, 2017 was ₹ 399,393,676 divided into 199,696,838 equity shares of ₹ 2 each.

The Company has not issued any equity shares with differential rights, sweat equity shares or bonus shares. The Company has only one class of equity shares with face value of ₹ 2 each, ranking pari-passu.

## DIVIDEND

Further improving on the dividend pay-out, your Directors are pleased to recommend for your approval a final dividend of ₹ 30 per equity share (1500%) of face value of ₹ 2 each, in addition to an interim dividend of ₹ 55 per equity share (2750%) declared in the month of March 2017, aggregating a total final dividend payout of ₹ 1,697.42 crores (excluding tax on dividend) during FY ended March 31, 2017. In the previous FY, total final dividend payout of ₹ 72 per Equity Share of the face value of ₹ 2 each was made. Final dividend, if approved at the ensuing Annual General Meeting, shall be paid to the eligible members within the stipulated time period. During FY 2016-17, the Board of Directors has approved a Dividend Distribution Policy as per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') which is available at the following link: <http://www.heromotocorp.com/en-in/about-us/key-policies/dividend-distribution-policy.html>

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The management discussion and analysis report forms an integral part of this report and gives details of the overall industry structure, economic developments, performance and state of affairs of your Company's business in India and abroad, risk management systems and other material developments during the financial year under review.

## CHANGE IN NATURE OF BUSINESS

During FY 2016-17, there was no change in the nature of Company's business.

## CAPACITY EXPANSION, NEW PROJECTS & STRATEGIC ALLIANCES

During FY 2016-17, the fifth plant of your Company at Halol, Gujarat started commercial production during the 3<sup>rd</sup> quarter. Your Company signed a sale deed with the Andhra Pradesh Industrial Infrastructure Corporation Limited for setting up its sixth manufacturing facility 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 lakh units, is in full swing and is slated to be operational in the first half of FY 2017-18.

## GLOBAL FORAYS

Company's aggressive global expansion plans are in top gear. HMCL added five new markets in FY 2017 to take its global presence to 35 countries with a commitment to expand to 50 countries by 2020. The Company has commenced its operations in Argentina, the 35<sup>th</sup> market to its rapidly growing global footprint. During FY under review, your Company launched the brand "Hero" and its range of products in Myanmar, Ghana, Guinea, Liberia and Argentina.

Over the years, your Company has set global benchmarks in creating world class manufacturing and operational facilities to ensure best in class products on design, technology and quality. In the coming years, your Company plans to strengthen its operations across South Asia, Africa & Middle East and Latin America with the introduction of new products.

## SUBSIDIARIES, ASSOCIATE AND JOINT VENTURE COMPANIES

The Company has 6 subsidiaries including step down subsidiaries and 3 associate companies. The Company regularly monitors the performance of these companies.

The Company shall make available the annual accounts of the subsidiary companies to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the registered office of the Company and respective subsidiary companies. Further, the annual accounts of the subsidiaries are also available on the website of the Company viz. [www.heromotocorp.com](http://www.heromotocorp.com). The consolidated financial statements presented by the Company include the financial results of its subsidiary 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 2016-17, HNBV has invested in operating companies in Colombia and Bangladesh and has reported a net loss of ₹ 0.83 crores.

#### HMCL Colombia S.A.S. ('HMCLC')

HMCLC was incorporated in Colombia as a joint venture between HNMV and Woven Holdings LLC as a simplified stock corporation

company. HNBV currently holds 51% equity in HMCLC and 49% equity shares are held by Woven Holdings LLC. The main business of HMCLC is to manufacture and sell two wheelers in Colombia and is having a manufacturing facility with a production capacity of 60,000 per annum. During the year ended March 31, 2017, the Company has reported a net loss of ₹ 65.30 crores.

#### **HMCL Niloy Bangladesh Limited ('HNBL')**

HNBL was incorporated in Bangladesh as a joint venture between HNBV and Niloy Motors Limited, Bangladesh as a limited liability company. HNBV currently holds 55% equity in HNBL and 45% equity shares are held by Nitol Niloy Group, Bangladesh. The main business of HNBL is to manufacture and sell two-wheelers. HNBL is in the process of setting up a manufacturing facility with a production capacity of 1.50 lakh two-wheelers per annum. During FY 2016-17, HNBL reported a net loss of ₹ 4.83 crores.

#### **HMCL (NA) Inc.**

HMCL (NA) Inc., a wholly owned subsidiary of your Company was incorporated as a Corporation pursuant to the General Corporation Law of the State of Delaware, United States of America. HMCL (NA) Inc., has invested in Erik Buell Racing, Inc. ('EBR'), a Delaware corporation by subscribing to 49.2% of its equity share capital. During the period ended March 31, 2017, HMCL (NA) Inc. has incurred a loss of ₹ 0.01 crores.

#### **HMCL Americas Inc. ('HMCLA')**

HMCLA a wholly owned subsidiary of your Company was incorporated as a Corporation pursuant to the General Corporation Law of the State of Delaware, United States of America with the primary objective to pursue various global businesses. During the year ended March 31, 2017, HMCLA has incurred a loss of ₹ 0.52 crores.

#### **HMC MM Auto Limited ('HMCMM')**

Your Company has a joint venture with Magneti Marelli S.p.A Italy, namely HMC MM Auto Limited 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 HMCMM. During FY 2016-17, HMCMM has incurred a loss of ₹ 9.49 crores.

#### **Associate Companies**

##### **Hero FinCorp Ltd. ('HFCL')**

HFCL, an associate of your Company was incorporated in the year 1991. Your Company holds 41.03% 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 2016-17, HFCL recorded an income from operations of ₹ 1,317.14 crores and a profit of ₹ 249.39 crores.

##### **Ather Energy Private Ltd. ('AEL')**

AEL is a private limited company, focused on developing designing and selling premium electric two wheeler. During the year, your

company has acquired 30.1% stake in AEL, which reported a loss of ₹ 1.27 crores.

##### **Erik Buell Racing, Inc. ('EBR')**

Your Company through its subsidiary, HMCL (NA) Inc., has invested in Erik Buell Racing, Inc. ('EBR'), a Delaware corporation by subscribing to 49.2% of its equity share capital. EBR has ceased its operations and entered into Assignment for the Benefit of Creditors under Chapter 128 of the Wisconsin Statutes ('Chapter 128 Process').

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

#### **Material Subsidiaries**

The Board of Directors of your Company ('the Board') has approved a policy for determining Material Subsidiaries. At present, your Company does not have a Material Subsidiary. The Policy on Material Subsidiaries 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 AND KEY MANAGERIAL PERSONNEL**

During FY 2016-17, Mr. Sunil Kant Munjal, stepped down from the Board of Directors on completion of his tenure as Joint Managing Director on August 16, 2016. The Board is grateful for his contributions during his tenure and wishes him success in all his future endeavours.

At the previous Annual General Meeting of the Company, the shareholders had approved the appointments of Mr. Pawan Munjal as Chairman, Managing Director & CEO for a period of 5 years and Mr. Vikram S. Kasbekar as Whole-time Director for a period of 3 years. Mr. Paul Bradford Edgerley was also appointed as Non-Executive & Independent Director for 5 years.

In terms of the applicable provisions of the Act and the Articles of Association of the Company, Mr. Vikram S. Kasbekar, 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. Vikram S. Kasbekar, 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.

#### **Declarations from Independent Directors**

Your Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed in the Act and the 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 (KMP)**

Mr. Pawan Munjal, Chairman, Managing Director & CEO, Mr. Niranjana Gupta, Chief Financial Officer and Ms. Neerja Sharma,





Company Secretary are the KMPs of your Company in accordance with the provisions of Section 2(51), 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

On March 31, 2017, Mr. Ravi Sud superannuated and ceased to be the Chief Financial Officer of the Company. W.e.f. April 1, 2017, Mr. Niranjana Gupta was appointed as the Chief Financial Officer of the Company. He has a rich and international experience of over two decades in finance leadership roles.

### BOARD MEETINGS

During FY 2016-17, five meetings of the Board of Directors were held. For details of these Board meetings, please refer to the Corporate Governance section of this Annual Report.

### ANNUAL EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

A formal evaluation of the performance of the Board, its Committees, the Chairman and the individual Directors was carried out for FY 2016-17. Led by the Nomination & Remuneration Committee ('NRC'), the evaluation was carried out using individual questionnaires covering amongst others composition of Board, conduct as per company values & beliefs, contribution towards development of the strategy & business plan, risk management, receipt of regular inputs and information, codes & policies for strengthening governance, functioning, performance & structure of Board Committees, skill set, knowledge & expertise of Directors, preparation & contribution at Board meetings, leadership etc.

As part of the evaluation process, the performance of non-independent Directors, the Chairman and the Board was conducted by the independent Directors. The performance evaluation of the respective Committees and that of independent and non-independent Directors was done by the Board excluding the Director being evaluated.

### 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, 2017, 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, 2017 and of the profit and loss of your Company for the financial year ended March 31, 2017;
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, 2017 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.

### 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 Managerial Personnel, Senior Management and other employees of your Company. The NRC 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 NRC 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, the 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 Managerial 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 can be viewed on the following link- <http://www.heromotocorp.com/en-in/about-us/key-policies/remuneration-policy.html> and is also provided as **Annexure II**.

### EMPLOYEES' INCENTIVE SCHEME

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

Further, the NRC has, at its meeting held on August 22, 2016 granted 49,950 stock options under ESOP Plan 2016 to the eligible employees at an exercise option price of ₹ 2,469/- per option. In addition, the NRC also approved grant of 11,194 Restricted Stock Units under RSU Plan, 2016 to the eligible employees at the face value of ₹ 2/- per unit.

Applicable disclosures as stipulated under the SEBI Regulations with regard to the Employees' Stock Option Scheme are provided

as Annexure III to this Report and is available on the Company's website, [www.heromotocorp.com](http://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 (Firm Registration No. 015125N) that the Employees' 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 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 that are followed globally. The Code is available on your Company's website, [www.heromotocorp.com](http://www.heromotocorp.com) and can be viewed on the following link: <http://www.heromotocorp.com/en-in/about-us/code-of-conduct.html>

### PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During FY 2016-17, your Company has not given any loan or guarantee pursuant to provisions of Section 186 of the Act. Details of investments made in terms of Section 186 of the Act are as under:

	Principal Amount (Shares)	Principal Amount (Bonds/Debentures)	Total
Opening	593.70	362.40	956.10
Addition *	274.31	0.69	275.00
Reduction **	-	78.54	78.54
<b>Closing Balance</b>	<b>868.01</b>	<b>284.55</b>	<b>1,152.56</b>

\* HMCL MM Auto Limited ₹ 6.60 crores, HMCL(NA) ₹ Nil, HMCL Netherlands BV ₹ 50.79 crores, HMCL Americas Inc. ₹ Nil, Hero FinCorp Limited ₹ 36.40 crores, Ather Energy Private Limited ₹ 180.52 crores including mark to market adjustment of Bonds ₹ 0.69 crores.

\*\* Maturity of bonds and amortisation

### DEPOSITS

Your Company has neither accepted nor renewed any deposits during FY 2016-17 in terms of Chapter V of the Act.

### CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

During FY 2016-17, 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 2016-17, 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 2016-17, there were no materially significant related party transactions made by your Company with the

In terms of Listing Regulations, a report on Corporate Governance, along with the certificate from Mr. Sanjay Grover, Managing Partner (CP No. 3850), M/s Sanjay Grover & Associates, Company Secretaries, New Delhi, confirming compliance of the conditions of corporate governance is annexed hereto and forms part of this Annual Report as **Annexure IV**.

### TRANSFER TO GENERAL RESERVE

During the FY under review, no amount has been transferred to the General Reserve of the Company.

### TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

During the FY under review, your Company has transferred unpaid/unclaimed dividend, amounting to ₹ 2.37 crores for FY 2008-09 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, 2017 and the date of signing of this Report.

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 IND AS 24. Details of related party transactions as per IND AS 24 may be referred to in Note 36 of the Standalone Financial Statements.

The policy on related party transactions is available on the Company's website, [www.heromotocorp.com](http://www.heromotocorp.com) and can be viewed on the following link: <http://www.heromotocorp.com/en-in/about-us/key-policies/related-party-transactions.html>



## RISK MANAGEMENT FRAMEWORK

Your Company follows a comprehensive system of Risk Management. It has adopted a policy and procedure for rapid identification, definition of risk mitigation plans and execution. Actions include adjustments in prices, dispatch plan for specific durations across models, inventory build-up, aligning product line-up as per regulatory mandates and active participation in regulatory mechanisms. Many of these risks can be foreseen through systematic tracking. Major risks can be categorised across following:

1. Changes in regulations
2. Market contraction due to macro-economic factors
3. Socio-economic-political disruptions

Your Company has constituted a Risk Management Committee to oversee the risk management efforts under the Chairmanship of Mr. M. Damodaran, Independent Director. The details of the Committee alongwith its charter are set out in the Corporate Governance Report, forming part of this report. The Board periodically reviews the Risk Management framework of the Company.

## VIGIL MECHANISM/ WHISTLE BLOWER POLICY

Your Company is committed to highest standards of ethical, moral and legal business conduct. Accordingly, the Board of Directors have formulated Vigil Mechanism/Whistle Blower Policy which provides a robust framework for dealing with genuine concerns & grievances. Your Company has an ethics hotline managed by a third party which can be used by employees, Directors, vendors, suppliers, dealers etc. to report any violations to the Code of Conduct. Specifically, employees can raise concerns regarding any discrimination, harassment, victimisation, any other unfair practice being adopted against them or any instances of fraud by or against your Company. During FY under review, three complaints were received and processed. Out of these, two complaints have been investigated & acted upon and remaining one is under investigation.

During FY 2016-17, 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](http://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](http://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) To direct HMCL's CSR Programmes, inter alia, towards achieving one or more of the following - enhancing environmental and natural capital; supporting rural development; promoting education including skill development; providing preventive healthcare, providing sanitation and drinking water; creating livelihoods for people, especially those from disadvantaged sections of society, in rural and urban India and preserving and promoting sports.;
- 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 recognised 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.

During the FY under review, your Company spent ₹ 85.14 crores on its CSR activities, which amounts to 2.41% of the average net profits of previous three financial years. CSR initiatives

undertaken by your Company, along with other details form part of the Annual Report on CSR activities for FY 2016-17, which is annexed and forms part of this Report as **Annexure V**.

### AUDIT COMMITTEE

The Audit Committee of your Company comprises 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 IV**.

During the 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 of the Company were appointed until the conclusion of the 34<sup>th</sup> Annual General Meeting of the Company in calendar year 2017. They have audited the financial statements of the Company for the FY under review. 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. Further, there were no frauds reported by the Statutory Auditors to the Audit Committee or the Board under Section 143(12) of the Act.

The Board of Directors in its meeting held on May 10, 2017 have approved the appointment of M/s BSR & Co. LLP (FR No. 101248W/W-100022) as the Statutory Auditors of the Company for a period of 5 years. Your Company has received an eligibility letter from the Auditors for their appointment in accordance with Sections 139 and 141 of the Act. Their appointment is being placed before the shareholders for approval in the ensuing Annual General Meeting of the Company.

#### 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 2016-17 to audit the cost accounts of the Company. They have been re-appointed as Cost Auditors for FY 2017-18.

#### Secretarial Auditors

Mr. Arvind Kohli, Proprietor (CP No. 2818), M/s Arvind Kohli & Associates, Company Secretaries, Gurgaon, Haryana, was appointed to conduct Secretarial Audit of your Company during FY 2016-17.

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

### INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY

Your Company has a robust and well embedded system of internal controls. This ensures that all assets are safeguarded and protected against loss from unauthorised use or disposition and all financial 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. The internal audit plan is also aligned to the business objectives of the Company. Comprehensive policies, guidelines and procedures are laid down for all business processes. The internal control system has been designed to ensure that financial and other records are reliable for preparing financial and other statements and for maintaining accountability of assets.

### 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. During FY 2016-17, your Company has strengthened the Code to ensure its effective implementation and meaningful application of the Listing Regulations.

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.

### BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report ('BRR') has been prepared and forms part of the Annual Report as **Annexure VII**. 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 2017, total number of employees on the records of your Company were 8,069 as against 7,592 in the previous financial year.

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.





### PARTICULARS OF EMPLOYEES

The statement of Disclosure of Remuneration under Section 197 of the Act and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ("Rules"), is appended as Annexure I to the Report. The information as per Rule 5(2) of the Rules, forms part of this Report. However, as per first proviso to Section 136(1) of the Act and second proviso of Rule 5(2) of the Rules, the Report and Financial Statements are being sent to the Members of the Company excluding the statement of particulars of employees under Rule 5(2) of the Rules. Any Member interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company.

### 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 VIII**.

### 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 IX**.

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

Your Company has in place a policy on Prevention of Sexual Harassment at workplace. 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

### AWARDS AND RECOGNITION

During the FY under review, we have received multiple awards and recognition. Some of them are listed below:

1. Your Company has been adjudged as "Indian MNC of the year" by the All India Management Association (AIMA)
2. NDTV Manufacturer of the year
3. International Fire and Security Exhibition and Conference (IFSEC) Award for Excellence in Manufacturing Security.
4. Golden Peacock Award for HR Excellence in Automobile Sector, organised by Institute of Directors.

### APPRECIATION

The Board of Directors would like to express their sincere thanks to the Shareholders & Investors of the Company for the trust reposed on us over the past several years. Your Directors would also like to thank the Central Government, State Governments, Financial Institutions, Banks, Customers, Employees, Dealers, Vendors and Ancillary Undertakings for their co-operation and assistance. We 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: May 10, 2017  
Place: New Delhi

## ANNEXURE I

## DETAIL PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULE, 2014:

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

Name of Directors/ KMP and Designation	Remuneration of Director/KMP for FY 2016-17 (₹ crores)	% increase in Remuneration in FY 2016-17	Ratio of the remuneration to the median employee's remuneration
<b>Executive Directors</b>			
Mr. Pawan Munjal-Chairman, Managing Director & CEO	59.66	3.94	731
Mr. Sunil Kant Munjal-Joint Managing Director (upto Aug. 16, 2016)*	20.99	(61.40)	257
Mr. Vikram S. Kasbekar-Executive Director Operations (Plants) (effective from 8th Aug. 2016)	2.22	NA	27
<b>Non-Executive Directors #</b>			
Mr. Suman Kant Munjal	0.18	(25)	2
<b>Non-Executive and Independent Directors#</b>			
Dr Anand C. Burman	0.12	(35.14)	1
Mr. M. Damodaran	0.81	5.92	10
Mr. Pradeep Dinodia	0.92	7.60	11
Dr. Pritam Singh	0.70	2.94	9
Mr. Ravi Nath	0.50	37.50	6
Ms. Shobana Kamineni	0.09	(57.14)	1
Gen.(Retd) Ved Prakash Malik	0.81	10.27	10
Mr. Paul Edgerley	0.17	NA	2
<b>Employees &amp; KPM</b>			
Mr. Ravi Sud-Sr. Vice President - Finance & CFO (upto March 31, 2017)*	4.90	28.57	60
Mr. Ilam C Kamboj-Asso. V.P. - Legal and Company Secretary (Upto April 2, 2016)*	0.44	-	5
Ms. Neerja Sharma-Company Secretary (effective August 8, 2016)	0.96	NA	12

\* Excluding gratuity, leave encashment & other retirement benefits.

# Includes Sitting fees and commission

- (ii) The median remuneration of employees of the Company during the financial year was ₹ 8.16 lacs.
- (iii) Median salary of employees in current year has increased by 7.36% in comparison to the previous year.
- (iv) The number of permanent employees on the rolls of company as on March 31, 2017 was 8,069 nos. (previous year 7,592 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, 2017 was ₹ 64,341 crores (March 31, 2016 ₹ 58,823 crores).
- (b) Price Earnings Ratio of the Company was 19.05 (times) as at March 31, 2017 and 18.61 (times) as at March 31, 2016.
- (vi) Average percentage increase made in the salary of employees other than the managerial personnel in last Financial Year i.e. 2016-17 was 10.80%.

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

### 1. PREAMBLE

The purpose of this Policy is to establish principles, parameters and Governance framework of remuneration for Directors, KMPs, Senior Management Personnel and Employees. This policy will assist the Board and Nomination and Remuneration Committee ('NRC') to fulfil its responsibility towards attracting, retaining and motivating Directors, KMPs, Senior Management Personnel and Employees through competitive remuneration in line with the corporate and individual performance. The policy has been framed in compliance with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI regulations").

### 2. OBJECTIVES

The main objectives of this Policy are:

- To determine remuneration of Directors, KMPs and other senior management personnel, keeping in view all relevant factors including industry trends and practices.
- To provide for rewards linked directly to their effort, performance, dedication and achievement of the Company's target.

### 3. REMUNERATION

#### 3.1 Remuneration paid to Executive Directors

The remuneration paid to Executive Directors to be recommended by the NRC and approved by the Board, 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 shall participate in approving the remuneration paid to the Executive Directors. The remuneration is to be arrived by considering various factors such as performance, qualification, experience, expertise, prevailing remuneration in the industry and the financial position of the Company. The elements of the remuneration and limits shall be pursuant to the applicable laws.

#### 3.1.1 Remuneration Structure/ Parameters

The remuneration structure for the Executive Directors would include the following components:

##### Basic Salary

- a) Provides for a fixed, per month, base level remuneration to reflect the scale and dynamics of business to be competitive in the external market
- b) Normally to be set in the home currency of the Executive Director and reviewed annually
- c) Will be subject to an annual review as per recommendations of the NRC and approval of the Board of Directors post performance assessment.

##### Commission

- a) Executive Directors will be allowed remuneration, by way of commission on a case to case basis which is in addition to the Basic Salary, Perquisites and any other Allowances, benefits and amenities.
- b) Subject to the condition that the amount of commission shall not exceed 1% of net profit of the Company in a particular financial year in the manner referred in Sections 197 & 198 of Companies Act 2013.
- c) The amount of commission shall be paid subject to recommendation of the NRC and approval of the Board of Directors and shareholders, if required.

##### Perquisites and Allowances

A basket of perquisites and allowances would also form a part of the remuneration structure.

##### Contribution to Provident and other funds

In addition to the above, the remuneration would also include:

- a) Contribution to Provident, Superannuation and National Pension Scheme funds as applicable.
- b) Gratuity

##### Minimum Remuneration

If in any financial year during the tenure of the Executive Directors, the Company has no profits or its profits are inadequate, they shall be entitled to minimum remuneration as prescribed under the Companies Act, 2013.

#### 3.2 Remuneration payable to Non-Executive & Independent Directors

The Non-Executive Directors of the Company would be paid sitting fees as determined by the Board from time to time for each meeting of the Committees and Board. The NRC/ Board shall review and revise this limit, if there are any changes in the limits/provisions of law.

The Non-Executive and Independent Directors will also be entitled to remuneration by way of commission aggregating up to 1% of net profits of the Company pursuant to the provisions of Sections 197 and 198 of the Companies Act 2013 in addition to the sitting fees for attending the meetings of the Board and any Committee thereof.

#### 3.3 Remuneration Parameters for Key managerial personnel, senior management & other employees

The compensation for the Key managerial personnel, senior management and other employees at Hero MotoCorp would be guided by the external competitiveness and internal parity through annual benchmarking surveys.

## ANNEXURE II

All employees of Hero MotoCorp will be subject to annual performance review as per approved performance management process of the Company. Meritocracy will be promoted by ensuring rigorous performance differentiation. The rating obtained by an employee will be used as an input to determine variable and merit pay increases. Variable and merit pay increases will be calculated using a combination of individual performance and organisational performance. Grade wise differentiation in the ratio of variable and fixed pay as well as in increment percentage will be made.

Other factors that will determine compensation will be criticality of skills, availability of competitive skills in the talent market globally.

Appropriate salary band and grade structure will be designed to ensure the organisation is managed efficiently and effectively. The structure will be reviewed by the Company's leadership from time to time.

#### 4. PERFORMANCE FRAMEWORK

With the objective of building a high performance culture at Hero MotoCorp, the performance management system shall be designed to:

- a) Align organisational and individual Goals (KRA)
- b) Provide data for making critical decisions related to the employees

- c) Drive the right employee behaviours
- d) Support employee development

The goals will be derived from the Company's long term vision that shall be translated to medium term plans and then an Annual Business Plan.

These goals will be cascaded to the functional heads and from them, to their reporting managers and employees. Similarly, the senior management's performance will also be contingent on their leadership, guidance and also the achievement of the goals of their teams.

The employees will be rated on the basis of achievements of these goals and also a defined competency framework. The weightages of these depend on the level within the organisation as determined by the management from time to time.

#### 5. REVIEW

This policy will be reviewed at appropriate time, as decided by the NRC and with the approval of the Board. The utility and interpretation of this policy will be at the sole discretion of the NRC/Board.





## ANNEXURE III

### 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, 2017.

Sl. No.	Particulars	Employee Incentive Scheme, 2014
1.	Date of shareholders' approval	September 22, 2014 through postal ballot
2.	Total number of options/RSU's approved under Employee Incentive Scheme 2014	49,90,000
3.	Vesting requirements	<p>The Options/RSU's granted under Employee Incentive Scheme 2014 (and various plans formulated thereunder) 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.</p> <p>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.</p> <p>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.</p>
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/ RSU.
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	<p>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.</p> <p>During the year, no amendment/ modification/ variation has been introduced in terms of options granted by the Company.</p>
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 FY 2016-17 is ₹ 3.42 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 recognised if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	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	<p>Weighted average exercise price under Employee Stock Option Plan 2014 (ESOP-2014) - ₹ 2,159</p> <p>Weighted average exercise price under Employee Stock Option Plan 2016 (ESOP-2016) - ₹ 2,469</p> <p>Weighted average exercise price under Restricted Stock Unit Plan 2016 (RSU 2016) - ₹ 2 (Face value of share)</p> <p>Weighted average option fair value under ESOP Plan 2014 - ₹ 1,228.39</p> <p>Weighted average option fair value under ESOP Plan 2016 - ₹ 1,324.00</p> <p>Weighted average option fair value under RSU Plan 2016 - ₹ 3,290.00</p>

## ANNEXURE III

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 (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; (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 (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 fair value of options/RSU's granted under various plans is estimated using the Black Scholes option pricing model after applying the following key assumption.		
		<b>ESOP 2014</b>	<b>ESOP 2016</b>	<b>RSU 2016</b>
		Share Price	2,995.85	3,292
		Exercise Price	2,159	2,469
		Risk Free Interest Rate	8.45%	7.08%
		Expected Life (in years)	4.85	4.85
		Expected annual volatility of shares	26.87%	27.39%
		Expected dividend yield	3.17%	2.87%
		The expected volatility has been calculated using the daily stock returns on NSE, based on expected life options of each vest. The expected life of the 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 Indian Accounting Standard 33 any other relevant Indian accounting standards as prescribed from time to time	₹ 169.12 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 Indian 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

S. No.	Particulars	ESOP - 2014	ESOP - 2016	RSU - 2016
1.	Number of options/RSU's outstanding at the beginning of the year	18,776	-	-
2.	Number of options/ RSU's granted during the year	NIL	41,290	11,194
3.	Number of options/ RSU's forfeited / lapsed during the year	536	-	-
4.	Number of options/ RSU's vested during the year	5,854	-	-
5.	Number of options/ RSU's exercised during the year	6,750	-	-
6.	Number of shares arising as a result of exercise of options/ RSU's	6,750	-	-
7.	Money realised by exercise of options/ RSU's (INR), if scheme is implemented directly by the company	14,573,250	-	-
8.	Loan repaid by the Trust during the year from exercise price received	Not Applicable	Not Applicable	Not Applicable
9.	Number of options/ RSU's outstanding at the end of the year	11,490	41,290	11,194
10.	Number of options/ RSU's exercisable at the end of the year	960	-	-
11.	Employee wise details (name of employee, designation, number of options/ RSU's granted during the year, exercise price) of options granted to -			
	(a) Key Managerial Personnel/ senior managerial personnel;	None	Refer Note 1 below	Refer Note 1 below
	(b) any other employee who receives a grant in any one year of option/ RSU amounting to 5% or more of option/ RSU's granted during that year; and	None	Refer Note 1 below	Refer Note 1 below
	(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.	None	None	None



## ANNEXURE III

### Note: 1

	Employee Name	Designation	No. of options to senior managerial personnel
<b>ESOP 2016</b>	Vikram Sitaram Kasbekar	Executive Director Operations (Plants)	4050*
	Rajat Bhargava	Head - Strategy & Performance Transformation	4050*
	Sanjay Bhan	Business Head - Parts Business	2430*
	Vijay Sethi	Chief Information Officer & Head CSR	2430*
	Neeraj Mathur	Head - Strategic Sourcing & Supply Chain	2430*
	Surender Kumar Chhabra	Vice President - Corporate Finance	2430*
	Ashok Bhasin	Head - Sales Marketing & Customer Care	2030
	Rakesh Vasisht	Associate Vice President	1220
	Ravi Kumar Pisipaty	Plant Head - Dharuhera Plant	1220
	Mukesh Goyal	Plant Head - Haridwar Plant	1220
	Mahesh Kumar Kaikini	Plant Head - Gurgaon Plant	1220
	Rajesh Mukhija	Head - National Service & CRM	410
	Pankaj Aggarwal	Associate Vice President - SS & SC	1220
	Bharatendu Kabi	Senior General Manager	410
	Neerja Sharma	Company Secretary	810
	Ravi Kumar Sabharwal	General Counsel	410
	Gurinder Singh Sandhu	Head- Marketing	410
	Sanjay Tripathi	Associate Vice President - Product Strategy	410
	Markus Feichtner	Head - Engine Design & Development	1220
	Malo Le Masson Sebastien Emmanuel	Head - Global Product Planning	810
			<b>30840</b>
<b>RSU 2016</b>	Markus Braunsperger	Chief Technology Officer	10119
	Sanjay Jorapur	Chief Human Resources Officer	1075
		<b>Total</b>	<b>11194</b>

\*5% or more options of total granted during the year

## ANNEXURE IV



Continuing on the vision and values of the founder, patriarch and Chairman Emeritus, Late Dr. Brijmohan Lall Munjal of Hero MotoCorp ('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 and thought process.

Our governance philosophy is all-encompassing and it is our constant endeavour 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 maximise 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. The Board of Directors ('the Board') is responsible for overall governance of the Company.

The Board has an optimum combination of executive and non-executive directors. As on March 31, 2017, the Company's Board comprised eleven Directors, of which two are Executive Directors, one of them being the Chairman, one Non-Executive Director and eight Non-Executive and Independent Directors, including one woman Director.

Composition of the Board as on March 31, 2017 is given in Table 1.

**Table 1: Company's Board**

Names of Directors	Category	Details of Directorships				Memberships*	
		Indian Companies			Foreign Companies	Number of Committee Memberships held	Number of Committee Chairmanships held
		Public Listed	Public Unlisted	Others			
Mr. Pawan Munjal	Chairman, Managing Director & CEO	1	2	8	-	-	
Mr. Pradeep Dinodia	Non-Executive & Independent	5	2	2	8	4	
Dr. Pritam Singh	Non-Executive & Independent	3	-	-	4	1	
Gen. (Retd.) V.P.Malik	Non-Executive & Independent	1	3	-	4	-	
Mr. M. Damodaran	Non-Executive & Independent	5	-	4	7	2	
Dr. Anand C. Burman	Non-Executive & Independent	3	3	14	4	-	
Mr. Ravi Nath	Non-Executive & Independent	4	-	5	-	1	
Ms. Shobana Kamineni	Non-Executive & Independent	4	6	8	1	-	
Mr. Paul Edgerley**	Non-Executive & Independent	1	-	-	6	-	
Mr. Suman Kant Munjal	Non-Executive	1	2	15	-	1	
Mr. Vikram Sitaram Kasbekar***	Whole time Director	1	1	-	1	-	

\* As required by Regulation 26 of Listing Regulations, the disclosure includes memberships/chairmanships of the audit committee and stakeholders' relationship committee.

\*\*Appointed as an Independent Director w.e.f. May 5, 2016.

\*\*\*Appointed as a Whole Time Director w.e.f. August 8, 2016.





During FY 2016-17, Mr. Sunil Kant Munjal, Jt. Managing Director of the Company stepped down from the Board of Directors on the completion of his tenure as the Jt. Managing Director effective August 16, 2016.

Mr. Pawan Munjal and Mr. Suman Kant Munjal are promoter Directors and are brothers. Apart from this, there is no inter se relationship among 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 or is a member 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 help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments, corporate governance and standards of conduct. In accordance with the criteria set for selection of Independent Directors and for determining their independence, the Nomination and Remuneration Committee ('NRC') 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 NRC's recommendation and takes appropriate decisions in appointment of the Independent Directors.

### 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 and business reports from other executive management teams. These detailed meetings and one-to-one interactions set the agenda and provide the strategic roadmap for the Company. The Board has also established various 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 the Executive Management Team ('EMT').

### 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, investors' queries are handled promptly and reports to the Board about compliance with the applicable statutory requirements and laws.

The process for the Board and Committee meetings provides 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 the next meeting.

Ms. Neerja Sharma was appointed as Company Secretary effective August 8, 2016. She has also been designated as Chief Compliance Officer.

### BOARD MEETINGS

During FY 2016-17, the Board met five times viz. on May 5, 2016, August 8, 2016, October 26, 2016, February 8, 2017 and March 7, 2017. The gap between any two consecutive meetings of the Board of Directors of the Company was not more than 120 days.

Directors' attendance at Board meetings and the Annual General Meeting of the Company held during the year ended March 31, 2017 is given in Table 2.

**TABLE 2: Directors' attendance record during FY 2016-17 at Board and previous Annual General Meeting**

Names of Directors	Number of Board Meetings		Attendance at previous AGM
	Held	Attended	
Mr. Pawan Munjal	5	5	Yes
Mr. Sunil Kant Munjal*	5	2	No
Mr. Vikram Sitaram Kasbekar**	5	4	Yes
<b>Non-Executive Directors</b>			
Mr. Suman Kant Munjal	5	4	Yes
<b>Non-Executive and Independent Directors</b>			
Mr. Pradeep Dinodia	5	5	Yes
Dr. Pritam Singh	5	4	Yes
Gen. (Retd.) V.P.Malik	5	5	Yes
Mr. M. Damodaran	5	5	Yes
Dr. Anand C. Burman	5	2	No
Mr. Ravi Nath	5	5	No
Ms. Shobana Kamineni	5	2	Yes
Mr. Paul Edgerley	5	3	No

\*Ceased to be a Director w.e.f. August 16, 2016.

\*\*Appointed as a Whole Time Director w.e.f. August 8, 2016.

**Shareholding of Non-Executive Directors as on March 31, 2017**

Names of the Directors	Category	No. of shares held	Beneficiary
Mr. Suman Kant Munjal	Non-Executive Director	71,250	Self
		10,833	As Karta of HUF
		51,76,738	On behalf of Brijmohan Lal Om Parkash (BMOP) Partnership Firm
		1,23,96,842	Jointly with Mr. Pawan Munjal and Mrs. Renu Munjal holding on behalf of BMOP
Mr. Pradeep Dinodia	Non-Executive and Independent Director	890	Self and through relatives

Apart from the above, none of the Non-Executive (including Independent) Directors hold any shares (as own or on behalf of any other person on beneficial basis) in the Company as on March 31, 2017.

**FAMILIARISATION PROGRAMME FOR BOARD MEMBERS**

The Company regularly provides orientation and business overview to its Directors by way of detailed presentations by the various business & functional heads at Board meetings and through other interactive programmes. 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](http://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>

**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 FY 2016-17. 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 the following link: <http://www.heromotocorp.com/en-in/about-us/code-of-conduct.html>

**BOARD/COMMITTEE MEETINGS & PROCEDURES**  
**Frequency of Meetings and Information Supplied**

A well-defined system of convening at least 4 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 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.

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 judgment or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company;
- 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' services 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 and 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. The quantum and quality of information supplied by the management to the Board goes well beyond the minimum requirement stipulated under Companies Act, 2013, ('Act') Secretarial Standard on meetings of the Board issued by Institute of Company Secretaries of India and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

### 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.

### MEETING OF INDEPENDENT DIRECTORS

In accordance with the provisions of the Act, Independent Directors of the Company had two meetings during FY 2016-17, i.e. on December 29, 2016 and February 8, 2017.

### COMMITTEES OF THE BOARD

#### Audit Committee

Your Company has a duly constituted Audit Committee and its composition as well as charter are in line with the requirements of the Act and Listing Regulations. As on March 31, 2017, Audit Committee comprised four Non-Executive and Independent Directors. 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. All members of the Committee are financially literate and have accounting or related financial management expertise as mandated by the Listing Regulations.

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 auditors' 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 forming part of in the Directors' Responsibility Statement forming part of 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 utilised 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.
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, internal auditors, statutory auditors of the company attend meetings of the audit committee. The Company Secretary acts as the Secretary of the Audit Committee.

During FY 2016-17, six meetings of the Audit Committee were held on May 4, 2016; August 7, 2016; September 27, 2016, October 25, 2016; February 07, 2017 and March 07, 2017 in due compliance with the provisions of the Act and Listing Regulations.

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;

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 2016-17	No. of meetings attended
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 Auditors

The internal auditors of the Company attend meetings of audit committee on a regular basis and findings of internal audits are reported directly to the Audit Committee.

### NOMINATION AND REMUNERATION COMMITTEE ('NRC')

The Company has a duly constituted Nomination and Remuneration Committee, which *inter-alia*, identifies and recommends persons who are qualified to become directors or appointed as part of senior management and reviews and recommends payment of annual salaries to the Executive Directors of the Company besides finalising their service agreements and other employment terms and conditions. The NRC 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 NRC *inter-alia*, 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;
- To allot shares and issue share certificates against the options exercised in terms of Employees Incentive Scheme of the Company as approved by shareholders from time-to-time.

As on March 31, 2017, the NRC comprised 3 Independent Directors viz. Gen. (Retd.) V.P. Malik as Chairman and Mr. Pradeep Dinodia and Mr. Ravi Nath as members.

During FY 2016-17, three meetings of the NRC were held on August 7, 2016, August 22, 2016 and February 8, 2017.

The Composition of NRC 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 2016-17	No. of meetings attended
Gen. (Retd.) V.P.Malik	Chairman	3	3
Mr. Pradeep Dinodia	Member	3	3
Mr. Ravin Nath	Member	3	3

### Remuneration Policy

The Company's Remuneration Policy represents the overarching 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;
- Minimising 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 annexed as **Annexure II** to the Board's report

### Remuneration paid to Executive Directors

As per the remuneration policy, the remuneration paid to Executive Directors is recommended by the NRC and approved by the Board in the Board meeting, subject to subsequent approval by shareholders at the general meeting and such other authorities, as the case may be. The remuneration is arrived at after considering various factors such as qualification, experience, expertise, prevailing remuneration in the industry and the financial position of the Company.

The remuneration paid to Executive Directors is commensurate with their respective roles and responsibilities. Remuneration paid to Executive Directors, subject to limits prescribed under Part II, Section I of Schedule V to the Companies Act, 2013, generally consists of fixed salary, perquisites, allowances and retiral benefits, performance linked bonus by whatever name called, grant of stock options as decided by the NRC and such other benefits in accordance with market practices.

Table 5 gives details of remuneration paid to Executive Directors.

**Table 5: Remuneration to Executive Directors#**

Names of the Directors	Basic Salary	Perquisites, Allowances & Retirals	Commission (Fixed)	(₹ in crores)
				Total
Mr. Pawan Munjal	5.97	8.05	45.64	59.66
Mr. Sunil Kant Munjal*	1.66	3.13	17.26	22.05
Mr. Vikram Sitaram Kasbekar**	0.97	1.25	-	2.22

\* Ceased to be a Director w.e.f. August 16, 2016.

\*\* Appointed as a Director of the Company w.e.f. August 8, 2016. During the year under review, 4,050 stock options were granted to Mr. Kasbekar under the Employee Stock Option Plan.

# No notice period and severance fee is payable to Executive Directors as on March 31, 2017.

### 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 NRC.

### 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 1% of net profits of the Company pursuant to the provisions of Sections 197 and 198 of the Act in addition to the sitting fees. While deciding the remuneration, various factors such as Director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as Membership or Chairmanship of Committees, etc. were taken into consideration.

Non-Executive Directors do not have any other pecuniary relationship with the Company except as stated above.

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

**Table 6: Remuneration to Non-Executive Directors**

(₹ in crores)			
Names of the Directors	Sitting fees	Commission	Total
Mr. Suman Kant Munjal	0.04	0.14	0.18
Mr. Paul Edgerley	0.04	0.12	0.16
Mr. Pradeep Dinodia	0.21	0.71	0.92
Gen.(Retd.) V.P. Malik	0.18	0.62	0.80
Dr. Pritam Singh	0.15	0.55	0.70
Mr. M. Damodaran	0.18	0.62	0.80
Mr. Ravi Nath	0.14	0.35	0.49
Dr. Anand C. Burman	0.03	0.09	0.12
Ms. Shobana Kamineni	0.02	0.07	0.09

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

During FY 2016-17, the Company did not advance any loans 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.

#### 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 FY 2016-17 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, *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;
- To take note of total number of pending share transfers; and
- To consider and resolve the grievances of the security holders including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends.

During the year, three meetings of the Stakeholders' Relationship Committee were held on May 04, 2016; September 22, 2016 and February 07, 2017.

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

**Table 7: Details of Stakeholders' Relationship Committee Members and Number of Meetings Attended**

Names of Committee Members	Position held	No. of meetings held during FY 2016-17	No. of meetings attended
Dr. Pritam Singh	Chairman	3	3
Mr. M. Damodaran	Member	3	2
Mr. Ravi Nath	Member	3	2

#### Investors' Grievance Redressal:

During FY 2016-17, the following complaints were received and resolved to the satisfaction of shareholders. As on March 31, 2017, eight complaints were outstanding.

Sl. No.	Nature of Complaints	Opening	Received	Resolved	Closing (Pending)
1.	Non receipt of shares	-	64	63	1
2.	Non receipt of dividend	-	339	338	1
3.	Complaints lodged with Authorities	-	63	57	6
4.	Non-receipt of securities after transfer/transmission/duplicate/remat/name correction etc.	-	12	12	-



## 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 the year, two meetings of the Committee were held on May 4, 2016 and October 25, 2016. The details of the CSR Committee are given in Table 8.

**Table 8: Details of CSR Committee Members and Number of Meetings Attended**

Names of Committee Members	Position held	No. of meetings held during FY 2016-17	No. of meetings attended
Mr. Pawan Munjal	Chairman	2	2
Mr. Pradeep Dinodia	Member	2	2
Gen. (Retd.) V.P. Malik	Member	2	2

The Company Secretary acts as the Secretary of the Committee.

## RISK MANAGEMENT ('RM') COMMITTEE

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 organisation;
- Monitoring of material risks to which the organisation is exposed and ensuring implementation of appropriate mitigation plan;
- Ensuring the sustainability of risk management framework and process through continuous review mechanism; and
- Delegation of any of the aforesaid tasks as the RM Committee may deem fit.

During the year under review, three meetings of the RM committee were held on May 5, 2016, October 25, 2016 and February 7, 2017. The details of the Risk Management Committee are given in Table 9.

**Table 9: Details of Risk Management Committee Members and Number of Meetings Attended**

Names of Committee Members	Position held	No. of meetings held during FY 2016-17	No. of meetings attended
Mr. M. Damodaran	Chairman	3	3
Mr. Pradeep Dinodia	Member	3	3
Mr. Ravi Nath	Member	3	3

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. Vikram S Kasbekar and Mr. Pradeep Dinodia as its members. The Company Secretary is the Secretary of the Committee.

The meetings of the Committee are convened on a need basis. During the financial year under review, six 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 2016-17	No. of meetings attended
Mr. Pawan Munjal	Chairman	6	6
Mr. Vikram S Kasbekar*	Member	6	3
Mr. Pradeep Dinodia**	Member	6	5
Mr. Suman Kant Munjal***	Member	6	3

\* Appointed as Member w.e.f. 26.10.2016

\*\* Appointed as Member w.e.f. 05.05.2016

\*\*\* Ceased to be a member w.e.f. 26.10.2016

### SHARE TRANSFER ('ST') COMMITTEE

The role of the ST Committee is to attend to the requests pertaining to share transfer, transmission etc. CFO, Vice President (Finance) and Company Secretary are ex-officio members along with Mr. Neeraj Mathur, VP-Strategic Sourcing & Supply Chain who is also nominated as member of the Committee.

During the year under review 8 (eight) 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. During FY 2016-17, your Company has revised and strengthened the Code to ensure its effective implementation and meaningful application of the Listing Regulations.

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 FY 2016-17 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 the Company's website, link for which is <http://www.heromotocorp.com/en-in/about-us/key-policies/related-party-transactions.html>

#### Disclosure of policy on Material Subsidiaries

The policy for determining material subsidiaries is available on the Company's website, [www.heromotocorp.com](http://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 financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015.

### Compliances by the Company

No penalties have been imposed or strictures passed against the Company by the stock exchanges, the Securities and Exchange Board of India or any statutory authority on any matter related to capital markets during the last three years.

Securities of the Company have not been suspended for trading at any point of time during the year and the Company has duly complied with corporate governance requirements as specified under Regulation 17 to 27 and Regulation 46 (2) clause (b) to (i) of Listing Regulations.

Quarterly reports on compliance with Corporate Governance as per Regulation 27 of the Listing Regulations were duly filed with the stock exchanges within the stipulated time and same are also available on website of the Company at <http://www.heromotocorp.com/en-in/investors/corporate-governance.html>

### 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. During the year, no individual was denied access to the Audit Committee for reporting concerns, if any. The said policy/mechanism is disclosed on the Company's website, link for which is <http://www.heromotocorp.com/en-in/about-us/key-policies/vigil-mechanism-policy.html>

The Company has put in place a whistle blower policy to support the Code of Conduct. The details about the vigil mechanism form part of the Board's report.

### 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

As per Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations,

2015, the status of the unclaimed equity shares lying in the demat suspense account is given in Table 11 below. The voting & beneficial rights on these shares are frozen till the rightful owner of such shares claims the shares.

Table 11

Particulars	Number of Shareholders	Number of Equity Shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year.*	715	212,610
Number of shareholders who approached the Company for transfer of shares from suspense account during the year.	6	1,585
Number of shareholders to whom shares were transferred from suspense account during the year.	NIL	NIL
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year.	715	212,610

\* shares were transferred to demat suspense account on January 20, 2017

### CEO & CFO CERTIFICATION

The Chairman, Managing Director & CEO and the Chief Financial Officer ('CFO') of the Company furnishes 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 10, 2017 and is annexed to this report.

### RE-APPOINTMENT OF DIRECTORS

Mr. Vikram Sitaram Kasbekar, Whole Time Director of the Company shall retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Brief profile of Mr. Kasbekar is provided as part of the Notice of the 34<sup>th</sup> AGM forming part of this Annual Report.

### COMPLIANCE WITH SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

#### Mandatory Requirements

The Company is fully compliant with the applicable mandatory requirements under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### Discretionary Requirements

##### The Board

The Company has an Executive Chairman.

#### Shareholders Rights

As a part of good corporate governance practice, the Company has started sending its quarterly financial results to shareholders whose email ids are registered with the depository participants through email after they are approved by the Board and disseminated to the stock exchanges. The results are also published on the website of the Company viz. [www.heromotocorp.com](http://www.heromotocorp.com) and in widely circulated newspapers.

### Audit Qualifications

There are no audit qualifications in the financial statements of FY 2016-17. The Company continues to adopt best practices in order to ensure unqualified financial statements.

### Separate post of Chairman and CEO

The office of Chairman and CEO is held by Mr. Pawan Munjal.

### Reporting of Internal Auditor

The internal auditor of the Company attends the meeting of the Audit Committee on regular basis. Internal audit findings are reported directly to the Audit Committee.

### MEANS OF COMMUNICATION

#### Company Website

Pursuant to Regulation 46 of the Listing Regulations, the Company's website [www.heromotocorp.com](http://www.heromotocorp.com) contains a dedicated functional segment, named 'INVESTORS' where all the information meant for the shareholders is 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 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 and 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](http://www.heromotocorp.com).

### ANNUAL REPORT

The annual report containing, *inter alia*, the audited financial statement (standalone & consolidated), board's report, auditors' report, the management discussion and analysis (MDA) report and

other important information is circulated to shareholders and other stakeholders and is also available on the Company's website at [www.heromotocorp.com](http://www.heromotocorp.com).

### REMINDER TO INVESTORS

Periodical reminders for unclaimed shares and unpaid dividends are sent to shareholders as per records of the Company. These details are also uploaded on website of the Company.

### 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 forms 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 there at are given in table 12 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 12: Details of AGMs held:

Year	Time, Day, Date and Location	Summary of Special Resolution(s) Passed
2015-16	10:30 A.M., Friday, September 23, 2016, Air Force Auditorium Subroto Park, New Delhi 110 010.	- No Special resolution was passed at the meeting.
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

### POSTAL BALLOT

During the financial year ended March 31, 2017, no resolution was passed by postal ballot hence disclosure under this section is not applicable.

### Whether any Special Resolution is proposed to be passed through Postal Ballot:

None of the business proposed to be transacted at the ensuing annual general meeting require passing of special resolution through postal ballot.

### GENERAL SHAREHOLDER'S INFORMATION

#### Annual General Meeting

Date : July 14, 2017  
Day : Friday  
Time : 10:30 A.M.  
Venue : Air Force Auditorium, Subroto Park, New Delhi – 110 010.



**Financial Calendar:** Financial year: April 1, 2016 to March 31, 2017.

For FY 2016-17	Results were announced on
First quarter ended June 30, 2016	Monday, August 08, 2016
Second quarter and half year ended September 30, 2016	Wednesday, October 26, 2016
Third quarter and nine months ended December 31, 2016	Wednesday, February 08, 2017
Fourth quarter and year ended March 31, 2017	Wednesday, May 10, 2017

For FY 2017-18	Results are likely to be announced by (tentative and subject to change)
First quarter ending June 30, 2017	First week of August, 2017
Second quarter and half year ending September 30, 2017	Last week of October, 2017
Third quarter and nine months ending December 31, 2017	First week of February, 2018
Fourth quarter and year ending March 31, 2018	Second week of May, 2018

### Book closure

The dates of book closure shall be from Tuesday, July 4, 2017 to Friday, July 14, 2017 (both days inclusive).

### Dividend payment

The Board has declared an interim dividend @ 2750% i.e. ₹ 55 per share. The dividend was paid to those shareholders whose names appeared on the register of members as on March 18, 2017 and payment was made on March 24, 2017.

The Board has recommended a final dividend @ 1500% i.e. ₹ 30 per equity share for FY 2016-17.

The dividend recommended by the Directors for the year ended March 31, 2017, if declared at the ensuing annual general meeting,

will be paid by August 10, 2017 to those members, whose names appear in the register of members/depository records as on the closing hours of business on Monday, July 3, 2017.

### Listing on Stock Exchange

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

1. BSE Limited (BSE)  
Phiroze Jeejeebhoy Towers, Dalal Street,  
Mumbai 400 001
2. National Stock Exchange of India Limited (NSE)  
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
BSE	500182
NSE	HEROMOTOCO

The ISIN of the Company is INE158A01026

### Annual Listing Fees

Annual listing fees for FY 2017-18 has been paid to BSE and NSE within the stipulated time.

### Stock Market Data

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 13.

**Table 13: Share Price Data for FY 2016-17 (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-16	7945159	3172.00	13-04-2016	679366	2852.00	29-04-2016	327927
May-16	9500161	3129.00	31-05-2016	454647	2820.35	06-05-2016	565165
Jun-16	7855363	3226.00	30-06-2016	779661	2954.55	24-06-2016	272500
Jul-16	5617180	3306.95	21-07-2016	286086	3095.00	07-07-2016	187459
Aug-16	10622198	3582.70	31-08-2016	651174	3195.60	02-08-2016	318424
Sep-16	7465393	3740.00	08-09-2016	528176	3388.10	30-09-2016	366861
Oct-16	7327400	3594.00	04-10-2016	393212	3301.20	27-10-2016	843799
Nov-16	10965244	3401.00	03-11-2016	544379	2849.50	17-11-2016	547715
Dec-16	6050583	3333.00	09-12-2016	270444	2958.00	27-12-2016	140004
Jan-17	8039519	3275.95	25-01-2017	1050202	2962.55	03-01-2017	454277
Feb-17	7798023	3319.20	09-02-2017	585465	3049.20	16-02-2017	403866
Mar-17	9856739	3412.00	15-03-2017	813831	3150.00	01-03-2017	452809

(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 the Company's share price.



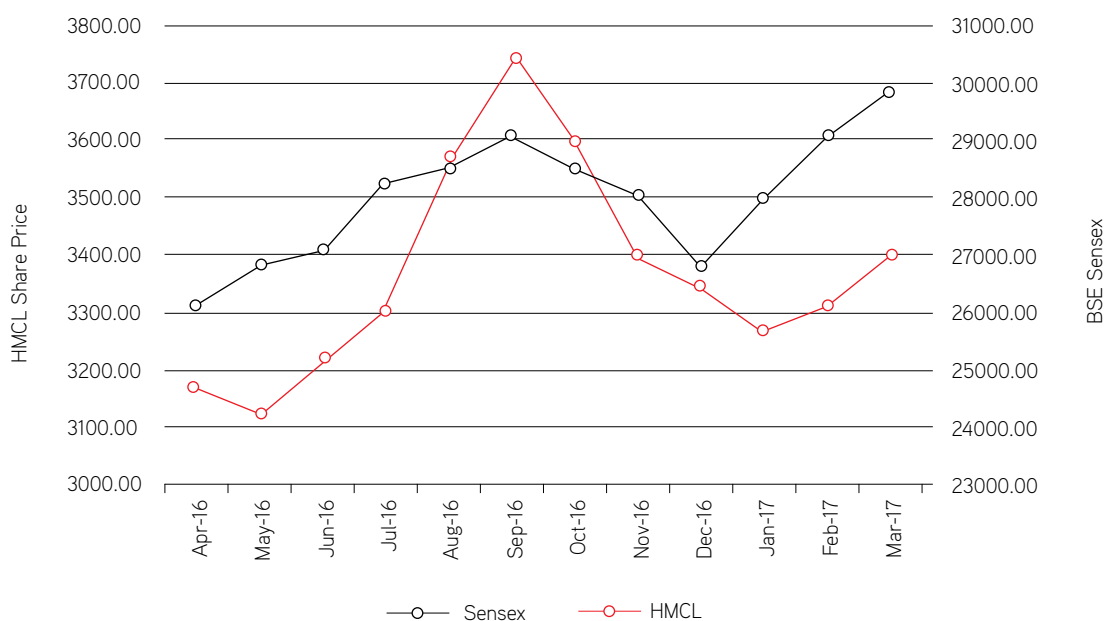


## BSE Limited, Mumbai (BSE)

Month	Total Volume (No. of Shares)	High Price (₹)	Date	Volume on that day	Low Price (₹)	Date	Volume on that day
Apr-16	1324291	3170.00	13-04-2016	44616	2870.00	29-04-2016	16290
May-16	566019	3124.30	31-05-2016	67926	2829.00	06-05-2016	44863
Jun-16	604532	3222.35	30-06-2016	41156	2956.00	24-06-2016	117396
Jul-16	389675	3306.10	21-07-2016	8983	3090.70	07-07-2016	16364
Aug-16	810456	3576.00	31-08-2016	44367	3200.00	01-08-2016	17260
Sep-16	493154	3739.90	08-09-2016	34007	3392.00	30-09-2016	30064
Oct-16	675327	3600.00	04-10-2016	37865	3300.15	27-10-2016	147088
Nov-16	651628	3400.00	03-11-2016	25377	2844.40	17-11-2016	36841
Dec-16	385426	3344.00	09-12-2016	15235	2957.00	27-12-2016	13470
Jan-17	655468	3265.00	25-01-2017	48979	2966.00	03-01-2017	19758
Feb-17	558978	3312.00	09-02-2017	35943	3054.00	16-02-2017	19220
Mar-17	1795765	3406.00	15-03-2017	562322	3149.05	01-03-2017	18288

(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 the Company's share price.

### Distribution of Shareholding by Size

Table 14 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, 2017.

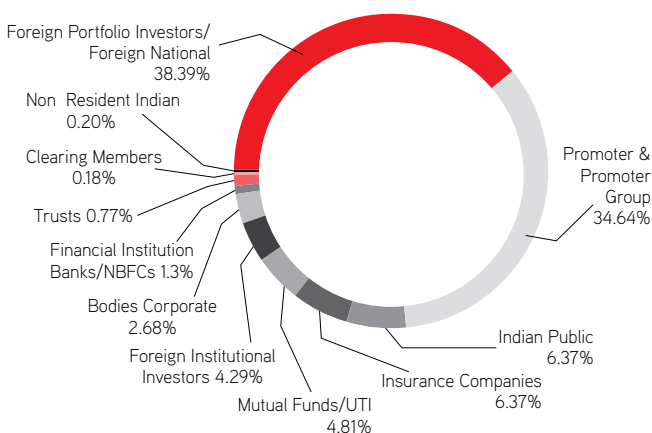
**Table 14**

No. of shares held (₹ 2 paid up)	Shareholders		Shares of ₹ 2 paid up	
	Numbers	%	Numbers	%
Upto 5000	98,924	98.67	11,088,810	5.55
5001 - 10000	436	0.44	1,534,681	0.77
10001 - 20000	243	0.24	1,735,950	0.87
20001 - 30000	106	0.11	1,292,380	0.65
30001 - 40000	51	0.05	904,114	0.45
40001 - 50000	45	0.04	1,025,508	0.51
50001 & 100000	128	0.13	4,730,624	2.37
100001 & Above	319	0.32	177,384,771	88.83
<b>TOTAL</b>	<b>100,252</b>	<b>100.00</b>	<b>199,696,838</b>	<b>100.00</b>

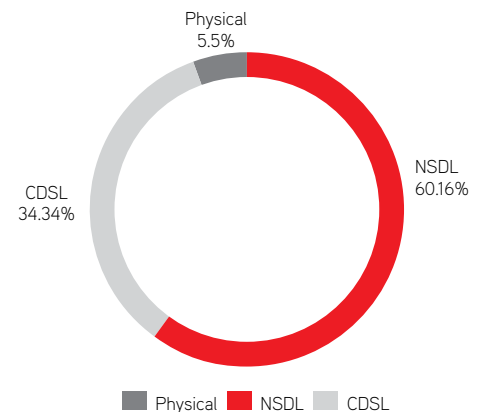
### Shareholding Pattern as on March 31, 2017.

Category	No. of Holders	No. of Shares Held	% total to No. of Shares	No. of Shares Dematerialised
Indian Promoters	16	69,166,082	34.64	69,166,082
Mutual Funds / UTI	209	9,600,635	4.81	9,537,165
Financial Institutions / Banks/NBFCs	55	2,594,949	1.30	2,576,244
Insurance Companies	18	12,730,593	6.37	12,730,593
Foreign Institutional Investors	106	8,573,075	4.29	8,535,060
Bodies Corporate	1539	5,343,933	2.68	5,318,972
Indian Public	94725	12,728,036	6.37	9,936,130
Trusts	59	1,547,353	0.77	1,547,353
Clearing Members	167	357,877	0.18	357,877
Non Resident Indians	2645	389,721	0.20	389,031
Foreign Portfolio Investors/Foreign Nationals	713	76,664,584	38.39	76,664,584
<b>Grand Total</b>	<b>100,252</b>	<b>199,696,838</b>	<b>100.00</b>	<b>196,759,091</b>

### Shareholding Pattern as on 31.03.2017



### Category of Shareholding based on Number of Holders



### Category of Shareholding as on March 31, 2017.

Category	No. of Holders	% to Total holders	Total Shares	% to Equity
Physical	5,516	5.50	2,937,747	1.47
NSDL	60,309	60.16	194,051,092	97.17
CDSL	34,427	34.34	2,707,999	1.36
<b>Total</b>	<b>100,252</b>	<b>100.00</b>	<b>199,696,838</b>	<b>100.00</b>



## Corporate Benefits

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

Financial Year	Type	Dividend Declared	Dividend per share	Due Dates for Transfer to IEPF
2009-10	Special	₹ 80	4000%	June 04, 2017
	Final	₹ 30	1500%	November 24, 2017
2010-11	Interim	₹ 70	3500%	June 18, 2018
	Final	₹ 35	1750%	December 03, 2018
2011-12	Final	₹ 45	2250%	November 15, 2019
2012-13	Final	₹ 60	3000%	November 16, 2020
2013-14	Final	₹ 65	3250%	October 10, 2021
2014-15	Interim	₹ 30	1500%	October 10, 2021
	Final	₹ 30	1500%	November 05, 2022
2015-16	Interim	₹ 40	2000%	May 14, 2023
	Final	₹ 32	1600%	November 28, 2023
2016-17	Interim	₹ 55	2750%	May 12, 2024
	Final (recommended)	₹ 30	1500%	-

### Transfer of Unclaimed Shares to Investor Education and Protection Fund

Pursuant to the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules 2016 (the 'Rules') notified by the Ministry of Corporate Affairs effective September 7, 2016, as amended, all shares in respect of which dividend has remained unclaimed by the shareholders for seven consecutive years or more are required to be transferred to the Investor Education and Protection Fund (IEPF).

During the year, notices were sent to the concerned shareholders whose shares were liable to be transferred to IEPF/Suspense Account under the said Rules for taking appropriate action and full details of such shareholders and shares due for transfer to IEPF Authority/Suspense Account have also been uploaded on Company's website at link [http://www.heromotocorp.com/en-in/uploads/Unclaimed\\_Dividends/pdf/IEPF-List.pdf](http://www.heromotocorp.com/en-in/uploads/Unclaimed_Dividends/pdf/IEPF-List.pdf)

An option to claim from IEPF Authority, all unpaid/unclaimed dividends or other amounts and the unclaimed shares transferred to IEPF, is available to members. Members may make their claim by following the due procedure for refund as prescribed under the said rules. Details of refund process are also available on website of the Company at <http://www.heromotocorp.com/en-in/investors/unclaimed-dividends.html>

Details of dividends remaining unpaid/unclaimed have been duly uploaded on the website of the Company at [www.heromotocorp.com](http://www.heromotocorp.com) and at the website of IEPF authority at [www.iepf.gov.in](http://www.iepf.gov.in).

### Dematerialisation of Shares and Liquidity

The shares of the Company are traded in compulsory demat segment. As on March 31, 2017, 98.53% of the total share capital was held in dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

As to liquidity, equity shares of the Company are part of the BSE Sensex, BSE -100, BSE- 200, BSE- 500, BSE Sectoral Indices, S&P CNX Nifty, S&P CNX 500 and CNX 100. Further, the equity shares of the Company are frequently traded at NSE and BSE.

### 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 500 032  
Tel No: 040-23420818, 67162222  
Fax: 040-2342 0814, 23001153  
Toll Free No: 1-800-3454-001  
E-mail: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)  
Website: [www.karvycomputershare.com](http://www.karvycomputershare.com)

### Share Transfer System

All share transfer and other communications regarding share certificates, change of address, dividends, etc. should be addressed to Registrar and Transfer Agents.

Share Transfer Committee is authorised to approve transfer of shares in the physical segment. Such transfers take place on fortnightly basis. All share transfers are completed within statutory time limit from the date of receipt, provided the documents meet the stipulated requirement of statutory provisions in all respects. The Company obtains from a Company Secretary in practice half

yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the Listing Regulations, and files a copy of the same with the Stock Exchanges.

#### **Reconciliation of Share Capital Audit**

Audits were also carried out by the practicing Company Secretary to reconcile the total admitted capital with NSDL and CDSL. The reports for the same were submitted to BSE and NSE. The audit confirms that the total issued / paid up and listed capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialised form (held with NSDL and CDSL).

#### **Compliance with Secretarial Standards**

The Institute of Company Secretaries of India, a Statutory Body, has issued Secretarial Standards on Board and General meetings. The Company has complied with all the applicable provisions of the secretarial standards.

#### **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 km 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 km Stone, Delhi-Jaipur Highway,  
Dharuhera, Distt. Rewari-123 110  
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**

SP 101-103, 108 & 109,  
RIICO Industrial Area, Phase - II,  
Delhi - Jaipur Highway,  
Neemrana, District Alwar,  
Rajasthan - 301 705, India  
Tel: 01494 2673000

##### **Halol Plant**

Plot No. 102, Halol (Exp.) Industrial Estate,  
Vadodara Godhra Highway  
Taluka - Kalol, Tehsil-Halol,  
Distt. Panchmahal, Gujarat 389350  
Tel: 02675 229114

##### **R&D Centre**

Centre of Innovation & Technology  
SPL-1, RIICO Industrial Area,  
Kukas, Phase-II, NH-11C,  
Jaipur, Rajasthan-302 028  
Tel: -0142 643000

##### **Colombia Plant**

HMCL Colombia Plant SAS  
Zona Franca Aperque Sur, Lote 6  
Villa Rica, Cauca, Colombia  
Tel: 23120662

#### **COMPLIANCE CERTIFICATE OF THE AUDITORS**

Certificate from the, Mr. Sanjay Grover, M/s. Sanjay Grover & Associates, Company Secretaries, confirming compliance with conditions of corporate governance as stipulated under Listing Regulations is attached to this Report.



**Retail Shareholder Correspondence may be addressed to:**

Mr. Dhiraj Kapoor  
Deputy General Manager - Secretarial  
34, Community Centre,  
Basant Lok, Vasant Vihar,  
New Delhi - 110 057  
E-mail: secretarialho@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: 040-23420818, 67162222  
Fax: 040-2342 0814, 23001153  
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. Niranjana Gupta,  
Chief Financial Officer  
34, Community Centre,  
Basant Lok, Vasant Vihar,  
New Delhi - 110 057.  
e-mail: niranjana.gupta@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: May 10, 2017

Place: New Delhi

**CORPORATE GOVERNANCE CERTIFICATE**

To  
The Members  
**Hero MotoCorp Limited**

We have examined the compliance of conditions of Corporate Governance by Hero MotoCorp Limited ("the Company"), for the financial year ended March 31, 2017 as stipulated under the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

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

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

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

For **Sanjay Grover & Associates**  
Company Secretaries  
Firm Registration No.: P2001DE052900

May 8, 2017  
New Delhi

**Sanjay Grover**  
Managing Partner  
CP No.: 3850



## COMPLIANCE CERTIFICATE

### The Board of Directors

#### Hero MotoCorp Limited

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

This is to certify that we have reviewed financial statements and the cash flow statement for the financial year ended March 31, 2017 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.

May 10, 2017  
New Delhi

**Niranjan Gupta**  
Chief Financial Officer

**Pawan Munjal**  
Chairman, Managing Director & CEO

## DECLARATION BY CHAIRMAN, MANAGING DIRECTOR & CEO

[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 Limited hereby declare that all the members of Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the financial year 2016-17.

May 10, 2017  
New Delhi

For **Hero MotoCorp Limited**  
**Pawan Munjal**  
Chairman, Managing Director & CEO  
DIN: 00004223

## ANNEXURE V

### ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2016-17

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

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

- a. To direct HMCL's CSR Programmes, inter alia, towards achieving one or more of the following - enhancing environmental and natural capital; supporting rural development; promoting education including skill development; providing preventive healthcare, providing sanitation and drinking water; creating livelihoods for people, especially those from disadvantaged sections of society, in rural and urban India and preserving and promoting sports;
- 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 recognised 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](http://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:

Mr. Pawan Munjal	Chairman
Gen. (Retd.) V. P. Malik	Member
Mr. Pradeep Dinodia	Member

Further, the Company has designated Mr. Vijay Sethi, 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

2013 - 14	₹ 2,865.85 crores
2014 - 15	₹ 3,326.66 crores
2015 - 16	₹ 4,399.82 crores

Average for last 3 years ₹ 3,530.78 crores

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

2% of Average ₹ 70.62 crores





## 5. Details of CSR spent during the financial year.

- Total amount to be spent for the financial year: ₹ 70.62 crores
- Amount unspent, if any: NIL
- Manner in which the amount spent during the financial year is detailed below.

### Overall Spend

1 S No	2 CSR Project or activity identified	3 Sector in which the Project is covered	4 Project or programmes (1) Local area or other (2) Specify the State and district where projects or programmes was undertaken	5 Amount outlay (budget) project or programmes wise (in lakhs)	6 Amount spent on the projects or programmes Sub-heads: (1) Direct expenditure on projects or programmes (2) Overheads	7 Cumulative expenditure up to the reporting period (Since April 1, 2015)	8 Amount spent: Direct or through implementing agency
1.	Tree plantation and Water Conservation	Schedule VII (iv) Ensuring Environment Sustainability	0.98 Lac tree plantation at Delhi NCR, Uttrakhand and near to our Offices PAN India	300	329.2	669.2	Direct and Agency: Sustainability Green Initiative. WWF
2.	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 434 nos to 50 Govt schools in Haryana, Rajasthan, Uttrakhand and Maharashtra	300	294.3	536.4	Direct and Agency: Wockhardt, Ayus, Habitat for Humanity
3.	Education promotion and vocational skill development for children and women and Promoting Road Safety Awareness	Schedule VII (ii) Promoting Education, skill development and Road safety education	Construction and Renovation of schools infrastructures at Haryana, Rajasthan and Uttrakhand. Education promotion programme in Delhi, Punjab, Rajasthan, AP, Bihar, Orissa, Telangana and Tamil Nadu Road Safety Education at PAN India	7,000	74,11.2	12,406.2	Direct and Agency : FUEL, Magic Bus, CRY, HPPI, Agastya, Quota International, Pratham, Dvinity Serves and Team Media Expert
4.	Promoting Sports	Schedule VII (vii) Promoting Rural sports	Promoting Rural Sports and Olympic and Paralympic sports	60	57.0	57.0	Direct and Agency: Mera Gaon Mera Desh
5.	Community Development	Schedule VII (iii) Social Development	Community Development programme, Women Empowerment and Promoting Education, Safety and socio economic development awareness through all media	400	411.0	783.4	Direct and Agency: HPPI
6.	Army Wives Welfare	Schedule VII (vi) Benefits for Army wives	Supporting Army Wives Welfare	10	11.8	11.8	Direct and Agency: Impact Run
7.	PM Relief Fund	Schedule VII (viii) PM Relief Fund	Contribution to PM Relief Fund	Upto 500	-	550.8	
	<b>Total</b>			<b>8,000-8,500</b>	<b>8,514.5</b>	<b>15,014.8</b>	

Note: From an initial plan of ₹ 80-85 crores as our CSR spend for the year –based on the programmes and the impact that we were getting on ground – the outlay was increased further to ₹ 85.14 crores.

\* Details of projects, activities and impact in Annexure 1 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 Limited

Date: May 10, 2017  
Place: New Delhi

Pawan Munjal  
DIN: 00004223

## ANNEXURE 1

## OVERVIEW OF CSR ACTIVITIES 2016-17

## Leader in Mobility and in CSR

Hero MotoCorp Ltd. (HMCL) is the World Leader in Two wheelers since 2001. Company's actions are truly reflective of its vision to provide world-class mobility solutions and creating global footprint with huge focus on technology. HMCL also works with a belief that in the strategic context of business, enterprises possess, beyond mere financial resources, the transformational capacity to create game-changing development models by unleashing their power of entrepreneurial vitality, innovation and creativity.

Hero MotoCorp is committed with utmost sincerity in its endeavour towards Corporate Social Responsibility and CSR theme is articulated in the Company CSR Slogan 'We Care'. As a responsible corporate entity, Hero MotoCorp believes in value creation for the society and not just participation in corporate Philanthropy. HMCL's CSR initiatives are an organisation-wide effort with a motive to have fundamental impact on the society. The Company constantly strives to maintain a balance between economic concerns, environmental and social issues and CSR Vision is to have a Greener, Safer and Equitable World. To show its commitment towards CSR, over last two years (2015-16 and 2016-17), the Company has spent much beyond the stipulated amount of 2% of Net Profit.

## CSR Initiatives

As part of **Hero We Care**, our CSR umbrella we have five flagship programmes:

- Programmes on Road Safety under **Ride Safe India**
- Programmes on Girl Child Empowerment and Education under **Hamari Pari and E<sup>2</sup>**
- Programmes on Clean and Green India under **Happy Earth**
- Programmes to support community development under **Community Care**
- Programmes on using Digital for Awareness on Social Causes under **Digi Aware**

Our CSR programmes are in sync with our simple vision:

**To have a Greener, Safer and Equitable World.**

During the year, we spent ₹ 85.14 crores and overall number of beneficiaries of various initiatives were:

- **Ride Safe India: 157,645 participants**
- **Hamari Pari & E<sup>2</sup>: 93,619 beneficiaries**
- **Happy Earth: 97,730 plantations and 434 toilets**
- **Community Initiatives: 61,119 beneficiaries**
- **Digi Aware: 1.63 crores plus views on Social Media**

With this, our cumulative reach in last 2 years till March 31, 2017 is,

- **Ride Safe India: 255,710 participants**
- **Hamari Pari & E<sup>2</sup>: 123,988 beneficiaries**
- **Happy Earth: 2.57 lakh plantations and 516 toilets**
- **Community Initiatives: 115,890 beneficiaries**
- **Digi Aware: 4.35 crores plus views on Social Media**



## ANNEXURE VI SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

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

**Subject:** Secretarial Audit Report for FY 2016-17.

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 authorised representative during the conduct of Secretarial Audit, We hereby report that in our opinion the Company, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2017 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 31<sup>st</sup> March, 2017 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; **(NOT APPLICABLE)**
    - (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; **(NOT APPLICABLE)**
    - (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; **(NOT APPLICABLE)**
    - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(NOT APPLICABLE)**
- 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 with regard to Meetings of Board of Directors and Committees (SS-1) General Meetings (SS-2) issued by The Institute of Company Secretaries of India which came into effect from 1<sup>st</sup> 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 which came into effect from 1<sup>st</sup> December, 2015.

We further report that during the audit period there were following specific events/actions with regard to which the Company has complied with the relevant laws, rules, regulations, guidelines, standards, etc.:-

1. Mr. I.C. Kamboj, Associate Vice President & Company Secretary, resigned w.e.f. 02.04.2016.
2. Ms. Ramni Sood, appointed as DGM, Secretarial & Compliance Officer w.e.f. 04.04.2016.
3. Issue of Employees Stock Options (ESOP)/Restricted Stock Units(RSU) to eligible employees.
4. Approval of donations for charitable purposes.
5. Appointment of Paul Edgerly as Independent Director.
6. Approval of donation to political parties.
7. Resignation of Mr. Sunil Kant Munjal, Joint Mg. Director.
8. Reappointment of Pawan Kant Munjal as Chairman, Mg. Director & CEO.
9. Appointment of Ms. Neerja Sharma as Company Secretary & Compliance Officer w.e.f. 08.08.2016.
10. Appointment of Mr. Vikram Sitaram Kasbekar as Additional Director & Whole-Time Director.
11. Appointment of Mr. Vikram Sitaram Kasbekar as Occupier under the Factories Act, 1948.
12. Approval of Dividend Distribution Policy.
13. Declaration of Interim Dividend.

14. Commencement of new Plant at Halol, Vadodra, Gujarat.

15. Superannuation of CFO, Mr. Ravi Sud w.e.f. 31.03.2017.

16. Appointment of new CFO, Mr. Niranjana Kumar Gupta w.e.f. 01.04.2017.

17. Investment in Ather Energy Pvt. Ltd., an associate company.

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 was 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.

Major decision at Board Meetings and Committee Meetings were carried unanimously as recorded in the minutes of the Meetings of the Board of Directors or Committees of the Board, as the case may be. However, there was no such instance of any dissenting vote by any Director 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.

The Board periodically reviewed reports of the compliances with all laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances. The Company has developed comprehensive legal compliance scheduling and management software by which specific compliance tasks were assigned to specified individuals. The software enables in planning and monitoring all compliance activities across the Company.

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

For **Arvind Kohli & Associates**  
**Company Secretaries**

**Arvind Kohli**

Proprietor

FCS 4434, CP No. 2818

Place: New Delhi

Date: April 26, 2017

**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: April 26, 2017



## ANNEXURE VII

**SECTION A: GENERAL INFORMATION ABOUT THE COMPANY**

Corporate Identity Number (CIN) of the Company	L3591DL1984PLC017354
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	2016-17
Sector(s) that the Company is engaged in (industrial activity code-wise)	Group*: 309 Class: 3091 Sub-Class: 30911 Description: Manufacture of motorcycles, 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 the parts of motorcycles and scooters as well.
List three key products/services that the Company manufactures/ provides (as in balance sheet)	<ul style="list-style-type: none"> <li>● Motorcycles,</li> <li>● Scooters, and</li> <li>● Parts thereof</li> </ul>
Total number of locations where business activity is undertaken by the Company	We are present in 34 countries outside India:
Number of International Locations (Provide details of major 5)	<p><b>Asia</b> – Bangladesh, Myanmar, Nepal and Sri Lanka</p> <p><b>Africa &amp; Middle East</b> – Angola, Burkina Faso, DR Congo, Ethiopia, Ghana, Guinea, Ivory Coast, Kenya, Liberia, Madagascar, Mozambique, Nigeria, Tanzania, Uganda, Egypt, Iran, Turkey and UAE</p> <p><b>Americas</b> – Argentina, Bolivia, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama and Peru</p>
Number of National Locations	<p>Headquartered in New Delhi, we have manufacturing plants in 5 locations in the country:</p> <p><b>State/Union Territory Location</b></p> <p>Haryana: Dharuhera Haryana: Gurgaon Uttarakhand: Haridwar Rajasthan: Neemrana Gujarat : Halol</p> <p>We also have a Global Parts Centre for supplying the parts at local and global market at Neemrana, Rajasthan and Global Centre of Innovation and Technology (CIT) at Jaipur.</p>
Markets served by the Company - Local/State/National/International	We have a global footprint that serves both “National and International markets”. International markets are served through exports, incorporating exclusive distributors, wholly owned subsidiaries and Joint Ventures. Currently, we are catering to 35 countries and are committed to expand our footprint to 50 countries by 2020.



## SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital (INR)	₹ 39.94 crores
2.	Total Turnover (INR)	₹ 31,368.55 crores
3.	Total profit after taxes (INR)	₹ 3,377.12 crores
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Our total spend on CSR for FY 2016-17 is ₹ 85.14 crores which is 2.4 % of average net profits of the last three financial years

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

1.	Tree plantation and water conservation
2.	Promoting preventive health care and sanitation
3.	Education promotion and vocational skill development for children and women and promoting road safety awareness
4.	Promoting sports
5.	Community development
6.	Army wives welfare

## SECTION C: OTHER DETAILS

### 1. Does the Company have any Subsidiary Company/ Companies?

Yes. We have 5 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 Business Responsibility Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)

The subsidiary companies are not required to comply with the Business Responsibility/ Corporate Social Responsibility initiatives as per the laws applicable to them.

### 3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

Hero actively engages with its suppliers through its BR initiatives. Currently, percentage of suppliers under the Green

Vendor Development Programme (GVDP) is more than 60% of total supplier universe and suppliers are continuously added to this programme.

## SECTION D: BR INFORMATION

### 1. Details of Director/Directors responsible for BR

#### 1.1 Details of the Director/Directors responsible for implementation of the BR policy/policies

DIN Number	:	00985182
Name	:	Mr. Vikram Sitaram Kasbekar
Designation	:	Whole Time Director

#### 1.2 Details of the BR head:

S. No.	Particulars	Details
1.	DIN Number (if applicable)	00985182
2.	Name	Mr. Vikram Sitaram Kasbekar
3.	Designation	Whole Time Director
4.	Telephone Number	+91 11 4604 4100
5.	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.**





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	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national/international standards? If yes, specify? *	Y	Y	Y	Y	Y	Y	Y	Y	Y
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	Y	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	Y	Y	Y
6.	Indicate the link for the policy to be viewed online? ***	Y	Y	Y	Y	Y	Y	Y	Y	Y
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	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	Y	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	Y	Y	Y

\* The whistle blower policy, code of conduct, prevention of sexual harassment policy and Corporate Social Responsibility Policy are framed as per the requirements of the respective legislations of India. Environment policy conforms to ISO14001 which is an international standard released by International Standard Organisation (ISO)

\*\* The whistle blower policy and code of conduct are overseen by the Audit Committee of the Board of Directors of the Company and Corporate Social Responsibility Policy is overseen by the Corporate Social Responsibility Committee of the Board of Directors of the Company. Prevention of sexual harassment policy is being overseen by Internal Complaints Committee (ICC) constituted under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The grievance, if any, arising out of whistle blower policy, code of conduct and prevention of sexual harassment policy is being redressed by the respective committees which oversee them.

\*\*\* The policies are mapped to each principle as under:

Principle	Applicable Policies	Web Link for policies
<b>Principle 1:</b> Business conduct and govern themselves with Ethics, Transparency and Accountability	Vigil Mechanism/ Whistle Blower Policy / Code of Conduct	<a href="https://www.heromotocorp.com/en-in/about-us/key-policies.html">https://www.heromotocorp.com/en-in/about-us/key-policies.html</a> <a href="https://www.heromotocorp.com/en-in/about-us/code-of-conduct.html">https://www.heromotocorp.com/en-in/about-us/code-of-conduct.html</a>
<b>Principle 2:</b> Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle	Environment Policy Quality Policy	<a href="https://www.heromotocorp.com/en-in/about-us/key-policies.html">https://www.heromotocorp.com/en-in/about-us/key-policies.html</a>
<b>Principle 3:</b> Businesses should promote the wellbeing of all employees.	Safety Policy  Code of conduct  Prevention of sexual harassment policy & leave policy ****	<a href="https://www.heromotocorp.com/en-in/about-us/key-policies.html">https://www.heromotocorp.com/en-in/about-us/key-policies.html</a> <a href="https://www.heromotocorp.com/en-in/about-us/code-of-conduct.html">https://www.heromotocorp.com/en-in/about-us/code-of-conduct.html</a>
<b>Principle 4:</b> Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised	Corporate Social Responsibility Policy	<a href="https://www.heromotocorp.com/en-in/about-us/key-policies/corporate-social-responsibility.html">https://www.heromotocorp.com/en-in/about-us/key-policies/corporate-social-responsibility.html</a>
<b>Principle 5:</b> Businesses should respect and promote human rights.	Code of conduct	<a href="https://www.heromotocorp.com/en-in/about-us/code-of-conduct.html">https://www.heromotocorp.com/en-in/about-us/code-of-conduct.html</a>
<b>Principle 6:</b> Businesses should respect, protect, and make efforts to restore the environment.	Environment Policy	<a href="https://www.heromotocorp.com/en-in/about-us/key-policies.html">https://www.heromotocorp.com/en-in/about-us/key-policies.html</a>
<b>Principle 7:</b> Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.	Code of Conduct  Vigil Mechanism/ Whistle Blower Policy	<a href="https://www.heromotocorp.com/en-in/about-us/code-of-conduct.html">https://www.heromotocorp.com/en-in/about-us/code-of-conduct.html</a> <a href="https://www.heromotocorp.com/en-in/about-us/key-policies.html">https://www.heromotocorp.com/en-in/about-us/key-policies.html</a>
<b>Principle 8:</b> Businesses should support inclusive growth and equitable development.	Corporate Social Responsibility Policy	<a href="https://www.heromotocorp.com/en-in/about-us/key-policies/corporate-social-responsibility.html">https://www.heromotocorp.com/en-in/about-us/key-policies/corporate-social-responsibility.html</a>
<b>Principle 9:</b> Businesses should engage with and provide value to their customers and consumers in a responsible manner.	Quality Policy  Policy on warranty and service maintenance schedule	<a href="https://www.heromotocorp.com/en-in/about-us/key-policies.html">https://www.heromotocorp.com/en-in/about-us/key-policies.html</a> <a href="http://www.heromotocorp.com/en-in/rider-zone/bike-warranty-details-and-policy.html">http://www.heromotocorp.com/en-in/rider-zone/bike-warranty-details-and-policy.html</a>

\*\*\*\* Available on the Company's intranet

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 assesses 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 fifth 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: Ethics, Transparency and Accountability**

**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 and (b) Vigil Mechanism/ Whistle Blower Policy.

The Code of Conduct is based on eight fundamental principles. Our Code captures global best practices. The Code of Conduct conforms to the CODEX as researched and published by Harvard Business School Publishing (HBSP).

All our executive employees have been imparted mandatory training and acceptance to adherence has been obtained. Regular training programmes are conducted across locations to explain and reiterate the importance of adherence to the Code. The Code of Conduct is also communicated to all stakeholders via our website and annual reports. Communication campaigns are regularly carried out to further strengthen awareness of Code of Conduct. Additionally, an e- learning module is being used 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? If so, provide details thereof, in about 50 words.**

We received 3 complaints with regard to violation of the Code of Conduct in FY 2016-17. 2 of these cases have been investigated and action taken and 1 case is currently under investigation.

**Principle 2: Product Life Cycle Sustainability**

**1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities**

The Company has taken the following measures to take care of the social or environmental concerns:

1. Converted all of our existing models to BS IV compliant thus reducing the polluting contents in environment.
2. Introduced AHO (Automatic Headlamp ON) in our models to improve conspicuity which helps in avoiding accidents specifically during dawn and dusk.

Halol, Gujarat Plant is the most recent plant which is designed on the Green Building concept with the following features:

3. Solar plant of 2.0 MW at the roof top of the plant which creates positive impact on CO<sub>2</sub> emission.
4. Rain water harvesting system comprising 150 recharge shafts with an annual harvesting potential of 2.5 lakh kilolitres in surrounding vicinity have positive impact on ground water.
5. Using unique concept of Regenerative Thermal Oxidizers (RTO) to control Volatile Organic Compounds (VOC) in paint shop. RTO treats VOC before letting the emissions into the environment.

**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? Not applicable





**3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?**

Yes. The Company has taken few initiatives in past years, wherein sustainable sourcing has been ensured. Following are the key initiatives taken during FY 2016-17, in this regard:

- Programme SCOPE (Supplier Certification of Parts Excellence), in which 39 suppliers were enrolled for new parts quality up-gradation for direct on line supplies in FY 2016-17
- Implementation of Total Productive Maintenance (TPM) methodology approach at our supplier was continued and the Company enrolled 35 suppliers during FY 2016-17 in this initiative. 26 suppliers have already been given consistency / excellence award
- 14 suppliers (28 projects) identified for engagement in Operational Excellence programme to improve operational efficiencies in terms of improvement in productivity, output and capacities

However, it is difficult to ascertain the percentage of inputs sourced from these suppliers accounting towards total inputs due to the different kinds of materials being used by the Company.

**4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

(a) 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 the Company is procuring goods and services from local supply chain partners which include large, midsize and small scale industries which meet 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 its waste. We recycle 90% of our waste water back to the process using Zero liquid discharge platform. Balance 10% is being reused for horticulture activities. About 35% of our paint sludge is co-processed/ recycled, balance 65% is incinerated and waste heat from incinerator is recovered and used for process water heating.

**Principle 3: Employee Wellbeing**

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

- The policy on employee mutual medical benefit scheme
- Superannuation/National Pension Scheme
- Post-Retirement Medical Insurance Fund Scheme

Key initiatives taken during the year are as follows

- Enhanced maternity leave policy from 144 days to 210 days (for up to 2 children) followed by 6 months work from home option (2 days per week).
  - Introduced paternity leave of 6 days followed by 8 days of work from home. These leaves are also applicable for adoption up to 2 children.
  - Introduced adoption leave of 90 days for children up to 5 years of age.
- Total number of employees: 8,069
  - Total number of employees hired on temporary/contractual/casual basis: 16114
  - Number of permanent women employees: 185
  - Number of permanent employees with disabilities: 40
  - Employee association recognised by management: Hero MotoCorp Workers Union, Gurgaon Plant and Hero MotoCorp Workers Union, Dharuhera Plant
  - Percentage of permanent employees who are members of this recognised employee association? 100% (confirmed workmen)
  - 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
1	Child labour/ forced labour/ involuntary labour		NIL
2	Sexual Harassment		
3	Discriminatory employment		

- What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?
  - Permanent Employees: 80.6%
  - Permanent Women Employees: 79.1%
  - Casual/Temporary/Contractual Employees: 82%
  - Employees with Disabilities: 100%

**Principle 4: Stakeholder Engagement**

**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, regulators, 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, marginalised 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) Organising literary classes as well as skill development programmes.
- 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: Human Rights**

**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. Our Company has put in place a code of conduct and 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?**

We received 3 complaints with regard to violation of the code of conduct in FY 2016-17. 2 cases have been investigated and action taken and 1 case is currently under investigation.

**Principle 6: Restoration of Environment**

**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 and dealers through our "Green Dealer Development Programme", "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 webpage etc.**

At Hero MotoCorp environmental initiatives for sustainable development plays a vital role, our goal is not only limited to business but also encompasses the broader spectrum of serving humanity through social initiatives. It takes a stand as

a socially responsible enterprise respectful of its environment. The Company is strongly devoted not only to environmental conservation programmes but also maintains balance between economic concerns, environmental and social issues faced by business. A business must not grow at the expense of mankind but must serve humankind at large.

Our efforts in this regard are guided by the directions provided by our CHAIRMAN EMERITUS, Dr. Brijmohan Lall Munjal, "We must do something for the community from whose land we generate our wealth".

We do have long term strategies in place to address these issues including energy conservation, energy efficiency, water management, waste management, CO<sub>2</sub> emission, greenhouse gases reduction and product efficiency

Glimpse of the same are given below:

- (1) Halol, Gujarat Plant is the most recent plant designed on the green building concept with the following features:
  - a) Solar plant of 2.0 MW at the roof of the plant which will have positive impact on CO<sub>2</sub> emission.
  - b) Zero Liquid Discharge plant of 400 KLD comprising reverse osmosis and multi effect evaporator equipped with real time monitoring system.
  - c) Green roof of 25000sqm along with green wall of 7000sqm and greenhouse of 1440 sqm.
  - d) Plant running on surface water instead of using ground water thereby remain water positive by recharging ground water.
- (2) The Company has taken the following green initiatives for water & waste water management:
  - a) Zero Liquid discharge(ZLD) Plant of 400 Kilo Litres/ Day installation is under progress in Haridwar Plant.
  - b) Piezometers with Online real time monitoring system for ground water table monitoring at Neemrana Plant.

Hyperlink of the web page is- <http://www.heromotocorp.com/en-in/about-us/we-care-green-manufacturing.html>

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

Yes. The Company has a periodic systematic mechanism for environmental impact assessment through its Aspect/ Impact Assessment (AIA) activity and Hazard Identification and Risk Assessment (HIRA) technique as a part of our Environmental Management System Certifications of ISO 14001 and Occupational Health and Safety Management system certification of OHSAS 18001.



**4. Does the company have any project related to Clean Development Mechanism? If 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 Clean Development Mechanism (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 on clean technology, energy efficiency and renewable energy, the same are broadly classified as under:

Halol, Gujarat, plant is the most recent plant designed on the Green Building concept with the following features:

1. Solar plant of 2.0 MW at plant roof and is creating positive impact on CO<sub>2</sub> emission.
2. Using unique concept of Regenerative Thermal Oxidizers (RTO) to control Volatile Organic Compounds (VOC) in paint shop. RTO treats VOC before letting the emissions into the environment.
3. Following are the other Green Initiatives for Carbon Neutrality:
  - a. One MW Solar Power Plant at Haridwar plant and adopted co-processing as a waste disposal method of painted sludge in place of incineration.
  - b. Installed Closed type Cooling Tower at Dharuhera Plant having highly efficient cooling system irrespective of ambient conditions with Energy reduction by 36%, Savings of 1.17 Lac KWH/year.
  - c. Replaced Screw type compressor with Centrifugal compressor at Dharuhera Plant which resulted in Variable Delivery with turndown of 17%, Energy reduction by 33% (Savings of 5 Lac KWH/year).
  - d) Major Initiatives for Energy Conservation at Gurgaon Plant which resulted reduction by 5% from previous Year:
    - i) Expansion of Vapour Absorption chiller Machine (VAM) by 150 Tr.
    - ii) Reduce power consumption by increasing LED lights, Occupation sensors in toilets, trip circuits for ideal running machines, Replacement of AC's with five star rating and Variable Frequency Drives (VFD).
    - iii) Reduction in power consumption in Canteen & Admin block using full Variable Refrigerant Volume (VRV) control through Refrigerant Temperature Control (RTC) and by installation of Air Conserve System in Plant Utility system at Neemrana Plant resulting in combined saving of 16.4 Lac KWH.

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 show cause/legal notice received from CPCB/SPCB, which are pending as on end of Financial Year.

**Principle 7: Policy Advocacy**

**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)**

Road Safety is the most important though often neglected aspect of driving. We strongly champion the cause of road safety through several initiatives and we steadily work with the above agencies and a cross-section of other stakeholders that include governing /enforcement agencies, commuters, corporates, schools / colleges and special groups on aspects germane to road safety.

**Principle 8: Inclusive Growth**

**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 Corporate Social Responsibility (CSR) Policy which derives its core values and covers various aspects as per the requirements of Companies Act, 2013. The Policy has been developed considering the requirement of Companies Act, 2013, our organisation's focus as well as international best practices. Its fundamentals are based on inputs from top management and all stakeholders.

The Company 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 focused on the following project or activities:

S. No.	Project or activity identified	Project Details
1.	Tree plantation	97,730 trees planted Delhi NCR, Hilly area of Dehradun and near to our Offices PAN India. (Total 2,57,856 till date)
2.	Promoting preventive health care and sanitation	Preventive health care camps in rural area and schools. Toilet facility of 434 nos to 50 Govt. schools in Haryana, Rajasthan, Maharashtra and Uttarakhand (516 in 63 schools till date)
3	Education promotion and vocational skill development for children and women and Promoting Road Safety Awareness	Construction and Renovation of schools' infrastructures at Haryana, Uttarakhand and Rajasthan. Education promotion programme in Delhi, Punjab, Rajasthan, AP, Bihar, Orissa and Tamilnadu, Promoting Safe Riding through 6 traffic training parks and Road safety awareness programmes to 1,57,645 participants (2,55,710 participants till date)
4.	Promoting Sports	Promoting rural sports and olympic and paralympic sports
5.	Community Development	Community development programme and promoting education health, hygiene and livelihood to 61,119 (1,15,890 till date)
6.	Army Wives Welfare	Supporting army wives welfare association

**2. Are the programmes/projects undertaken through in house team/own foundation/external NGO/government structures/any other organisation?**

The programmes are undertaken either directly or through specialised agencies / NGOs and government departments.

**3. Have you done any impact assessment of your initiative?**

Yes, we do structured impact assessment of our initiatives that has been undertaken. The Company has positive feedback of its efforts from the community and environment.

**4. What is your company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?**

Projects	(₹ in crores) for FY 2016-17
i. Tree plantation	3.29
ii. Promoting preventive health care and sanitation	2.94
iii. Education promotion, vocational skill development for children and women and promoting road safety awareness	74.11
iv. Promoting sports	0.57
v. Community development	4.11
vi. Army wives welfare	0.11

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?**

Yes, we do regular monitoring of our projects to ensure that they are adopted and continue and sustain within communities

beyond our interactions. During the year, we focussed on the following new community development initiatives:

- Empowering women through skilling for tailoring and beautician.
- Supporting army wives welfare.
- Rain water harvesting at village enhanced pond capacity to 60 K Ltr.
- Supporting night shelters in winters.
- Workshops on tie and dye, fire safety, health and safety, cleanliness and other areas.
- Health check-up camps, eye check-up camps and yoga camps.
- 41 motorcycles for WWF/forest departments.
- Waste bins installation to different community areas under Swachh Bharat Abhiyan.

**Principle 9: Customer Value**

**1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?**

As on the end of FY 2016-17, 1.5% of total customer complaints are pending. The complaints are insignificant in comparison to the number of customers.

**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 display information as required by the Legal Metrology Act, 2009. We voluntarily and actively inform all our dealers about any changes in product packaging through notices and circulars. 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 toll free 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 website of the Company and send in their feedback or complaints. In order to check the genuineness of our spare parts, a Unique Part Identity (UPI) number is printed on the MRP label of the spare part. We are also running campaigns informing customers about the same.

**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.**

No case has been filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertisement and /or anti-competitive behaviour during the last five years and pending as on the end of the financial year.

**4. Did your company carry out any consumer survey/ consumer satisfaction trends?**

We continue to undertake studies to measure customer satisfaction with sales process, service process and for the new products launched last year through a third party research 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 VIII FORM NO. MGT 9

### EXTRACT OF ANNUAL RETURN

as on financial year ended on 31.03.2017

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

#### I REGISTRATION & OTHER DETAILS:

i	CIN	L35911DL1984PLC017354
ii	Registration Date	19-01-1984
iii	Name of the Company	HERO MOTOCORP LIMITED
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, 67162222 Fax: 040-2342 0814, 23001153 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	U74899DL1991PLC046774	Associate	41.03%	2 (6)
2	HMC MM Auto Limited 34, Community Centre, Basant Lok, Vasant Vihar, New Delhi-110 057	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, Winconsin 53120, USA	NA	Associate	49%	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 Columbia S.A.S Free Trade Zone (ZF), Conjunto Industrial Parque Sur Lt 6 Kilometro 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)
9	Ather Energy Private Limited No.1, Victoria Road Extension, Victoria Layout, 6th Cross, Bangalore 560047, Karnataka	U40100KA2013PTC093769	Associate	30.10%	2(6)



## IV SHARE HOLDING PATTERN

### i) Category - Wise Share Holding

Category Code	Category of Shareholder	No. of Shares Held at the Beginning of the Year 31/03/2016				No. of Shares Held at the end of the Year 31/03/2017				% 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)
<b>(A)</b>	<b>Promoter And Promoter Group</b>									
<b>(1)</b>	<b>Indian</b>									
(a)	Individual /HUF	51858452	0	51858452	25.97	28315208	0	28315208	14.18	-11.79
(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	40818374	0	40818374	20.44	11.77
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	32500	0	32500	0.02	0.02
	<b>Sub-Total A(1) :</b>	<b>69166082</b>	<b>0</b>	<b>69166082</b>	<b>34.64</b>	<b>69166082</b>	<b>0</b>	<b>69166082</b>	<b>34.64</b>	<b>0.00</b>
<b>(2)</b>	<b>Foreign</b>									
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total A(2) :</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total A=A(1)+A(2)</b>	<b>69166082</b>	<b>0</b>	<b>69166082</b>	<b>34.64</b>	<b>69166082</b>	<b>0</b>	<b>69166082</b>	<b>34.64</b>	<b>0.00</b>
<b>(B)</b>	<b>Public Shareholding</b>									
<b>(1)</b>	<b>Institutions</b>									
(a)	Mutual Funds /UTI	8828227	63470	8891697	4.45	9537165	63470	9600635	4.81	0.35
(b)	Financial Institutions /Banks	3731742	18705	3750447	1.88	2576244	18705	2594949	1.30	-0.58
(c)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	14587156	0	14587156	7.30	12730593	0	12730593	6.37	-0.93
(f)	Foreign Institutional Investors	79187448	38200	79225648	39.67	85199365	38015	85237380	42.68	3.01
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total B(1) :</b>	<b>106334573</b>	<b>120375</b>	<b>106454948</b>	<b>53.31</b>	<b>110043367</b>	<b>120190</b>	<b>110163557</b>	<b>55.17</b>	<b>1.85</b>
<b>(2)</b>	<b>Non-Institutions</b>									
(a)	Bodies Corporate	3551673	26211	3577884	1.79	5318972	24961	5343933	2.68	0.88
(b)	Individuals									
	(i) Individuals holding nominal share capital upto ₹1 lakh	9334058	2848564	12185210	6.10	9724880	2535866	12260746	6.14	0.04
	(ii) Individuals holding nominal share capital in excess of ₹1 lakh	211250	256040	467290	0.23	211250	256040	467290	0.23	0.00
(c)	Others									
	Clearing Members	548949	0	548949	0.27	357877	0	357877	0.18	-0.10
	Foreign Bodies	5554480	0	5554480	2.78	0	0	0	0.00	-2.78
	Foreign Nationals	169	0	169	0.00	279	0	279	0.00	0.00
	Non Resident Indians	361563	690	362253	0.18	203816	690	204506	0.10	-0.08
	NRI Non-Repatriation	0	0	0	0.00	185215	0	185215	0.09	0.09
	Trusts	1372823	0	1372823	0.69	1547353	0	1547353	0.77	0.09
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total B(2) :</b>	<b>20934965</b>	<b>3131505</b>	<b>24066470</b>	<b>12.05</b>	<b>17549642</b>	<b>2817557</b>	<b>20367199</b>	<b>10.20</b>	<b>-1.85</b>
	<b>Total B=B(1)+B(2) :</b>	<b>127269538</b>	<b>3251880</b>	<b>130524006</b>	<b>65.36</b>	<b>127593009</b>	<b>2937747</b>	<b>130530756</b>	<b>65.36</b>	<b>0.00</b>
	<b>Total (A+B) :</b>	<b>196435620</b>	<b>3251880</b>	<b>199690088</b>	<b>100.00</b>	<b>196759091</b>	<b>2937747</b>	<b>199696838</b>	<b>100.00</b>	<b>0.00</b>
<b>(C)</b>	<b>Shares held by custodian, against which Depository Receipts have been issued</b>									
<b>(1)</b>	<b>Promoter and Promoter Group</b>									
<b>(2)</b>	<b>Public</b>	0	0	0	0.00	0	0	0	0.00	0.00
	<b>GRAND TOTAL (A+B+C) :</b>	<b>196435620</b>	<b>3251880</b>	<b>199690088</b>	<b>100.00</b>	<b>196759091</b>	<b>2937747</b>	<b>199696838</b>	<b>100.00</b>	<b>0.00</b>

**(ii) Share Holding of Promoters**

Sl No.	Shareholders' Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding 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	39,943,238.00	20.00	0	11.34
2	Pawan Munjal, Renu Munjal and Suman Kant Munjal (on behalf of Brijmohan Lal Om Parkash, Partnership Firm)	51,437,802.00	25.76	0	27,927,058.00	13.98	0	-11.77
3	Renu Munjal	100,650.00	0.05	0	111,483.00	0.06	0	0.01
4	Suman Kant Munjal	71,250.00	0.04	0	71,250.00	0.04	0	0.00
5	Pawan Kant Munjal	32,520.00	0.02	0	43,354.00	0.02	0	0.01
6	Pawan Munjal (as Karta of HUF)	32,500.00	0.02	0	32,500.00	0.02	0	0.00
7	Sunil Kant Munjal*	32,500.00	0.02	0	32,500.00	0.02	0	0.00
8	Aniesha Munjal	32,500.00	0.02	0	32,500.00	0.02	0	0.00
9	Vasudha Munjal	32,500.00	0.02	0	32,500.00	0.02	0	0.00
10	Suman Kant Munjal (As Karta of HUF)	32,500.00	0.02	0	10,833.00	0.01	0	-0.01
11	Renuka Munjal	32,480.00	0.02	0	32,480.00	0.02	0	0.00
12	Rahul Munjal	10,620.00	0.01	0	10,620.00	0.01	0	0.00
13	Abhimanyu Munjal	10,620.00	0.01	0	10,620.00	0.01	0	0.00
14	Hero Fincorp Limited	1,370.00	0.00	0	1,370.00	0.00	0	0.00
15	Hero Investcorp Limited	10.00	0.00	0	873,766.00	0.44	0	0.44
16	Brijmohan Lal Munjal	10.00	0.00	0	0.00	0.00	0	0.00
17	Santosh Munjal	0.00	0.00	0	10.00	0.00	0	0.00
<b>Total</b>		<b>69,166,082.00</b>	<b>34.64</b>	<b>0</b>	<b>69,166,082.00</b>	<b>34.64</b>	<b>0</b>	<b>0.00</b>

\* Mr. Sunil Kant Munjal forms part of Promoter Group of the Company by virtue of being a relative. He has ceased to be a promoter of the Company

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

Sl No.	Shareholders' Name	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
<b>1</b>	<b>BAHADUR CHAND INVESTMENTS PRIVATE LIMITED</b>				
	At the beginning of the year	17,306,250.00	8.67	17,306,250.00	8.67
	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.)				
	<b>Increase in holding</b>				
	19.08.2016 (Purchase of shares)	4,880,988.00	2.44	22,187,238.00	11.11
	31.03.2017 (Purchase of shares)	17,756,000.00	8.89	39,943,238.00	20.00
	At the end of the year			39,943,238.00	20.00
<b>2</b>	<b>PAWAN MUNJAL, RENU MUNJAL AND SUMAN KANT MUNJAL (ON BEHALF OF BRIJMOHAN LAL OM PARKASH, PARTNERSHIP FIRM)</b>				
	At the beginning of the year	51,437,802.00	25.76	51,437,802.00	25.76
	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.)				
	<b>Increase/Decrease in holding</b>				
	29.07.2016 (Sale of shares)	8,488,833.00	4.25	42,948,969.00	21.51
	12.08.2016 (Sale of shares)	5,787,879.00	2.90	37,161,090.00	18.61
	19.08.2016 (Purchase of shares)	3,302,367.00	1.65	40,463,457.00	20.26
	26.08.2016 (Purchase of shares)	14,247,282.00	7.13	54,710,739.00	27.40
	26.08.2016 (Sale of shares)	14,247,282.00	7.13	40,463,457.00	20.26
	14.10.2016 (Purchase of shares)	320,634.00	0.16	40,784,091.00	20.42

Sl No.	Shareholders' Name	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
	06.01.2017 (Sale of shares)	793,069.00	0.40	39,991,022.00	20.03
	24.03.2017 (Sale of shares)	17,910,000.00	8.97	22,081,022.00	11.06
	31.03.2017 (Purchase of shares)	5,846,036.00	2.93	27,927,058.00	13.99
	At the end of the year			27,927,058.00	13.99
<b>3</b>	<b>RENU MUNJAL</b>				
	At the beginning of the year	100,650.00	0.05	100,650.00	0.05
	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.)				
	<b>Increase in holding</b>				
	07.10.2016 (Purchase of shares)	10,833	0.01	1,11,483	0.06
	At the end of the year			1,11,483	0.06
<b>4</b>	<b>PAWAN KANT MUNJAL</b>				
	At the beginning of the year	32,520	0.02	32,520	0.02
	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.)				
	<b>Increase in holding</b>				
	07.10.2016 (Purchase of shares)	10,833	0.01	1,11,483	0.06
	At the end of the year			1,11,483	0.06
<b>5</b>	<b>SUMAN KANT MUNJAL (AS KARTA OF HUF)</b>				
	At the beginning of the year	32,500	0.02	32,500	0.02
	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.)				
	<b>Decrease in holding</b>				
	07.10.2016 (Sale of shares)	21,667	0.01	10,833	0.01
	At the end of the year			10,833	0.01
<b>6</b>	<b>HERO INVESTCORP LIMITED</b>				
	At the beginning of the year	10	0.00	10	0.00
	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.)				
	<b>Increase in holding</b>				
	19.08.2016 (Purchase of shares)	873,756	0.44	873,766	0.44
	At the end of the year			873,766	0.44
<b>7</b>	<b>BRIJMOHAN LALL MUNJAL</b>				
	At the beginning of the year	10	0.00	10	0.00
	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.)				
	<b>Decrease in holding</b>				
	06.05.2016 (Sale of shares)	10	0.00	0	0.00
	At the end of the year			0	0.00
<b>8</b>	<b>SANTOSH MUNJAL</b>				
	At the beginning of the year	0	-	0	-
	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.)				
	<b>Increase in holding</b>				
	06.05.2016 (Purchase of shares)	10	0.00	10	0.00
	At the end of the year			10	0.00



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

S. 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 2016-17		
		No of Shares	% of total shares of the company				No of Shares	% of total shares of the company	
<b>1</b>	<b>LIC OF INDIA PENSION PLUS MIXED FUND</b>	Shareholding at beginning of the year	13099555	6.56	31/03/2016			13099555	6.56
					08/04/2016	-281565	Transfer	12817990	6.42
					03/06/2016	-32888	Transfer	12785102	6.40
					10/06/2016	-72318	Transfer	12712784	6.37
					17/06/2016	-24500	Transfer	12688284	6.35
					24/06/2016	-41985	Transfer	12646299	6.33
					08/07/2016	-23238	Transfer	12623061	6.32
					15/07/2016	-82170	Transfer	12540891	6.28
					22/07/2016	-71338	Transfer	12469553	6.24
					29/07/2016	-351877	Transfer	12117676	6.07
					05/08/2016	-439257	Transfer	11678419	5.85
					12/08/2016	-331955	Transfer	11346464	5.68
					19/08/2016	-8469	Transfer	11337995	5.68
					26/08/2016	-200	Transfer	11337795	5.68
					02/09/2016	-4757	Transfer	11333038	5.68
					09/09/2016	-28925	Transfer	11304113	5.66
					16/09/2016	-3267	Transfer	11300846	5.66
					23/09/2016	-104295	Transfer	11196551	5.61
					30/09/2016	-217145	Transfer	10979406	5.50
					07/10/2016	-265345	Transfer	10714061	5.37
			14/10/2016	-171039	Transfer	10543022	5.28		
			21/10/2016	-191314	Transfer	10351708	5.18		
			17/03/2017	-9247	Transfer	10342461	5.18		
			24/03/2017	-9507	Transfer	10332954	5.17		
	Shareholding at end of the year	10332954	5.17	31/03/2017			10332954	5.17	
<b>2</b>	<b>OPPENHEIMER INTERNATIONAL GROWTH FUND</b>	Shareholding at beginning of the year	6021138	3.02	31/03/2016			6021138	3.02
					08/04/2016	16174	Transfer	6037312	3.02
					25/11/2016	148389	Transfer	6185701	3.10
					02/12/2016	341687	Transfer	6527388	3.27
					09/12/2016	377664	Transfer	6905052	3.46
					16/12/2016	63618	Transfer	6968670	3.49
			Shareholding at end of the year	6968670	3.49	31/03/2017			6968670
<b>3</b>	<b>LATHE INVESTMENT PTE LTD</b>	Shareholding at beginning of the year	5554480	2.78	31/03/2016			5554480	2.78
					29/04/2016	-455915	Transfer	5098565	2.55
					06/05/2016	-222149	Transfer	4876416	2.44
					13/05/2016	-709899	Transfer	4166517	2.09
					20/05/2016	-70487	Transfer	4096030	2.05
					27/05/2016	-231050	Transfer	3864980	1.94
					03/06/2016	-162000	Transfer	3702980	1.85
					19/08/2016	-459100	Transfer	3243880	1.62
					26/08/2016	-600594	Transfer	2643286	1.32
					02/09/2016	-199406	Transfer	2443880	1.22
					07/10/2016	-7224	Transfer	2436656	1.22
					14/10/2016	-3465	Transfer	2433191	1.22
					21/10/2016	-890	Transfer	2432301	1.22
					04/11/2016	-17651	Transfer	2414650	1.21
					17/03/2017	-2414650	Transfer	0	0.00
	Shareholding at end of the year	0	0.00	31/03/2017			0	0.00	
<b>4</b>	<b>LAZARD ASSET MANAGEMENT LLC A/C LAZARD EMERGING MA</b>	Shareholding at beginning of the year	3378411	1.69	31/03/2016			3378411	1.69
					29/04/2016	36743	Transfer	3415154	1.71
					24/06/2016	65701	Transfer	3480855	1.74
					09/12/2016	-52095	Transfer	3428760	1.72

S. 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 2016-17	
		No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
				16/12/2016	-36599	Transfer	3392161	1.70
				27/01/2017	178210	Transfer	3570371	1.79
				03/02/2017	162140	Transfer	3732511	1.87
				10/03/2017	88425	Transfer	3820936	1.91
				17/03/2017	20881	Transfer	3841817	1.92
	Shareholding at end of the year	3841817	1.92	31/03/2017			3841817	1.92
<b>5</b>	<b>ABERDEEN GLOBAL INDIAN EQUITY LIMITED</b>							
	Shareholding at beginning of the year	2762671	1.38	31/03/2016			2762671	1.38
				30/09/2016	-142671	Transfer	2620000	1.31
				07/10/2016	-130000	Transfer	2490000	1.25
				17/03/2017	-50000	Transfer	2440000	1.22
	Shareholding at end of the year	2440000	1.22	31/03/2017			2440000	1.22
<b>6</b>	<b>ABERDEEN EMERGING MARKETS FUND</b>							
	Shareholding at beginning of the year	2471035	1.24	31/03/2016			2471035	1.24
				22/04/2016	-41484	Transfer	2429551	1.22
				29/04/2016	-129375	Transfer	2300176	1.15
				06/05/2016	-119141	Transfer	2181035	1.09
				25/11/2016	73964	Transfer	2254999	1.13
				02/12/2016	2061	Transfer	2257060	1.13
				09/12/2016	84879	Transfer	2341939	1.17
				16/12/2016	176160	Transfer	2518099	1.26
				23/12/2016	19936	Transfer	2538035	1.27
	Shareholding at end of the year	2538035	1.27	31/03/2017			2538035	1.27
<b>7</b>	<b>GOVERNMENT PENSION FUND GLOBAL</b>							
	Shareholding at beginning of the year	2401581	1.20	31/03/2016			2401581	1.20
				08/04/2016	17913	Transfer	2419494	1.21
				20/05/2016	60361	Transfer	2479855	1.24
				17/06/2016	-62943	Transfer	2416912	1.21
				24/06/2016	-22123	Transfer	2394789	1.20
				29/07/2016	-82879	Transfer	2311910	1.16
				16/09/2016	100000	Transfer	2411910	1.21
				23/09/2016	40182	Transfer	2452092	1.23
				21/10/2016	-12398	Transfer	2439694	1.22
				11/11/2016	-76150	Transfer	2363544	1.18
				18/11/2016	-281736	Transfer	2081808	1.04
				25/11/2016	96974	Transfer	2178782	1.09
				02/12/2016	11718	Transfer	2190500	1.10
				09/12/2016	38064	Transfer	2228564	1.12
				16/12/2016	17688	Transfer	2246252	1.12
				06/01/2017	14254	Transfer	2260506	1.13
				03/02/2017	5480	Transfer	2265986	1.13
				17/02/2017	70077	Transfer	2336063	1.17
	Shareholding at end of the year	2336063	1.17	31/03/2017			2336063	1.17
<b>8</b>	<b>ABERDEEN GLOBAL-EMERGING MARKETS EQUITY FUND</b>							
	Shareholding at beginning of the year	2268247	1.14	31/03/2016			2268247	1.14
				22/04/2016	-88689	Transfer	2179558	1.09
				29/04/2016	-276596	Transfer	1902962	0.95
				06/05/2016	-254715	Transfer	1648247	0.83
				05/08/2016	163000	Transfer	1811247	0.91
	Shareholding at end of the year	1811247	0.91	31/03/2017			1811247	0.91
<b>9</b>	<b>UTI - FOCUSED EQUITY FUND - SERIES I (1100 DAYS)</b>							
	Shareholding at beginning of the year	2127018	1.07	31/03/2016			2127018	1.07
				08/04/2016	484	Transfer	2127502	1.07
				08/04/2016	-1225	Transfer	2126277	1.06
				15/04/2016	338	Transfer	2126615	1.06
				22/04/2016	10000	Transfer	2136615	1.07





S. 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 2016-17	
		No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
				22/04/2016	-126521	Transfer	2010094	1.01
				29/04/2016	18000	Transfer	2028094	1.02
				29/04/2016	-9345	Transfer	2018749	1.01
				06/05/2016	96275	Transfer	2115024	1.06
				06/05/2016	-14014	Transfer	2101010	1.05
				13/05/2016	150576	Transfer	2251586	1.13
				13/05/2016	-130	Transfer	2251456	1.13
				20/05/2016	55088	Transfer	2306544	1.16
				27/05/2016	694	Transfer	2307238	1.16
				03/06/2016	175	Transfer	2307413	1.16
				03/06/2016	-221	Transfer	2307192	1.16
				10/06/2016	68	Transfer	2307260	1.16
				10/06/2016	-100038	Transfer	2207222	1.11
				17/06/2016	51	Transfer	2207273	1.11
				17/06/2016	-190	Transfer	2207083	1.11
				24/06/2016	43	Transfer	2207126	1.11
				24/06/2016	-15570	Transfer	2191556	1.10
				30/06/2016	435	Transfer	2191991	1.10
				30/06/2016	-29808	Transfer	2162183	1.08
				01/07/2016	-273	Transfer	2161910	1.08
				08/07/2016	442	Transfer	2162352	1.08
				08/07/2016	-19394	Transfer	2142958	1.07
				15/07/2016	1516	Transfer	2144474	1.07
				15/07/2016	-1500	Transfer	2142974	1.07
				22/07/2016	1721	Transfer	2144695	1.07
				22/07/2016	-371	Transfer	2144324	1.07
				29/07/2016	680	Transfer	2145004	1.07
				29/07/2016	-250	Transfer	2144754	1.07
				05/08/2016	143	Transfer	2144897	1.07
				05/08/2016	-2302	Transfer	2142595	1.07
				12/08/2016	-19250	Transfer	2123345	1.06
				19/08/2016	131	Transfer	2123476	1.06
				19/08/2016	-11500	Transfer	2111976	1.06
				26/08/2016	-7400	Transfer	2104576	1.05
				02/09/2016	42911	Transfer	2147487	1.08
				02/09/2016	-18206	Transfer	2129281	1.07
				09/09/2016	-38871	Transfer	2090410	1.05
				16/09/2016	4800	Transfer	2095210	1.05
				16/09/2016	-51887	Transfer	2043323	1.02
				23/09/2016	39	Transfer	2043362	1.02
				23/09/2016	-4000	Transfer	2039362	1.02
				30/09/2016	655	Transfer	2040017	1.02
				30/09/2016	-7011	Transfer	2033006	1.02
				07/10/2016	1749	Transfer	2034755	1.02
				07/10/2016	-4200	Transfer	2030555	1.02
				14/10/2016	360	Transfer	2030915	1.02
				14/10/2016	-600	Transfer	2030315	1.02
				21/10/2016	2284	Transfer	2032599	1.02
				28/10/2016	31652	Transfer	2064251	1.03
				28/10/2016	-107300	Transfer	1956951	0.98
				04/11/2016	122873	Transfer	2079824	1.04
				04/11/2016	-6917	Transfer	2072907	1.04
				11/11/2016	64949	Transfer	2137856	1.07
				11/11/2016	-25703	Transfer	2112153	1.06
				18/11/2016	2966	Transfer	2115119	1.06
				25/11/2016	3888	Transfer	2119007	1.06
				25/11/2016	-73500	Transfer	2045507	1.02
				02/12/2016	3103	Transfer	2048610	1.03
				02/12/2016	-9034	Transfer	2039576	1.02
				09/12/2016	3830	Transfer	2043406	1.02

S. 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 2016-17	
		No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
				09/12/2016	-23000	Transfer	2020406	1.01
				16/12/2016	8789	Transfer	2029195	1.02
				16/12/2016	-27000	Transfer	2002195	1.00
				23/12/2016	12215	Transfer	2014410	1.01
				23/12/2016	-28165	Transfer	1986245	0.99
				30/12/2016	11079	Transfer	1997324	1.00
				30/12/2016	-1693	Transfer	1995631	1.00
				06/01/2017	10847	Transfer	2006478	1.00
				06/01/2017	-86000	Transfer	1920478	0.96
				13/01/2017	4791	Transfer	1925269	0.96
				13/01/2017	-200	Transfer	1925069	0.96
				20/01/2017	991	Transfer	1926060	0.96
				27/01/2017	4041	Transfer	1930101	0.97
				27/01/2017	-5000	Transfer	1925101	0.96
				03/02/2017	23358	Transfer	1948459	0.98
				03/02/2017	-25406	Transfer	1923053	0.96
				10/02/2017	5770	Transfer	1928823	0.97
				10/02/2017	-3000	Transfer	1925823	0.96
				17/02/2017	6408	Transfer	1932231	0.97
				17/02/2017	-4	Transfer	1932227	0.97
				24/02/2017	10412	Transfer	1942639	0.97
				24/02/2017	-72349	Transfer	1870290	0.94
				03/03/2017	1899	Transfer	1872189	0.94
				03/03/2017	-171	Transfer	1872018	0.94
				10/03/2017	2379	Transfer	1874397	0.94
				17/03/2017	8557	Transfer	1882954	0.94
				17/03/2017	-12600	Transfer	1870354	0.94
				24/03/2017	147	Transfer	1870501	0.94
				24/03/2017	-5700	Transfer	1864801	0.93
				31/03/2017	55162	Transfer	1919963	0.96
				31/03/2017	-88359	Transfer	1831604	0.92
	Shareholding at end of the year	1831604	0.92	31/03/2017			1831604	0.92
<b>10</b>	<b>TEMPLETON GROWTH FUND, INC.</b>							
	Shareholding at beginning of the year	2089348	1.05	31/03/2016			2089348	1.05
				17/03/2017	598160	Transfer	2687508	1.35
				24/03/2017	82230	Transfer	2769738	1.39
	Shareholding at end of the year	2769738	1.39	31/03/2017			2769738	1.39
<b>11</b>	<b>STICHTING DEPOSITARY APG EMERGING MARKETS EQUITY POOL</b>							
	Shareholding at beginning of the year	1467249	0.73	31/03/2016			1467249	0.73
				22/04/2016	-15735	Transfer	1451514	0.73
				29/04/2016	-49074	Transfer	1402440	0.70
				06/05/2016	-45191	Transfer	1357249	0.68
				03/06/2016	-59458	Transfer	1297791	0.65
				10/06/2016	-13938	Transfer	1283853	0.64
				17/06/2016	-46697	Transfer	1237156	0.62
				24/06/2016	-20872	Transfer	1216284	0.61
				22/07/2016	23045	Transfer	1239329	0.62
				29/07/2016	67749	Transfer	1307078	0.65
				05/08/2016	37867	Transfer	1344945	0.67
				19/08/2016	64037	Transfer	1408982	0.71
				26/08/2016	37151	Transfer	1446133	0.72
				02/09/2016	18923	Transfer	1465056	0.73
				16/09/2016	36313	Transfer	1501369	0.75
				23/09/2016	-4249	Transfer	1497120	0.75
				30/09/2016	-1426	Transfer	1495694	0.75
				07/10/2016	-9343	Transfer	1486351	0.74
				14/10/2016	49017	Transfer	1535368	0.77
				21/10/2016	-10192	Transfer	1525176	0.76
				28/10/2016	-16137	Transfer	1509039	0.76



S. 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 2016-17	
		No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
				04/11/2016	320	Transfer	1509359	0.76
				18/11/2016	44628	Transfer	1553987	0.78
				02/12/2016	-3862	Transfer	1550125	0.78
				16/12/2016	-7053	Transfer	1543072	0.77
				20/01/2017	-5952	Transfer	1537120	0.77
				10/02/2017	-24143	Transfer	1512977	0.76
				03/03/2017	181000	Transfer	1693977	0.85
				10/03/2017	85000	Transfer	1778977	0.89
				17/03/2017	88000	Transfer	1866977	0.93
				24/03/2017	131000	Transfer	1997977	1.00
				31/03/2017	62368	Transfer	2060345	1.03
	Shareholding at end of the year	2060345	1.03				2060345	1.03
<b>12</b>	<b>SBI MAGNUM MULTIPLIER FUND</b>							
	Shareholding at beginning of the year	670256	0.34	31/03/2016			670256	0.34
				08/04/2016	56759	Transfer	727015	0.36
				08/04/2016	-716	Transfer	726299	0.36
				15/04/2016	317	Transfer	726616	0.36
				15/04/2016	-1479	Transfer	725137	0.36
				22/04/2016	1395	Transfer	726532	0.36
				29/04/2016	2904	Transfer	729436	0.37
				29/04/2016	-605	Transfer	728831	0.36
				06/05/2016	4328	Transfer	733159	0.37
				13/05/2016	7017	Transfer	740176	0.37
				20/05/2016	5731	Transfer	745907	0.37
				27/05/2016	9791	Transfer	755698	0.38
				03/06/2016	3888	Transfer	759586	0.38
				10/06/2016	798	Transfer	760384	0.38
				10/06/2016	-394	Transfer	759990	0.38
				17/06/2016	14937	Transfer	774927	0.39
				17/06/2016	-130000	Transfer	644927	0.32
				24/06/2016	9612	Transfer	654539	0.33
				30/06/2016	6937	Transfer	661476	0.33
				30/06/2016	-16	Transfer	661460	0.33
				01/07/2016	24	Transfer	661484	0.33
				01/07/2016	-1142	Transfer	660342	0.33
				08/07/2016	1503	Transfer	661845	0.33
				08/07/2016	-743	Transfer	661102	0.33
				15/07/2016	83	Transfer	661185	0.33
				15/07/2016	-56	Transfer	661129	0.33
				22/07/2016	884	Transfer	662013	0.33
				22/07/2016	-179	Transfer	661834	0.33
				29/07/2016	3325	Transfer	665159	0.33
				05/08/2016	1397	Transfer	666556	0.33
				12/08/2016	6130	Transfer	672686	0.34
				19/08/2016	4097	Transfer	676783	0.34
				26/08/2016	8956	Transfer	685739	0.34
				02/09/2016	18531	Transfer	704270	0.35
				09/09/2016	13803	Transfer	718073	0.36
				16/09/2016	12688	Transfer	730761	0.37
				23/09/2016	17547	Transfer	748308	0.37
				30/09/2016	29473	Transfer	777781	0.39
				07/10/2016	10264	Transfer	788045	0.39
				14/10/2016	2281	Transfer	790326	0.40
				21/10/2016	10215	Transfer	800541	0.40
				28/10/2016	7941	Transfer	808482	0.40
				04/11/2016	3171	Transfer	811653	0.41
				11/11/2016	107338	Transfer	918991	0.46
				18/11/2016	7535	Transfer	926526	0.46
				25/11/2016	251149	Transfer	1177675	0.59
				25/11/2016	-2250	Transfer	1175425	0.59

S. 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 2016-17	
		No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
				02/12/2016	13823	Transfer	1189248	0.60
				09/12/2016	12410	Transfer	1201658	0.60
				09/12/2016	-1310	Transfer	1200348	0.60
				16/12/2016	22919	Transfer	1223267	0.61
				23/12/2016	58781	Transfer	1282048	0.64
				30/12/2016	34201	Transfer	1316249	0.66
				06/01/2017	36635	Transfer	1352884	0.68
				06/01/2017	-170	Transfer	1352714	0.68
				13/01/2017	14739	Transfer	1367453	0.68
				20/01/2017	161679	Transfer	1529132	0.77
				20/01/2017	-2205	Transfer	1526927	0.76
				27/01/2017	7160	Transfer	1534087	0.77
				03/02/2017	134170	Transfer	1668257	0.84
				03/02/2017	-560	Transfer	1667697	0.84
				10/02/2017	20504	Transfer	1688201	0.85
				10/02/2017	-40	Transfer	1688161	0.85
				17/02/2017	71573	Transfer	1759734	0.88
				24/02/2017	11203	Transfer	1770937	0.89
				03/03/2017	27800	Transfer	1798737	0.90
				10/03/2017	7966	Transfer	1806703	0.90
				10/03/2017	-2	Transfer	1806701	0.90
				17/03/2017	26524	Transfer	1833225	0.92
				24/03/2017	14094	Transfer	1847319	0.93
				24/03/2017	-9048	Transfer	1838271	0.92
				31/03/2017	98861	Transfer	1937132	0.97
				31/03/2017	-117	Transfer	1937015	0.97
	Shareholding at end of the year	1937015	0.97	31/03/2017			1937015	0.97
<b>13</b>	<b>GMO EMERGING MARKETS FUND</b>							
	Shareholding at beginning of the year	1676995	0.84	31/03/2016			1676995	0.84
				08/04/2016	62237	Transfer	1739232	0.87
				15/04/2016	68875	Transfer	1808107	0.91
				22/04/2016	-29446	Transfer	1778661	0.89
				20/05/2016	-5868	Transfer	1772793	0.89
				17/06/2016	-8313	Transfer	1764480	0.88
				05/08/2016	4306	Transfer	1768786	0.89
				12/08/2016	243475	Transfer	2012261	1.01
				19/08/2016	-22213	Transfer	1990048	1.00
				09/09/2016	-20662	Transfer	1969386	0.99
				21/10/2016	-27618	Transfer	1941768	0.97
				18/11/2016	-25323	Transfer	1916445	0.96
				25/11/2016	-21331	Transfer	1895114	0.95
				13/01/2017	-22447	Transfer	1872667	0.94
				10/02/2017	-16905	Transfer	1855762	0.93
	Shareholding at end of the year	1855762	0.93	31/03/2017			1855762	0.93

**(v) Shareholding of Directors & KMP**

S. No.	Name of the Director/KMP	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 2016-17	
		No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
1	<b>Mr. Pawan Munjal</b>							
	Shareholding at beginning of the year	12461860*	6.25	Changes in his shareholding during the year are mentioned under Clause IV (iii) of this extract				
Shareholding at end of the year	9384876**	4.70						
2	<b>Mr. Sunil Kant Munjal^</b>							
	Shareholding at beginning of the year	1882940#	0.94					
				22-08-2016	Decrease	Transmission of shares held on behalf of BMOP	1850440	0.93
	Shareholding at end of the year	32500	0.94					
3	<b>Mr. Suman Kant Munjal</b>							
	Shareholding at beginning of the year	12500590\$	6.26	Changes in his shareholding during the year are mentioned under Clause IV (iii) of this extract				
Shareholding at end of the year	9391101\$\$	4.70						
4	<b>Mr. Paul Edgerley</b>							
	Shareholding at beginning of the year	0	0	There is no change in the shareholding during the financial year 2016-17.				
Shareholding at end of the year	0	0						
5	<b>Mr. Pradeep Dinodia</b>							
	Shareholding at beginning of the year	810	0.00	There is no change in the shareholding during the financial year 2016-17.				
Shareholding at end of the year	810	0.00						
6	<b>Gen. (Retd.) V. P. Malik</b>							
	Shareholding at beginning of the year	0	0	There is no change in the shareholding during the financial year 2016-17.				
Shareholding at end of the year	0	0						
7	<b>Dr. Anand C. Burman</b>							
	Shareholding at beginning of the year	0	0	There is no change in the shareholding during the financial year 2016-17.				
Shareholding at end of the year	0	0						
8	<b>Mr. M. Damodaran</b>							
	Shareholding at beginning of the year	0	0	There is no change in the shareholding during the financial year 2016-17.				
Shareholding at end of the year	0	0						
9	<b>Dr. Pritam Singh</b>							
	Shareholding at beginning of the year	0	0	There is no change in the shareholding during the financial year 2016-17.				
Shareholding at end of the year	0	0						
10	<b>Mr. Ravi Nath</b>							
	Shareholding at beginning of the year	0	0	There is no change in the shareholding during the financial year 2016-17.				
Shareholding at end of the year	0	0						
11	<b>Mrs. Shobana Kamineni</b>							
	Shareholding at beginning of the year	0	0	There is no change in the shareholding during the financial year 2016-17.				



S. No.	Name of the Director/KMP	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 2016-17	
		No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
	Shareholding at end of the year	0	0					
11	<b>Mr. Vikram S. Kasbekar</b>							
	Shareholding at beginning of the year	45		08-02-2017	Allotted through ESOP	Increase	400	0.00
				28-03-2016	Allotted through ESOP	Increase	400	0.00
	Shareholding at end of the year	845	0.00					
12	<b>Mr. Ravi Sud</b>							
	Shareholding at beginning of the year	0	0	There is no change in the shareholding during the financial year 2016-17.				
	Shareholding at end of the year@	0	0					
13	<b>Ms. Neerja Sharma¥</b>							
	Shareholding at beginning of the year	0	0					
	Shareholding at end of the year	0	0.00					

^ Ceased to be Director w.e.f. August 16, 2016

\*Includes 32,500 Equity Shares held as Karta of HUF and 1,23,96,840 Equity Shares held on behalf of Brijmohan Lal Om Parkash, a partnership firm

\*\*Includes 32,500 Equity Shares held as Karta of HUF and 93,09,022 Equity Shares held on behalf of Brijmohan Lal Om Parkash, a partnership firm

#Includes 1,850,440 Equity Shares held on behalf of Brijmohan Lal Om Parkash, a partnership firm

\$Includes 32,500 Equity Shares held as Karta of Brijmohan Lall & Sons (HUF), 32,500 Equity Shares as Karta of Suman Kant & Sons (HUF) and 12,396,840 Equity Shares held on behalf of Brijmohan Lal Om Parkash, a partnership firm

\$\$Includes 10,833 Equity Shares as Karta of Suman Kant & Sons (HUF) and 93,09,018 Equity Shares held on behalf of Brijmohan Lal Om Parkash, a partnership firm

@ Superannuated as Chief Financial Officer w.e.f. March 31, 2017

¥Appointed as Company Secretary w.e.f. August 8, 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
<b>Indebtness at the beginning of the financial year</b>	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
<b>Total (i+ii+iii)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Change in Indebtedness during the financial year</b>	0	0	0	0
Additions	0	0	0	0
Reduction	0	0	0	0
<b>Net Change</b>	0	0	0	0
<b>Indebtedness at the end of the financial year</b>	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
<b>Total (i+ii+iii)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



## VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole time director and/or Manager:

Sl. No	Particulars of Remuneration	Name of the MD/WTD/Manager			Total Amount
		Mr. Pawan Munjal, Chairman, MD & CEO	Mr. Sunil Kant Munjal, Jt. Managing Director#	Mr. Vikram S. Kasbekar, Whole time Director*	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961.	113,467,392	29,100,635	20,151,512	162,719,539
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	19,544,988	6,158,378	487,910	26,191,276
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock option				-
3	Sweat Equity			428,932	428,932
4	Commission				-
	Less : as % of profit - 15-16 paid included above	-	-	-	-
	Add: as % of profit provided not included above	456,400,000	172,600,000	-	629,000,000
	others (specify)				-
5	Others, please specify - PF & Gratuity	7,166,362	12,611,900	1,164,665	20,942,927
	<b>Total (A)</b>	<b>596,578,742</b>	<b>220,470,913</b>	<b>22,233,019</b>	<b>8,39,282,674</b>
	Ceiling as per the Act (₹ in crores)				457.38

# Ceased to be Director w.e.f. August 16, 2016

\* Appointed as Director w.e.f. August 8, 2016

### B. Remuneration to other directors:

Sl. No	Particulars of Remuneration	Name of the Directors								Total
		Mr. Pradeep Dinodia	Gen. (Retd) Ved Prakash Malik	Dr. Pritam Singh	Mr. M.Damodaran	Mr. Ravi Nath	Dr Anand C. Burman	Ms. Shobana Kamineni	Mr. Paul Edgerley	
1	<b>Independent Directors</b>									
	(a) Fee for attending board committee meetings	2,100,000	1,800,000	1,500,000	1,800,000	1,400,000	300,000	200,000	400,000	9,500,000
	(b) Commission	7,100,000	6,250,000	5,500,000	6,250,000	3,550,000	900,000	700,000	1,250,000	31,500,000
	(c) Others, please specify									
	<b>Total (1)</b>	<b>9,200,000</b>	<b>8,050,000</b>	<b>7,000,000</b>	<b>8,050,000</b>	<b>4,950,000</b>	<b>1,200,000</b>	<b>900,000</b>	<b>1,650,000</b>	<b>41,000,000</b>
2	<b>Other Non Executive Directors</b>									
	(a) Fee for attending board committee meetings	400,000								400,000
	(b) Commission	1,400,000								1,400,000
	(c) Others, please specify									
	<b>Total (2)</b>	<b>1,800,000</b>	-	-	-	-	-	-	-	<b>1,800,000</b>
	<b>Total (B)=(1+2)</b>	<b>11,000,000</b>	<b>8,050,000</b>	<b>7,000,000</b>	<b>8,050,000</b>	<b>4,950,000</b>	<b>1,200,000</b>	<b>900,000</b>	<b>1,650,000</b>	<b>42,800,000</b>
	Total Managerial Remuneration									
	Overall Ceiling as per the Act (₹ in crores)									503.12

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		Mr. Ravi Sud, Chief Financial Officer	Mr. Ilam C Kamboj Asso. V.P. Legal & Company Secretary (upto April 2, 2016)	Ms. Neerja Sharma, Company Secretary	
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	51,425,074	10,972,416	8,514,424	70,911,914
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	10,911,078		604,116	11,515,194
	(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 others, specify				-
5	Others, please specify - PF & Gratuity	7,001,236	6,439,949	441,888	13,883,073
	<b>Total</b>	<b>69,337,388</b>	<b>17,412,365</b>	<b>9,560,428</b>	<b>96,310,181</b>

**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)
<b>A. Company</b>					
Penalty	87	Condonation of delay in filing satisfaction of charges	₹ 9,000	RD	None
Punishment					
Compounding					
<b>B. Directors</b>					
Penalty			Not Applicable		
Punishment					
Compounding					
<b>C. Other Officers in Default</b>					
Penalty			Not Applicable		
Punishment					
Compounding					



## ANNEXURE IX

### 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 2016-17 – ₹ 14 million.

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

- Solar powered plants.
- Solar tube lights
- Natural wind ventilators instead of powered

##### (iii) Capital Investment on energy conservation equipment:

- Approx. capital investments on energy conservation equipment in FY 2016-17: 180 million.

#### B. TECHNOLOGY ABSORPTION

##### (i) Efforts made towards technology absorption

- 31 patents applied towards development of new technologies

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

1. Converted all of our existing models to BS IV compliant thus reducing the polluting contents in environment.
2. Introducing AHO (automatic Headlamp ON) in our models to improve conspicuity which helps in avoiding accidents specifically during Dawn and Dusk.
3. 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
  - Development of ABS for 2 wheelers above 125 cc
  - Development of CBS for 2 wheelers below 125 cc
- (b) Year of Import
  - Under progress will be completed by 2018
- (c) Whether the technology been fully absorbed  
NIL
- (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof  
NIL

##### (iv) The expenditure incurred on Research and Development

(₹ in crores)

Particulars	For the year ended	
	March 31, 2016	March 31, 2017
Capital	756.62	276.38
Recurring	279.24	424.71
Total R&D expenditure as a percentage of total revenue (as per statement of Profit & Loss)(%)	2.24%	3.33%

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

**Export performance for FY 2016-17:** The Company achieved 182,117 units in exports for FY 2016-17 against the backdrop of industry decline in many markets.

**Key initiatives in FY 2016-17:**

1. Important countries of Nigeria and Argentina added to operations
2. Asia:
  - Bangladesh Eid campaign which led to the highest ever market share of 38% in June
  - New Product Launches : Pleasure, Duet , Achiever, Super Splendor and iSmart 110
  - Hero was the Associate sponsor for Bangladesh cricket team's and Australian team's tours of Sri Lanka
3. Africa:
  - Kenya Life insurance program: First time ever free accidental insurance with every Hero bike purchased
  - Seeding program in Kenya and Tanzania
  - Nigeria pit stop campaign to further strengthen brand Hero
4. Latin America:
  - Hero became the sponsor of Atletico De Madrid (a leading football club) and Diego Simeone (Coach, Atletico De Madrid) became the official Brand Ambassador for Hero in Latin America
  - Dash launch in Colombia
  - First ever global product launch in Argentina
5. Participated in Nepal NADA auto show, Sri Lanka - Colombo auto show, Bangladesh - Dhaka Auto Show

**Export Plan for FY 2017-18: Plans to substantially increase volumes during FY 2017-18. Key initiatives include:**

1. Scale up the Bangladesh operations by commissioning the manufacturing plant
2. Grow presence in key African markets of Nigeria, Kenya and Ethiopia through superlative customer satisfaction, after sales experience
3. Enter new markets - Mexico
4. Launch targeted new products
5. Leverage digital marketing
  - Low cost targeting and sourcing of potential customers
  - Improve customer advocacy

**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 2016-17 were ₹ 581.35 crores, as compared to ₹ 778.16 crores in the previous financial year.

On account of Royalty, Technical Guidance Fee, Travel and other accounts and Advertisement and Publicity, the foreign exchange outgo during the FY 2016-17 was ₹ 215.23 crores, as compared to ₹ 272.30 crores in the previous FY.

Outgo for import of components, spare parts, raw materials and capital goods during the FY 2016-17 was ₹ 992.82 crores, as compared to ₹ 1057.16 crores in the previous financial year.





## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF  
**HERO MOTOCORP LIMITED**

### REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS

We have audited the accompanying standalone Ind AS financial statements of Hero MotoCorp Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE IND AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

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 standalone Ind AS 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 Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind

AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

### OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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, 2017, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, based on our audit, 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.
  - 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 including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.

## INDEPENDENT AUDITOR'S REPORT

- 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 Auditors) Rules, 2014, as amended, 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 standalone Ind AS financial statements- Refer note 34 of the standalone Ind AS 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;
  - iv. The Company has provided requisite disclosures in the standalone Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8<sup>th</sup> November, 2016 of the Ministry of Finance, during the period from 8<sup>th</sup> November 2016 to 30<sup>th</sup> December 2016. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management – Refer note 43 of the standalone Ind AS financial statements.
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's Registration No. 015125N)

**Jaideep Bhargava**  
Partner  
(Membership No. 090295)

**GURUGRAM**, May 10, 2017



## 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, 2017 in conjunction with our audit of the standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS 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, 2017, 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's Registration No. 015125N)

**Jaideep Bhargava**  
Partner

GURUGRAM, May 10, 2017

(Membership No. 090295)

## ANNEXURE "B" TO THE INDEPENDENT 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 Property, plant and equipment:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the Property, plant and equipment.
- (b) The Company has a programme of verification of Property, plant and equipment 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, Property, plant and equipment 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 of immovable properties of land and buildings included under the head "Property, plant and equipment", are held in the name of the Company as at the balance sheet date.
- (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) According to the information and explanations given to us, 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) 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) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits during the year. Therefore, the provisions of the clause (v) of the Order are not applicable to the Company.
- (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, 2017 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, 2017 which have not been deposited on account of dispute. The following are the particulars of Excise Duty, Service Tax and Income-tax dues which have not been deposited / deposited under protest as on March 31, 2017 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	457.33	228.97	2008-09 to 2012-13	High Court
		650.70	345.12	2000-2001 and 2002-2015	CESTAT
		0.98	0.04	2009-10	Commissioner Appeals
Finance Act, 1994	Service Tax	0.89	0.45	2004-05 and 2005-06	Supreme Court
		235.08	23.32	2004-05 to 2012-13, 2014-15	CESTAT
Income-tax Act, 1961	Income-tax	3300.38	528.44	2011-12	Income Tax Appellant Tribunal
		0.06	-	2004-05	Commissioner of Income Tax (Appeals)

\* Amount as per demand orders including interest and penalty wherever indicated in the order and excludes disputed dues fully paid.



## ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT (CONTD.)

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	1.19	2004-05 to 2010-11	CESTAT
Income-tax Act, 1961	Income-tax	1,219.02	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
		14.28	2001-02, 2003-04, 2005-06 and 2007-08	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 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 him 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's Registration No. 015125N)

**Jaideep Bhargava**  
Partner  
(Membership No. 090295)

**GURUGRAM**, May 10, 2017



**BALANCE SHEET AS AT MARCH 31, 2017**

₹ in crores

Particulars	Note	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>ASSETS</b>				
<b>Non-current assets</b>				
(a) Property, plant and equipment	5	4,310.73	3,465.46	2,629.59
(b) Capital work-in-progress	6	270.72	288.34	309.78
(c) Intangible assets	7	84.86	118.89	94.40
(d) Intangible assets under development	8	194.33	317.06	402.77
(e) Financial assets				
(i) Investments	9	1,349.00	1,111.91	959.20
(ii) Loans	10	23.13	26.70	30.09
(iii) Other financial assets	11	25.23	23.20	18.39
(f) Deferred tax assets (net)	21	-	-	90.01
(g) Income tax assets (net)	12	331.94	227.54	85.19
(h) Other non-current assets	13	651.14	842.54	668.77
<b>Total Non - Current Assets</b>		<b>7,241.08</b>	<b>6,421.64</b>	<b>5,288.19</b>
<b>Current assets</b>				
(a) Inventories	14	656.31	672.98	815.49
(b) Financial assets				
(i) Investments	9	4,540.85	3,469.11	2,470.21
(ii) Trade receivables	15	1,561.87	1,282.80	1,389.59
(iii) Cash and cash equivalents	16	15.40	26.95	70.69
(iv) Bank balances other than (iii) above	17	121.33	104.41	88.56
(v) Loans	10	21.73	23.12	23.86
(vi) Other financial assets	11	24.35	22.28	15.40
(c) Other current assets	13	511.34	549.57	576.51
<b>Total Current Assets</b>		<b>7,453.18</b>	<b>6,151.22</b>	<b>5,450.31</b>
<b>Total Assets</b>		<b>14,694.26</b>	<b>12,572.86</b>	<b>10,738.50</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity share capital	18 (a)	39.94	39.94	39.94
(b) Other equity	19	10,071.35	8,794.47	7,317.52
<b>Total equity</b>		<b>10,111.29</b>	<b>8,834.41</b>	<b>7,357.46</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
(a) Provisions	20	75.30	67.60	44.92
(b) Deferred tax liabilities (net)	21	414.34	222.53	-
<b>Total Non - Current Liabilities</b>		<b>489.64</b>	<b>290.13</b>	<b>44.92</b>
<b>Current liabilities</b>				
(a) Financial liabilities				
(i) Trade payables	22	3,247.27	2,650.56	2,587.22
(ii) Other financial liabilities	23	352.77	265.70	254.74
(b) Other current liabilities	24	454.28	502.40	473.49
(c) Provisions	20	39.01	29.66	20.67
<b>Total Current Liabilities</b>		<b>4,093.33</b>	<b>3,448.32</b>	<b>3,336.12</b>
<b>Total Equity and Liabilities</b>		<b>14,694.26</b>	<b>12,572.86</b>	<b>10,738.50</b>
See accompanying notes to the financial statements	1 to 46			

In terms of our report attached  
For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

**Jaideep Bhargava**  
Partner

Gurugram  
May 10, 2017

For and on behalf of the Board of Directors

**Pawan Munjal**  
Chairman, Managing Director & CEO  
DIN- 00004223

**Pradeep Dinodia**  
Chairman- Audit Committee  
DIN- 00027995

New Delhi  
May 10, 2017

**Niranjan Kumar Gupta**  
Chief Financial Officer

**Neerja Sharma**  
Company Secretary



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	Note	₹ in crores	
		For the year ended March 31, 2017	For the year ended March 31, 2016
<b>INCOME</b>			
Revenue from operations (gross)	25	30,846.12	30,700.88
Other income	26	522.43	422.43
<b>Total Income</b>		<b>31,368.55</b>	<b>31,123.31</b>
<b>EXPENSES</b>			
Cost of raw materials consumed	27	18,948.64	19,321.72
Changes in inventories of finished goods and work-in-progress	28	63.17	(11.88)
Excise duty on sale of goods		2,371.13	2,258.18
Employee benefits expenses	29	1,396.01	1,315.93
Finance costs	30	6.05	4.89
Depreciation and amortisation expenses	5	492.73	437.64
Other expenses	31	3,432.36	3,361.96
<b>Total expenses</b>		<b>26,710.09</b>	<b>26,688.44</b>
<b>Profit before tax</b>		<b>4,658.46</b>	<b>4,434.87</b>
<b>Tax expense</b>	32		
Current tax		1,082.08	960.88
Deferred tax charge		199.26	313.80
<b>Total tax expense</b>		<b>1,281.34</b>	<b>1,274.68</b>
<b>Profit for the year</b>		<b>3,377.12</b>	<b>3,160.19</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that will not be reclassified to profit or loss:-			
Re-measurement gains (losses) on defined benefit plans		(21.53)	(3.63)
Income tax benefit		7.45	1.26
<b>Net other comprehensive income not to be reclassified to profit or loss</b>		<b>(14.08)</b>	<b>(2.37)</b>
<b>Total Comprehensive income for the year, net of tax</b>		<b>3,363.04</b>	<b>3,157.82</b>
Earnings per share (of ₹ 2 each) in ₹	33		
(a) Basic		169.12	158.26
(b) Diluted		169.12	158.26
See accompanying notes to the financial statements	1 to 46		

In terms of our report attached  
For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

**Jaideep Bhargava**  
Partner

Gurugram  
May 10, 2017

For and on behalf of the Board of Directors

**Pawan Munjal**  
Chairman, Managing Director & CEO  
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**Pradeep Dinodia**  
Chairman- Audit Committee  
DIN- 00027995

New Delhi  
May 10, 2017

**Niranjn Kumar Gupta**  
Chief Financial Officer

**Neerja Sharma**  
Company Secretary

**CASH FLOW STATEMENT** FOR THE YEAR ENDED MARCH 31, 2017

₹ in crores

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit after tax</b>	<b>3,377.12</b>	<b>3,160.19</b>
Adjustments for:		
Add: Depreciation and amortisation	492.73	437.64
Tax expense	1,281.34	1,274.68
Loss on property, plant and equipment sold/discarded	170.82	108.99
Finance cost	6.05	4.89
Employee stock compensation cost	3.42	0.93
	<b>1,954.36</b>	<b>1,827.13</b>
Less: Interest income on financial assets carried at amortised cost	156.89	163.53
Dividend income	41.81	11.56
Profit on sale of investments	137.85	204.54
Gain on investments carried at fair value through profit or loss	179.25	28.42
Profit on sale of property, plant and equipment	0.46	0.51
Re-measurement loss on defined benefit plans	21.53	3.63
	<b>537.79</b>	<b>412.19</b>
<b>Operating profit before working capital changes</b>	<b>4,793.69</b>	<b>4,575.13</b>
Changes in working capital:		
Adjustment for (increase)/decrease in operating assets:		
Inventories	16.67	142.51
Trade receivables	(279.07)	106.79
Loans-Current	1.39	0.74
Loans-Non-Current	3.57	3.39
Other financial assets-current	(2.07)	(6.88)
Other financial assets-non-current	(2.03)	(4.81)
Other current assets	38.23	26.94
Other non-current assets	70.60	(18.31)
	<b>(152.71)</b>	<b>250.37</b>
<b>Adjustment for increase/(decrease) in operating liabilities:</b>		
Trade payables	596.71	63.34
Other financial liabilities-Current	7.88	2.95
Other current liabilities	(48.12)	28.91
Short-term provisions	9.35	8.99
Long-term provisions	7.70	22.68
	<b>573.52</b>	<b>126.87</b>
Cash generated from operations	<b>5,214.50</b>	<b>4,952.37</b>
Less: Direct taxes paid	1,186.48	1,103.23
<b>Net cash from operating activities</b>	<b>4,028.02</b>	<b>3,849.14</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure on property, plant & equipment and intangible assets including capital advances	(1,150.69)	(1,467.04)
Proceeds from sale of property, plant and equipment	1.62	6.65
Sale of investments	28,274.08	26,956.69
Purchase of Investment	(28,991.50)	(27,611.59)
Investment in Associates	(216.92)	(197.19)
Investment in Subsidiaries	(57.39)	(66.56)
Interest income on financial assets carried at amortised cost	155.05	161.29
Dividend income:	41.81	11.56
<b>Net cash (used) in investing activities</b>	<b>(1,943.94)</b>	<b>(2,206.19)</b>



## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

Particulars	₹ in crores	
	Year ended March 31, 2017	Year ended March 31, 2016
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(6.05)	(4.89)
Dividends paid	(1,737.34)	(1,397.81)
Tax on dividend	(353.69)	(284.55)
Proceeds from issue of equity share capital (including share premium)	1.45	0.56
<b>Net cash (used) in financing activities</b>	<b>(2,095.63)</b>	<b>(1,686.69)</b>
<b>D. INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	(11.55)	(43.74)
<b>Cash and cash equivalents at the beginning of the year</b>	<b>26.95</b>	<b>70.69</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>15.40</b>	<b>26.95</b>

See accompanying notes forming part of the financial statements

1 to 46

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

**Niranjan Kumar Gupta**  
Chief Financial Officer

**Jaideep Bhargava**  
Partner

**Pradeep Dinodia**  
Chairman- Audit Committee  
DIN- 00027995

**Neerja Sharma**  
Company Secretary

Gurugram  
May 10, 2017

New Delhi  
May 10, 2017

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

### A. EQUITY SHARE CAPITAL

	₹ in crores	
	Number of Shares	Amount
<b>Balance as at April 1, 2015</b>	199,687,500	39.94
Changes in equity share capital during the year		
Issue of equity shares under employee share option plan (Note 40)	2,588	#
<b>Balance as at March 31, 2016 (# ₹ 5,176)</b>	199,690,088	39.94
Changes in equity share capital during the year		
Issue of equity shares under employee share option plan (Note 40)	6,750	#
<b>Balance as at March 31, 2017 (# ₹ 13,500)</b>	<b>199,696,838</b>	<b>39.94</b>

### B. OTHER EQUITY

Particulars	₹ in crores					Total
	Capital Reserve	Securities Premium Reserve	General Reserve	Share Options Outstanding Account	Retained Earnings	
<b>Balance as at April 1, 2015</b>	#	-	2,395.79	0.67	4,921.06	7,317.52
Profit for the year	-	-	-	-	3,160.19	3,160.19
Other comprehensive income for the year, net of income tax	-	-	-	-	(2.37)	(2.37)
<b>Total Comprehensive Income for the year</b>	-	-	-	-	3,157.82	3,157.82
Charge against share-based payments	-	-	-	0.93	-	0.93
Transfer to share premium on issue of shares	-	-	-	(0.31)	-	(0.31)
Payment of dividends	-	-	-	-	(1,397.81)	(1,397.81)
Tax on dividend	-	-	-	-	(284.55)	(284.55)
Issue of equity shares under employee share option plan	-	0.87	-	-	-	0.87
Transfer to general reserves	-	-	250.00	-	(250.00)	-
<b>Balance as at March 31, 2016</b>	#	0.87	2,645.79	1.29	6,146.52	8,794.47
Profit for the year	-	-	-	-	3,377.12	3,377.12
Other comprehensive income for the year, net of income tax	-	-	-	-	(14.08)	(14.08)
<b>Total Comprehensive Income for the year</b>	-	-	-	-	3,363.04	3,363.04
Charge against share-based payments	-	-	-	3.42	-	3.42
Transfer to share premium on issue of shares	-	-	-	(0.81)	-	(0.81)
Payment of dividends	-	-	-	-	(1,737.34)	(1,737.34)
Tax on dividend	-	-	-	-	(353.69)	(353.69)
Issue of equity shares under employee share option plan	-	2.26	-	-	-	2.26
<b>Balance as at March 31, 2017</b>	#	<b>3.13</b>	<b>2,645.79</b>	<b>3.90</b>	<b>7,418.53</b>	<b>10,071.35</b>

# on shares forfeited (₹ 4,250) and share premium account on forfeited share reissued (₹ 25,500)

In terms of our report attached  
For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

**Jaideep Bhargava**  
Partner  
Gurugram  
May 10, 2017

For and on behalf of the Board of Directors

**Pawan Munjal**  
Chairman, Managing Director & CEO  
DIN- 00004223

**Pradeep Dinodia**  
Chairman- Audit Committee  
DIN- 00027995

New Delhi  
May 10, 2017

**Niranjn Kumar Gupta**  
Chief Financial Officer

**Neerja Sharma**  
Company Secretary





## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

Hero MotoCorp Limited (the Company) is a public company domiciled & incorporated under the provisions of the Companies Act, 1956 on January 19, 1984. The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report. 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.

The financial statements for the year ended March 31, 2017 were approved by the Board of Directors and authorised for issue on May 10, 2017.

### 2. BASIS OF PREPARATION AND PRESENTATION

#### 2.1 Statement of Compliance

The financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015.

Upto the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015. Refer Note 46 for the details of first-time adoption exemptions availed by the Company.

#### 2.2 Accounting convention

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

#### 2.3 Operating Cycle

Based on the nature of products/ activities of the Company and the normal time between acquisition of assets and their realization 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for rebates and other similar allowances.

##### Sale of goods

Revenue from the sale of goods is recognised when the goods are dispatched and titles have passed, at which time all the

following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. Servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold.

##### Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on, time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### 3.2 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental expense from operating leases is generally recognised on a straight line basis over the term of relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

#### 3.3 Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

Foreign currency derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

### 3.4 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 3.5 Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

### 3.6 Employee benefits

#### Retirement benefit

Payments to defined contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses or curtailments and settlements);

- net interest expense or income; and
- re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plans.

#### Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits such as annual leave and sick leave are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

### 3.7 Share-based payment arrangements

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 40.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

### 3.8 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

### 3.9 Property, plant and equipment

Property, plant and equipment (including furniture, fixtures, vehicles, etc.) held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes items directly attributable to the construction or acquisition of the item of property, plant and equipment, and, for qualifying assets, borrowing costs capitalised in accordance with the

Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Property, plant and equipment, fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is charged on a pro-rata basis at the straight line method over estimated economic useful lives of its property, plant and equipment generally in accordance with that provided in the Schedule II to the Act other than assets covered under employee benefits schemes which are depreciated over a period of 5 years and moulds and dies which are depreciated over a period of 3-8 years.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### 3.10 Intangible assets

#### Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

#### Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

### Useful lives of intangible assets

Intangible assets, comprising of software, expenditure on Model fee, etc. incurred are amortised on a straight line method over a period of 5 years.

### 3.11 Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs of disposal and value in use.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### 3.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a moving weighted average. Finished goods and work-in-progress include appropriate proportion of overheads and where applicable, excise duty. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

### 3.13 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

### Warranties

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



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

actions on product failures. The timing of outflows will vary as and when warranty claim will arise- being typically two to five years.

### 3.14 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### 3.15 Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

#### Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI")(except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments.

All other financial assets are subsequently measured at fair value.

#### Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

#### Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights.

### Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

## 3.16 Financial liabilities and equity instruments

### Classification as debt or equity

Debt and equity instruments issued by Company are classified as either financial liabilities or as 'equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

### Financial liabilities

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' Line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

### Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

## 3.17 Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts, option contracts, etc.

### Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

## 3.18 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) after tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

## 3.19 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/period.

Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income 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.

## 3.20 Recent accounting pronouncements

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS - 7, 'Statement of Cash Flows'. These amendments are in accordance with the recent amendments made by the International Accounting Standards Board (IASB) to IAS - 7, 'Statement of Cash Flows'. The amendments are applicable to the Company from April 1, 2017.

### Amendment to Ind - AS 7:

The amendment to Ind AS - 7, requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on financial statements is being evaluated.



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 3.21 First-time adoption - mandatory exceptions, optional exemptions

#### Overall principle

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to an optional exemptions availed by the Company as detailed below:

#### Investments in subsidiaries and associates

The Company has elected to continue with the carrying value of its investments in subsidiary companies and associate companies as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company accounting policies, which are described in note 3, the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Company's accounting policies

and that have the most significant effect on the amounts recognised in the financial statements:-

#### Recoverability of intangible asset

Capitalisation of cost in intangible assets under development is based on management's judgement that technological and economic feasibility is confirmed and asset under development will generate economic benefits in future. Based on evaluations carried out, the Company's management has determined that there are no factors which indicates that these assets have suffered any impairment loss.

#### Provision and contingent liability

On an ongoing basis, Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

#### Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2017 management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.

#### Investment in equity instruments of subsidiary and associate companies

During the year, the Company assessed the investment in equity instrument of subsidiary and associate companies carried at cost for impairment testing. Some of these companies are start-ups or are at early stage of their operations and are expected to generate positive cash flows in the future years. Detailed analysis has been carried out on the future projections and the Company is confident that the investments do not require any impairment.

### 5. PROPERTY, PLANT AND EQUIPMENT

Particulars								₹ in crores	
	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Data Processing equipment	Total	
<b>Cost</b>									
<b>At April 1, 2015</b>	79.85	934.65	3,149.62	30.11	34.13	32.30	139.76	4,400.42	
Additions	-	485.50	720.17	4.12	8.17	6.27	26.79	1,251.02	
Disposals	-	0.03	78.25	5.66	7.61	2.43	20.80	114.78	
<b>At March 31, 2016</b>	<b>79.85</b>	<b>1,420.12</b>	<b>3,791.54</b>	<b>28.57</b>	<b>34.69</b>	<b>36.14</b>	<b>145.75</b>	<b>5,536.66</b>	
Additions	-	510.44	728.79	9.88	16.81	8.40	25.47	1,299.79	
Disposals	-	1.07	47.95	0.73	7.15	1.74	4.68	63.32	
<b>At March 31, 2017</b>	<b>79.85</b>	<b>1,929.49</b>	<b>4,472.38</b>	<b>37.72</b>	<b>44.35</b>	<b>42.80</b>	<b>166.54</b>	<b>6,773.13</b>	

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in crores

Particulars	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Data Processing equipment	Total
<b>Accumulated depreciation</b>								
<b>At April 1, 2015</b>	-	162.45	1,477.38	10.36	18.33	16.09	86.22	1,770.83
Depreciation expense	-	32.27	318.02	2.57	3.98	5.17	20.90	382.91
Less: Adjustments	-	0.03	55.71	1.03	5.25	1.44	19.08	82.54
<b>At March 31, 2016</b>	-	<b>194.69</b>	<b>1,739.69</b>	<b>11.90</b>	<b>17.06</b>	<b>19.82</b>	<b>88.04</b>	<b>2,071.20</b>
Depreciation expense	-	47.54	362.78	2.97	4.40	5.06	21.53	444.28
Less: Adjustments	-	1.02	39.91	0.52	5.78	1.46	4.39	53.08
<b>At March 31, 2017</b>	-	<b>241.21</b>	<b>2,062.56</b>	<b>14.35</b>	<b>15.68</b>	<b>23.42</b>	<b>105.18</b>	<b>2,462.40</b>
Carrying amount								
At April 1, 2015	79.85	772.20	1,672.24	19.75	15.80	16.21	53.54	2,629.59
At March 31, 2016	79.85	1,225.43	2,051.85	16.67	17.63	16.32	57.71	3,465.46
<b>At March 31, 2017</b>	<b>79.85</b>	<b>1,688.28</b>	<b>2,409.82</b>	<b>23.37</b>	<b>28.67</b>	<b>19.38</b>	<b>61.36</b>	<b>4,310.73</b>

## 6. CAPITAL WORK-IN-PROGRESS

₹ in crores

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital work-in-progress @	270.72	288.34	309.78
	<b>270.72</b>	<b>288.34</b>	<b>309.78</b>

@ including pre-operative expenses ₹ Nil (as at March 31, 2016 ₹ 0.90 crore and as at April 1, 2015 ₹ 1.37 crores) (Refer note below)

₹ in crores

Note: Pre-operative expenses pending allocation	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Employee benefit expenses</b>			
Salaries and wages	-	0.32	0.62
<b>Other expenses</b>			
Rent	-	-	0.17
Miscellaneous expenses	-	0.58	0.58
	-	0.90	1.37

## 7. INTANGIBLE ASSETS

₹ in crores

	Model fee/Product designs and development	Computer softwares	Technical know-how/export licenses	Total
<b>Cost</b>				
<b>At April 1, 2015</b>	535.81	78.97	2,895.67	3,510.45
Additions	61.02	18.20	-	79.22
<b>At March 31, 2016</b>	<b>596.83</b>	<b>97.17</b>	<b>2,895.67</b>	<b>3,589.67</b>
Additions	-	14.42	-	14.42
<b>At March 31, 2017</b>	<b>596.83</b>	<b>111.59</b>	<b>2,895.67</b>	<b>3,604.09</b>
<b>Accumulated amortisation</b>				
<b>At April 1, 2015</b>	479.03	41.35	2,895.67	3,416.05
Amortisation expense	42.46	12.27	-	54.73
<b>At March 31, 2016</b>	<b>521.49</b>	<b>53.62</b>	<b>2,895.67</b>	<b>3,470.78</b>
Amortisation expense	35.68	12.77	-	48.45
<b>At March 31, 2017</b>	<b>557.17</b>	<b>66.39</b>	<b>2,895.67</b>	<b>3,519.23</b>
Carrying amount				
At April 1 2015	56.78	37.62	-	94.40
At March 31, 2016	75.34	43.55	-	118.89
<b>At March 31, 2017</b>	<b>39.66</b>	<b>45.20</b>	<b>-</b>	<b>84.86</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 8. INTANGIBLE ASSETS UNDER DEVELOPMENT

₹ in crores

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Intangible assets under development	194.33	317.06	402.77
	<b>194.33</b>	317.06	402.77

### 9. INVESTMENTS

₹ in crores

	Units As at March 31, 2017	Units As at March 31, 2016	Units As at April 1, 2015	As at March 31, 2017 Current Non Current	As at March 31, 2016 Current Non Current	As at April 1, 2015 Current Non Current
<b>Category-wise investments</b>						
Investment in equity instruments				- 865.79	- 583.69	- 319.94
Investment in preference shares				- 10.00	- 10.00	- 10.00
Investment in debentures / bonds				121.05 260.88	69.44 381.66	- 453.10
Investment in mutual funds				4,419.80 212.33	3,399.67 136.56	2,470.21 176.16
				<b>4,540.85 1,349.00</b>	<b>3,469.11 1,111.91</b>	<b>2,470.21 959.20</b>
<b>Investment in equity instruments carried at cost</b>						
<b>Unquoted Investments</b>						
Investment in subsidiaries						
Face Value of USD 1 each						
HMCL Netherlands B.V	26,290,250	18,705,000	12,555,000	- 167.95	- 117.16	- 76.42
Face Value of USD 1000 each						
HMCL Americas INC	3,500	3,500	-	- 22.22	- 22.22	- -
Face Value of ₹ 10 each						
HMC MM Auto Limited	23,069,993	16,469,993	12,869,993	- 23.07	- 16.47	- 12.87
HMCL (N.A.), Inc. (No par Value)	2,466	2,466	2,466	- 155.38	- 155.38	- 155.38
				- 368.62	- 311.23	- 244.67
Less: Provision for diminution/ impairment				- (155.04)	- (155.04)	- (155.04)
				<b>- 213.58</b>	<b>- 156.19</b>	<b>- 89.63</b>
associates						
Ather Energy Private Limited						
Equity Shares of Face Value of ₹ 1 each	100	-	-	- 0.20	- -	- -
Preference shares of Face Value of ₹ 10 each (Convertible into equity instruments)	89,258	-	-	- 180.32	- -	- -
				- 180.52	- -	- -
Hero FinCorp Limited						
Equity shares of Face Value of ₹ 10 each	38,343,025	38,343,025	21,910,300	- 421.56	- 421.56	- 224.37
Investment in Warrant of Face Value of ₹ 10 each	2,045,551	-	-	- 36.40	- -	- -
				457.96	421.56	224.37
				<b>- 638.48</b>	<b>- 421.56</b>	<b>- 224.37</b>
<b>Investments carried at fair value through profit or loss (FVTPL)</b>						
<b>Investment in equity instruments of Other Entities</b>						
<b>Face Value of ₹ 1 each</b>						
Bombay Stock Exchange Limited (classified as quoted investment in the current year)	-	140,400	140,400	- -	- 5.94	- 5.94
				- -	- 5.94	- 5.94
Quoted Investments						
Investments carried at fair value through profit or loss (FVTPL)						
Investment in equity instruments of Other Entities						
Face Value of ₹ 1 each						
Bombay Stock Exchange Limited	140,400	-	-	- 13.73	- -	- -







## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in crores

	Units As at March 31, 2017	Units As at March 31, 2016	Units As at April 1, 2015	As at March 31, 2017 Current	Non Current	As at March 31, 2016 Current	Non Current	As at April 1, 2015 Current	Non Current
<b>Units of the face value of ₹ 10 each</b>									
<b>ICICI Prudential Mutual Fund</b>									
FMP Series 64-3 Years Plan I Cumulative	-	-	10,000,000	-	-	-	-	12.49	-
FMP Series 71-366 Days Plan C Direct Plan Cumulative	-	17,500,000	17,500,000	-	-	21.45	-	-	19.76
FMP Series 73-391 Days Plan G Direct Plan Cumulative	-	-	16,000,000	-	-	-	-	17.61	-
Blended Plan B-Direct Plan-Growth Option(Merged with Banking and PSU Debt Fund Direct Plan Growth)	24,817,467	24,817,467	24,817,467	61.70	-	56.03	-	51.71	-
Income Opportunities Fund-Direct Plan-Growth Option	19,387,735	19,387,735	-	45.22	-	40.84	-	-	-
<b>Birla Sunlife Mutual Fund</b>									
Fixed Term Plan-Series JY (1099 days)-Gr.-Direct	15,000,000	15,000,000	15,000,000	19.46	-	18.10	-	-	16.68
Fixed Term Plan-Series KO (399 days)-Gr.-Direct	-	-	25,000,000	-	-	-	-	27.55	-
Dynamic Bond Fund- Retail- Growth	76,684,191	76,684,191	90,522,800	222.64	-	201.99	-	221.26	-
<b>IDFC Mutual Fund</b>									
Yearly Series Interval Fund Regular Plan-Series I-Growth	-	-	25,000,000	-	-	-	-	30.13	-
Yearly Series Interval Fund Direct Plan-Series II-Growth	-	-	25,000,000	-	-	-	-	30.37	-
Fixed Term Plan Series 86 Direct Plan-Growth	-	-	20,000,000	-	-	-	-	21.94	-
Corporate Bond Fund Direct Plan-Growth	49,986,503	-	-	56.07	-	-	-	-	-
<b>Reliance Mutual Fund</b>									
Annual Interval Fund -Series I-Direct Growth Plan Growth Option	10,651,352	22,822,076	22,822,076	17.56	-	34.87	-	32.18	-
Fixed Horizon Fund -XXII-Series 34-Growth Plan	-	-	5,000,000	-	-	-	-	6.10	-
Interval Fund II-Series 3-Direct Plan Growth Plan	-	20,000,000	20,000,000	-	-	24.55	-	22.70	-
Interval Fund II-Series 4-Direct Plan Growth Plan	12,500,000	20,000,000	20,000,000	16.36	-	24.39	-	22.56	-
Fixed Horizon Fund -XXIV-Series 25-Direct Plan-Growth Plan	-	22,500,000	22,500,000	-	-	27.51	-	-	25.37
Fixed Horizon Fund -XXV-Series 15-Direct Plan Growth Plan	40,000,000	40,000,000	40,000,000	-	55.04	49.76	-	-	45.60
Fixed Horizon Fund -XXV-Series 20-Direct Plan Growth Plan	20,000,000	20,000,000	20,000,000	-	27.43	24.80	-	-	22.69
Fixed Horizon Fund -XXV-Series 30-Direct Plan Growth Plan	-	-	25,000,000	-	-	-	-	27.56	-
Fixed Horizon Fund -XXVII-Series 11-Direct Plan Growth Plan	20,000,000	20,000,000	20,000,000	24.52	-	-	22.51	-	20.70
Fixed Horizon Fund -XXX-Series 4-Direct Growth Plan	30,000,000	30,000,000	-	-	33.43	-	30.49	-	-
Fixed Horizon Fund -XXXI-Series 5-Direct Growth Plan	5,000,000	-	-	-	5.33	-	-	-	-
Floating Rate-Short Term Plan -Direct Growth Plan	46,942,186	46,942,186	46,942,186	123.42	-	113.47	-	104.56	-
Corporate Bond Fund-Direct Growth Plan	53,163,841	53,163,841	32,000,000	71.61	-	63.84	-	35.18	-
Regular Savings Fund -Debt Plan -Direct Growth Plan Growth Option	82,899,424	75,987,841	-	194.75	-	161.29	-	-	-
Medium Term Fund -Direct Growth Plan-Growth Option	-	15,950,540	-	-	-	50.62	-	-	-
<b>Invesco Mutual Fund (Formerly Religare Invesco Mutual Fund)</b>									
Fixed Maturity Plan Series XIV-Plan F (1098 Days)-Direct Plan	13,500,000	13,500,000	13,500,000	16.65	-	-	15.27	-	14.06

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in crores

	Units As at March 31, 2017	Units As at March 31, 2016	Units As at April 1, 2015	As at March 31, 2017 Current Non Current	As at March 31, 2016 Current Non Current	As at April 1, 2015 Current Non Current			
FMP-Sr.26-Plan A (1098 Days)-Direct Sub Plan Growth	15,000,000	15,000,000	-	-	17.55	-	16.07	-	-
FMP-Sr.26-Plan C (1098 Days)-Direct Sub Plan Growth	10,000,000	10,000,000	-	-	11.61	-	10.61	-	-
FMP-Sr.27-Plan A (1100 Days)-Direct Sub Plan Growth	10,000,000	10,000,000	-	-	11.21	-	10.24	-	-
FMP-Sr.29-Plan B (1150 Days)-Direct Sub Plan Growth	6,000,000	-	-	-	6.02	-	-	-	-
<b>L&amp;T Mutual Fund</b>									
FMP Series 9- Plan D- Direct Growth	-	10,000,000	10,000,000	-	-	12.26	-	-	11.30
FMP Series 10- Plan H- Direct Growth	-	-	10,000,000	-	-	-	-	11.10	-
FMP Series 10- Plan M- Direct Growth	-	-	10,000,000	-	-	-	-	11.05	-
FMP Series 10- Plan Q- Direct Growth	-	-	25,000,000	-	-	-	-	27.47	-
Floating Rate Fund Direct Plan-Growth	-	14,422,938	14,422,938	-	-	21.36	-	19.58	-
Income Opportunities Fund Direct Plan-Growth	43,776,843	58,823,714	28,271,410	8317	-	100.80	-	44.27	-
Triple Ace Bond Fund-Bonus-Original	-	5,363,713	5,363,713	-	-	7.82	-	7.45	-
Banking and PSU Debt Fund Direct Plan-Growth	21,141,351	-	-	31.12	-	-	-	-	-
<b>BNP Paribas Mutual Fund</b>									
Medium Term Income Fund Direct Plan Growth	25,000,000	25,000,000	25,000,000	33.55	-	30.66	-	28.27	-
<b>J P Morgan Mutual Fund</b>									
Fixed Maturity Plan Series 302 Growth	-	-	10,000,000	-	-	-	-	12.25	-
<b>DHFL Pramerica Mutual Fund(Formerly Deutsche Mutual Fund)</b>									
Fixed Maturity Plan Series 54-Direct Plan-Growth	-	-	10,000,000	-	-	-	-	11.00	-
Fixed Maturity Plan Series 57-Direct Plan-Growth	4,547,935	4,547,935	20,000,000	5.86	-	-	5.41	21.95	-
Short Term Floating Rate Fund-Direct Plan Bonus(Formerly Treasury Fund-Investment-Direct Plan Bonus)	-	9,238,367	9,238,367	-	-	11.65	-	10.75	-
Short Maturity Fund Direct Plan-Annual Bonus	4,614,440	4,614,440	4,614,440	9.50	-	8.60	-	7.89	-
Ultra Short Term Fund-Direct Plan-Annual Bonus	8,868,007	8,868,007	8,868,007	11.73	-	10.84	-	9.94	-
Low Duration Fund Direct Plan-Annual Bonus (Formerly Cash Opportunities Fund-Direct Plan-Annual Bonus)	10,389,886	10,389,886	10,389,886	13.96	-	12.77	-	11.61	-
Low Duration Fund-Direct Plan-Growth	47,411,340	-	-	107.70	-	-	-	-	-
Banking PSU&Debt Fund Direct Plan-Growth	40,436,362	-	-	58.22	-	-	-	-	-
Premier Bond Fund-Direct Plan-Growth	37,688,298	-	-	102.23	-	-	-	-	-
<b>SBI Mutual Fund</b>									
Debt Fund Series B-20(1100 Days) Direct Plan-Growth	10,000,000	10,000,000	-	-	11.69	-	10.70	-	-
Dual Advantage Fund -Series VII- Direct-Growth	15,000,000	15,000,000	15,000,000	17.15	-	15.67	-	15.13	-
Dual Advantage Fund -Series VIII- Direct-Growth	25,000,000	25,000,000	25,000,000	28.05	-	25.79	-	25.00	-
Dual Advantage Fund -Series XII- Direct-Growth	15,000,000	15,000,000	-	16.94	-	15.24	-	-	-
<b>IDFC Mutual Fund</b>									
Corporate Bond Fund Direct Plan-Growth	-	49,986,503	-	-	-	50.91	-	-	-
<b>Kotak Mutual Fund</b>									
Treasury Advantage Fund-Direct Plan-Growth	-	82,437,852	-	-	-	200.79	-	-	-
<b>HDFC Mutual Fund</b>									
FMP 1167 D January 2016(1) -Direct-Growth-Series-35	15,000,000	15,000,000	-	-	16.73	-	15.26	-	-
<b>Units of the face value of ₹ 1000 each</b>									
<b>Reliance Mutual Fund</b>									
Money Manager Fund-Growth Plan-Growth Option	-	-	646,368	-	-	-	-	123.69	-
Money Manager Fund-Direct Growth Plan Growth Plan	1,890,316	1,890,316	-	430.33	-	396.90	-	-	-



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in crores

	Units As at March 31, 2017	Units As at March 31, 2016	Units As at April 1, 2015	As at March 31, 2017 Current Non Current	As at March 31, 2016 Current Non Current	As at April 1, 2015 Current Non Current
<b>Invesco Mutual Fund (Formerly Religare Invesco Mutual Fund)</b>						
Credit Opportunities Fund Direct Plan-Growth	493,789	296,856	312,215	92.65	-	50.02
Short Term Fund-Direct Plan Growth	1,299,935	673,848	-	291.22	-	-
Medium Term Bond Fund-Direct Plan Growth	1,398,253	332,394	-	236.86	-	-
Bank Debt Fund-Direct Plan Growth	387,669	387,669	-	54.43	-	-
<b>DHFL Pramerica Mutual Fund(Formerly Deutsche Mutual Fund)</b>						
Fixed Duration Fund -Series AE-Direct Plan-Growth	62,500	-	-	-	6.28	-
Fixed Duration Fund -Series AG-Direct Plan-Growth	100,000	-	-	-	10.01	-
<b>Taurus Mutual Fund</b>						
Ultra Short Term Bond Fund Direct Plan-Growth	-	271,558	-	-	-	50.04
<b>Principal Mutual Fund</b>						
Credit Opportunities Fund-Direct Plan Growth	61,626	-	-	15.88	-	-
<b>Equity fund</b>						
<b>Units of the face value of ₹ 10 each</b>						
<b>L&amp;T Mutual Fund</b>						
Business Cycles Fund Direct Growth	-	3,000,000	3,000,000	-	-	3.36
<b>DHFL Pramerica Mutual Fund(Formerly Deutsche Mutual Fund)</b>						
Arbitrage Fund-Direct Plan-Growth	-	66,883,563	-	-	-	75.84
Arbitrage Fund-Direct Plan-Growth	-	-	19,761,318	-	-	20.83
Arbitrage Fund Direct Plan-Monthly Dividend-Payout	127,826,937	-	-	136.17	-	-
<b>Invesco Mutual Fund (Formerly Religare Invesco Mutual Fund)</b>						
Arbitrage Fund -Direct Plan -Dividend	115,340,768	77,316,797	-	153.26	-	101.34
<b>Principal Mutual Fund</b>						
Arbitrage Fund Dividend -Direct Plan -Payout	10,000,000	-	-	10.30	-	-
<b>Reliance Mutual Fund</b>						
Arbitrage Advantage Fund-Direct Plan Dividend Payout	163,714,610	-	-	176.70	-	-
<b>UTI Mutual Fund</b>						
Spread Fund Direct Plan-Div Payout	47,871,850	-	-	79.10	-	-
<b>IndiaBulls Mutual Fund</b>						
Arbitrage Fund-Direct Plan- Dividend-Payout	94,670,074	-	-	100.13	-	-
<b>IDFC Mutual Fund</b>						
Arbitrage Plus Fund -Direct Plan-Monthly Dividend	40,645,780	-	-	50.20	-	-
<b>Kotak Mutual Fund</b>						

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in crores

	Units As at March 31, 2017	Units As at March 31, 2016	Units As at April 1, 2015	As at March 31, 2017 Current	As at Non Current	As at March 31, 2016 Current	As at Non Current	As at April 1, 2015 Current	As at Non Current
Equity Arbitrage Fund-Direct Plan -Monthly Dividend	281,442,341	-	-	308.23	-	-	-	-	-
<b>Liquid fund</b>									
<b>Units of the face value of ₹ 10 each</b>									
<b>Escorts Mutual Fund</b>									
Liquid Direct Plan-Growth	-	8,815,873	8,815,873	-	-	20.91	-	19.24	-
<b>Sundaram Mutual Fund</b>									
Money Fund-Direct Plan-Growth	-	42,076,461	-	-	-	134.46	-	-	-
<b>Units of the face value of ₹ 100 each</b>									
<b>ICICI Prudential Mutual Fund</b>									
Liquid Direct plan-Growth	19,623,823	4,462,450	2,415,432	472.38	-	100.09	-	50.02	-
<b>Birla Sunlife Mutual Fund</b>									
Cash Plus-Growth-Direct Plan	10,055,662	2,283,813	12,985,185	262.76	-	55.57	-	291.64	-
<b>Units of the face value of ₹ 1000 each</b>									
<b>Reliance Mutual Fund</b>									
Liquidity Fund- Direct Growth Plan Growth Option	-	1,846,199	1,559,790	-	-	421.60	-	328.91	-
<b>Taurus Mutual Fund</b>									
Liquid Fund-Direct Plan-Super Institutional Growth	-	-	330,345	-	-	-	-	50.02	-
<b>IDFC Mutual Fund</b>									
Cash Fund -Growth-(Direct Plan)	-	970,501	734,163	-	-	178.75	-	124.85	-
<b>L&amp;T Mutual Fund</b>									
Liquid Fund Direct Plan-Growth	-	192,780	208,656	-	-	40.06	-	40.03	-
<b>Axis Mutual Fund</b>									
Liquid Fund-Direct Plan-Growth	-	237,171	1,794,407	-	-	39.83	-	278.33	-
<b>Kotak Mutual Fund</b>									
Liquid Scheme Plan A-Direct Plan-Growth	151,674	-	352,834	50.02	-	-	-	100.20	-
<b>HDFC Mutual Fund</b>									
Liquid Fund Direct Plan Growth	187,036	-	-	60.02	-	-	-	-	-
<b>DSP BlackRock Mutual Fund</b>									
Liquidity Fund Direct Plan Growth	215,037	-	-	50.02	-	-	-	-	-
<b>Religare Invesco Mutual Fund(Formerly Religare Mutual Fund)</b>									
Liquid Fund-Direct Plan Growth	-	240,103	-	-	-	50.06	-	-	-
<b>Principal Mutual Fund</b>									
Cash Management Fund-Direct Plan-Growth	-	-	367,952	-	-	-	-	50.09	-
<b>Investment in mutual funds</b>				<b>4,419.80</b>	<b>212.33</b>	<b>3,399.67</b>	<b>136.56</b>	<b>2,470.21</b>	<b>176.16</b>
<b>Total Investments</b>				<b>4,540.85</b>	<b>1,349.00</b>	<b>3,469.11</b>	<b>1,111.91</b>	<b>2,470.21</b>	<b>959.20</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in crores

	As at  March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Current	Non Current	Current	Non Current	Current	Non Current
Aggregate book value of quoted investments	121.05	274.61	69.44	381.66	-	453.10
Aggregate market value of quoted investments	123.08	288.11	70.19	387.79	-	459.21
Aggregate carrying value of unquoted investments	4,419.80	1,229.43	3,399.67	885.29	2,470.21	661.14
Aggregate amount of impairment in value of investments	-	(155.04)	-	(155.04)	-	(155.04)

### Category-wise investment as per Ind AS 109 classification

₹ in crores

	As at  March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Current	Non Current	Current	Non Current	Current	Non Current
Financial assets carried at fair value through profit or loss (FVTPL)						
<b>Unquoted</b>						
Investment in equity instruments	-	-	-	5.94	-	5.94
Investment in preference shares	-	10.00	-	10.00	-	10.00
Investment in Mutual Funds	4,419.80	212.33	3,399.67	136.56	2,470.21	176.16
<b>Quoted</b>						
Investment in equity instruments	-	13.73	-	-	-	-
<b>Financial assets carried at amortised cost</b>						
<b>Quoted</b>						
Investment in debentures / bonds	121.05	260.88	69.44	381.66	-	453.10
	<b>4,540.85</b>	<b>496.94</b>	<b>3,469.11</b>	<b>534.16</b>	<b>2,470.21</b>	<b>645.20</b>

Note: The above does not include net investments in subsidiary and associate companies aggregating to ₹ 852.06 crores (₹ 577.75 crores as at March 31, 2016 and ₹ 314 crores as at April 1, 2015) which are carried at cost.

## 10. LOANS

₹ in crores

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Non - current</b>			
Unsecured, considered good			
Loans to employees	23.13	26.70	30.09
<b>Total</b>	<b>23.13</b>	<b>26.70</b>	<b>30.09</b>
<b>Current</b>			
Unsecured, considered good			
Loans to employees	21.73	23.12	23.86
<b>Total</b>	<b>21.73</b>	<b>23.12</b>	<b>23.86</b>

Note :- These financial assets are carried at amortised cost.

## 11. OTHER FINANCIAL ASSETS

₹ in crores

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Non - current</b>			
<b>Unsecured, considered good</b>			
Security deposits	25.23	23.20	18.39
<b>Total</b>	<b>25.23</b>	<b>23.20</b>	<b>18.39</b>
<b>Current</b>			
<b>Unsecured, considered good</b>			



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in crores

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Security deposits	2.45	0.94	0.62
Derivatives instruments carried at fair value	4.42	6.20	2.79
Interest accrued on deposits	0.22	0.23	0.29
Other recoverables	17.26	14.91	11.70
<b>Total</b>	<b>24.35</b>	<b>22.28</b>	<b>15.40</b>

Note :- These financial assets are carried at amortised cost unless otherwise stated.

## 12. TAX ASSETS (NET)

₹ in crores

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Tax assets</b>			
Advance income tax	1,414.02	1,188.42	984.10
Less : Provision for taxation	1,082.08	960.88	898.91
<b>Net</b>	<b>331.94</b>	<b>227.54</b>	<b>85.19</b>

## 13. OTHER ASSETS

₹ in crores

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Non-current</b>			
<b>Unsecured, considered good</b>			
Capital advances	215.79	336.59	181.13
Prepayment land leases*	246.89	249.56	185.62
Prepaid expenses	1.49	2.74	0.46
<b>Balance with government authorities</b>			
- Excise duty	43.81	43.78	45.84
- VAT/ sales tax	143.16	209.87	255.72
<b>Total</b>	<b>651.14</b>	<b>842.54</b>	<b>668.77</b>
<b>Current</b>			
<b>Unsecured, considered good</b>			
Prepayment land leases*	2.94	2.83	3.08
Prepaid expenses	44.34	35.78	28.85
Advance to suppliers	87.62	97.91	91.95
Other advances	2.14	3.80	3.53
<b>Balance with Government authorities</b>			
- Excise duty	111.55	132.52	281.83
- VAT/ sales tax	170.89	213.36	114.21
- Excise duty-current account	0.64	1.65	0.38
- Export incentive receivable	17.66	10.95	21.90
Accrual of Incentives from the State Governments	73.56	50.77	30.78
<b>Total</b>	<b>511.34</b>	<b>549.57</b>	<b>576.51</b>

\* Prepayment of land leases includes net value of leasehold land as under:



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in crores

	As at March 31, 2017		Net value
	Gross value	Accumulated Amortisation	
- Halol (Gujarat)	83.71	2.96	80.75
- Haridwar (Uttarakhand)	95.86	11.36	84.50
- Neemrana (Rajasthan)	13.10	1.53	11.57
- Kukas-Jaipur (Rajasthan)	78.36	5.35	73.01
<b>Total</b>	<b>271.03</b>	<b>21.20</b>	<b>249.83</b>

### 14. INVENTORIES

(lower of cost and net realisable value)

₹ in crores

Particulars	As at	As at	As at
	March 31, 2017	March 31, 2016	April 1, 2015
Raw materials and components	395.02	375.16	512.98
Goods in transit of raw materials and components	27.43	13.57	38.25
Work in progress (Two wheelers)	31.89	27.91	31.60
Finished goods			
Two wheelers	55.85	111.25	103.37
Goods in transit of two wheelers	-	-	2.76
Spare parts	42.91	54.66	44.21
Stores and spares	82.32	70.70	63.92
Loose tools	20.89	19.73	18.40
<b>Total</b>	<b>656.31</b>	<b>672.98</b>	<b>815.49</b>

-The cost of inventories recognised as an expense during the year was ₹ 20,784.49 crores (for 2015-16: ₹ 21,109.30 crores)

-Inventories of ₹ 48.29 crores (as at March 31, 2016 ₹ 45.25 crores as at April 1, 2015 ₹40.40 crores) are expected to be recovered after more than twelve months.

- The mode of valuation of inventories has been stated in note no. 3.12

### 15. TRADE RECEIVABLES

₹ in crores

Particulars	As at	As at	As at
	March 31, 2017	March 31, 2016	April 1, 2015
<b>Current</b>			
Secured, considered good	32.10	25.33	26.68
Unsecured - considered good	1,529.77	1,257.47	1,362.91
- considered doubtful	23.61	14.05	11.10
	<b>1,585.48</b>	<b>1,296.85</b>	<b>1,400.69</b>
Less: Impairment of Trade receivables	23.61	14.05	11.10
<b>Total</b>	<b>1,561.87</b>	<b>1,282.80</b>	<b>1,389.59</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated

₹ in crores

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Age of receivables</b>			
Within the credit period	1,113.92	834.62	893.74
Upto 6 months past due	442.18	442.73	480.52
More than 6 months past due	5.77	5.45	15.33
<b>Total</b>	<b>1,561.87</b>	<b>1,282.80</b>	<b>1,389.59</b>

The Company has used a practical expedient by computing the expected loss allowance for trade receivables based on historical credit loss experience and adjustments for forward looking information.

### 16. CASH AND CASH EQUIVALENTS

₹ in crores

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Cash on hand</b>	0.08	0.14	0.17
<b>Balances with banks</b>			
In current accounts	14.21	25.77	32.61
In deposit accounts	1.11	1.04	37.91
<b>Cash and cash equivalents</b>	<b>15.40</b>	<b>26.95</b>	<b>70.69</b>

### 17. OTHER BANK BALANCES

₹ in crores

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Balances with banks</b>			
In dividend current accounts (earmarked accounts)	89.97	74.89	61.28
In deposit accounts*	31.36	29.52	27.28
<b>Total</b>	<b>121.33</b>	<b>104.41</b>	<b>88.56</b>

\* 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 concerned bank. The Company has filed a recovery suit against the bank which is pending in honourable Delhi High Court. In the interim, the Bank has renewed the deposits for a period (along with interest earned thereon).

### 18. SHARE CAPITAL

#### a) Equity Share Capital

₹ in crores

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Authorised Equity share capital</b>			
250,000,000 (250,000,000) Equity shares of ₹ 2 each	50.00	50.00	50.00
	<b>50.00</b>	<b>50.00</b>	<b>50.00</b>
<b>Issued, subscribed and fully paid up</b>			
199,696,838 (as at March 31, 2016: 199,690,088 and as at April 1, 2015: 199,687,500) Equity shares of ₹ 2 each	39.94	39.94	39.94
<b>Total</b>	<b>39.94</b>	<b>39.94</b>	<b>39.94</b>

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to their shareholding.



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### (i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

Particulars	As at March 31, 2017		As at March 31, 2016	
	Nos.	₹ in crores	Nos.	₹ in crores
Opening Balance	199,690,088	39.94	199,687,500	39.94
Issued during the year - # Current year ₹ 13,500 (previous year ₹ 5,176)- ESOP (refer note 40)	6,750	#	2,588	#
Closing Balance	<b>199,696,838</b>	<b>39.94</b>	<b>199,690,088</b>	<b>39.94</b>

### (ii) Details of shareholders holding more than 5% equity shares in the Company:

Particulars	As at March 31, 2017		As at March 31, 2016	
	Nos.	% holding in the class	Nos.	% holding in the class
Late Brijmohan Lall Munjal * #	-	-	12,396,842	6.21%
Ms Renu Munjal *	9,309,019	4.66%	12,396,840	6.21%
Mr Suman Munjal *	9,309,019	4.66%	12,396,840	6.21%
Mr Pawan Munjal *	9,309,020	4.66%	12,396,840	6.21%
Mr Sunil Kant Munjal *	-	-	1,850,440	0.93%
M/S Bahadur Chand Investments (P) Ltd	39,943,238	20.00%	17,306,250	8.67%

Particulars	As at April 1, 2015	
	Nos.	% holding in the class
Late Brijmohan Lall Munjal * #	12,396,842	6.21%
Ms Renu Munjal *	12,396,840	6.21%
Mr Suman Munjal *	12,396,840	6.21%
Mr Pawan Munjal *	12,396,840	6.21%
Mr Sunil Kant Munjal *	1,850,440	0.93%
M/S Bahadur Chand Investments (P) Ltd	17,306,250	8.67%

\* Hold shares on behalf of Brijmohan Lall Om Prakash (partnership firm)

# Shares in the name of Late Brijmohan Lall Munjal were pending to be transferred to the legal representatives.

### (iii) Shares options granted under the Company's employee share option plan

Plan	Share Options Outstanding (In Nos.)			Expiry Date
	As at	As at	As at	
	March 31, 2017	March 31, 2016	April 1, 2015	
ESOP 2014	11,490	18,776	23,110	21-Oct-21
ESOP 2016	41,290	-	-	21-Aug-23
RSU 2016	11,194	-	-	21-Aug-23

Share options granted under the Company's employee share option plan carry no rights to dividend and no voting rights. Further details of the employee share option plan are provided in Note 40.

### b) Preference share capital

₹ in crores

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Authorised Preference share capital</b>			
4,00,000 (4,00,000) Cumulative convertible preference shares of ₹ 100 each	4.00	4.00	4.00
4,00,000 (4,00,000) Cumulative redeemable preference shares of ₹ 100 each	4.00	4.00	4.00
<b>Total</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>

Note: The Company has not issued preference share capital

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## 19. OTHER EQUITY

₹ in crores

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital reserves	#	#	#
Share premium account	3.13	0.87	-
General reserve	2,645.79	2,645.79	2,395.79
Share options outstanding account	3.90	1.29	0.67
Retained earnings	7,418.53	6,146.52	4,921.06
<b>Total</b>	<b>10,071.35</b>	<b>8,794.47</b>	<b>7,317.52</b>

₹ in crores

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>A. Capital Reserves</b>		
On shares forfeited (#₹ 4,250)	#	#
Share premium account on forfeited shares reissued (##₹ 25,500)	##	##
<b>B. Share premium Account</b>		
Opening balance	0.87	-
Add: Premium on equity shares issued @	2.26	0.87
<b>Closing balance</b>	<b>3.13</b>	<b>0.87</b>

@ Addition in share premium account represents premium @ ₹ 2,157 per equity share (Previous year @ ₹ 2,157) amounting to ₹1.45 crores (previous year ₹ 0.56 crore) and ₹0.81 crore (Previous year ₹ 0.31 crore) transferred from share option outstanding account on 6,750 equity shares (Previous year 2,588 equity shares) issued and allotted during the year under ESOP schemes. The Company can utilize the same for the purpose of buy back of shares or issue of bonus shares as decided by the management.

**C. General Reserve**

Opening balance	2,645.79	2,395.79
Add: Amount transferred from retained earnings	-	250.00
<b>Closing balance</b>	<b>2,645.79</b>	<b>2,645.79</b>

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not reclassified subsequently to profit or loss.

**D. Share options outstanding account**

Opening balance	1.29	0.67
Add: Net charge during the year	3.42	0.93
Less: Transferred to share premium on issue of shares	(0.81)	(0.31)
<b>Closing balance</b>	<b>3.90</b>	<b>1.29</b>

This relates to share options granted by the Company to its employees under its employee share options plan. Further information about share based payments to employees is set out in note 40.

**E. Retained earnings**

Opening balance	6,146.52	4,921.06
Add: Profit for the year	3,377.12	3,160.19
Other Comprehensive income arising from remeasurement of defined benefit obligation net of income tax	(14.08)	(2.37)
Less: Final dividend year 2015-16 (amount per share ₹ 32 (₹ 30.0))	639.01	599.06
Less: Interim dividend year 2016-17 (amount per share ₹ 55 (₹ 40))	1,098.33	798.75
Less: Tax on dividend	353.69	284.55
Less: Transferred to general reserve	-	250.00
<b>Balance at end of year</b>	<b>7,418.53</b>	<b>6,146.52</b>





## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

In respect of the year ended March 31, 2017, the directors propose that a final dividend of ₹ 30 per share be paid on fully paid equity shares. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as liability in these financial statements. The proposed equity dividend is payable to all holders of fully paid equity shares. The total estimated equity dividend to be paid is ₹ 721.05 crores (including dividend distribution tax thereon of ₹ 121.96 crores).

### 20. PROVISIONS

Particulars	₹ in crores		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Non-current</b>			
Employee benefits (i)			
Accumulated leaves	12.55	12.39	9.56
Other employee benefits	3.30	3.06	-
<b>Sub-total (A)</b>	<b>15.85</b>	<b>15.45</b>	<b>9.56</b>
Warranties (Refer note (ii) below)	59.45	52.15	35.36
<b>Sub-total (B)</b>	<b>59.45</b>	<b>52.15</b>	<b>35.36</b>
<b>Total (A+B)</b>	<b>75.30</b>	<b>67.60</b>	<b>44.92</b>
<b>Current</b>			
Employee benefits (i)			
Accumulated leaves	3.42	3.32	2.79
Other employee benefits	0.18	0.23	-
<b>Sub-total (A)</b>	<b>3.60</b>	<b>3.55</b>	<b>2.79</b>
Warranties (Refer note (ii) below)	35.41	26.11	17.88
<b>Sub-total (B)</b>	<b>35.41</b>	<b>26.11</b>	<b>17.88</b>
<b>Total (A+B)</b>	<b>39.01</b>	<b>29.66</b>	<b>20.67</b>

(i) The provision for employee benefits includes sick leave and vested long service reward. The increase in the carrying amount of the provision for the current year results from increase in the number of employees, period of service, salary cost etc.

(ii) Movement in warranties provision

	₹ in crores	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening balance	78.26	53.24
Additions during the year	68.03	58.84
Amount utilised during the year	(55.31)	(36.56)
Unwinding of discount on provisions	3.88	2.74
Closing balance	94.86	78.26

The provision for warranty claims represents the present value as best estimate of the future economic benefits that will be required under the Company's obligations for warranties. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

### 21. DEFERRED TAX (ASSETS)/ LIABILITIES (NET)

Particulars	₹ in crores		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Deferred tax liabilities on</b>			
Property, plant and equipments & intangible assets	381.88	230.75	-
Financial assets carried at fair value through profit or loss	77.53	33.02	24.68
Others	17.38	16.48	10.98
<b>Sub-total (A)</b>	<b>476.79</b>	<b>280.25</b>	<b>35.66</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in crores

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Less: Deferred tax assets on</b>			
Property, plant and equipments & intangible assets	-	-	70.92
Accrued expenses deductible on payment	6.66	6.60	4.27
Deferred revenue	47.62	46.26	46.64
Others	8.17	4.86	3.84
<b>Sub-total (B)</b>	<b>62.45</b>	<b>57.72</b>	<b>125.67</b>
<b>Total (A-B)</b>	<b>414.34</b>	<b>222.53</b>	<b>(90.01)</b>

## Movement of Deferred tax (assets)/ liabilities

₹ in crores

Particulars	For the Year ended March 31, 2017			
	Opening Balance	Recognised in profit and Loss	Recognised in Other comprehensive income	Closing Balance
<b>Deferred tax liabilities on</b>				
Property, plant and equipments & intangible assets	230.75	151.13	-	381.88
Financial assets carried at fair value through profit or loss	33.02	44.51	-	77.53
Others	16.48	0.90	-	17.38
<b>Less: Deferred tax assets on</b>				
Accrued expenses deductible on payment	6.60	0.06	-	6.66
Deferred revenue	46.26	1.36	-	47.62
Remeasurement of Defined Benefit Obligations	-	(7.45)	7.45	-
Others	4.86	3.31	-	8.17
<b>Deferred tax liabilities (net)</b>	<b>222.53</b>	<b>199.26</b>	<b>(7.45)</b>	<b>414.34</b>

₹ in crores

Particulars	For the Year ended March 31, 2016			
	Opening Balance	Recognised in profit and Loss	Recognised in Other comprehensive income	Closing Balance
<b>Deferred tax liabilities on</b>				
Property, plant and equipments & intangible assets	(70.92)	301.67	-	230.75
Financial assets carried at fair value through profit or loss	24.68	8.34	-	33.02
Others	10.98	5.50	-	16.48
<b>Less: Deferred tax assets on</b>				
Accrued expenses deductible on payment	4.27	2.33	-	6.60
Deferred revenue	46.64	(0.38)	-	46.26
Remeasurement of Defined Benefit Obligations	-	(1.26)	1.26	-
Others	3.84	1.02	-	4.86
<b>Deferred tax liabilities/ (assets) (Net)</b>	<b>(90.01)</b>	<b>313.80</b>	<b>(1.26)</b>	<b>222.53</b>

## 22. TRADE PAYABLES

₹ in crores

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Total outstanding dues of micro enterprises and small enterprises			
Dues to micro and small enterprises (refer note below)			
Total outstanding dues of creditors other than micro enterprises and small enterprises			
Other trade payables	3,247.27	2,650.56	2,587.22
<b>Total</b>	<b>3,247.27</b>	<b>2,650.56</b>	<b>2,587.22</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

- (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.
- (ii) Due 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.

### 23. OTHER FINANCIAL LIABILITIES

Particulars	₹ in crores		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Current</b>			
Capital creditors	200.34	136.24	141.84
Security deposits dealers and others	62.44	54.56	51.61
Unclaimed dividend *	89.99	74.90	61.29
<b>Total</b>	<b>352.77</b>	<b>265.70</b>	<b>254.74</b>

\* Does not include any amount outstanding as at March 31, 2017 which are required to be credited to Investor Education and Protection Fund.

### 24. OTHER LIABILITIES

Particulars	₹ in crores		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Current</b>			
Statutory remittances (contributions to PF and ESIC, withholding taxes, excise duty, VAT, service tax, etc.)	106.43	120.62	119.10
Advance from customers	78.31	107.80	81.36
Deferred revenue	264.73	255.56	254.40
Others	4.81	18.42	18.63
<b>Total</b>	<b>454.28</b>	<b>502.40</b>	<b>473.49</b>

### 25. REVENUE FROM OPERATIONS (GROSS)

Particulars	₹ in crores	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>(a) Sale of products</b>		
Two wheelers (66,64,240 Nos includes components exported equivalent to 16 nos of two wheelers (previous year 66,32,322 Nos.))	27,780.34	27,790.10
Spare parts	2,548.49	2,468.86
	<b>30,328.83</b>	<b>30,258.96</b>
<b>(b) Income from services</b>		
Dealers support services	27.34	26.55
Goodlife program for customers	51.59	58.40
Services - others	132.91	117.58
	<b>211.84</b>	<b>202.53</b>
<b>(c) Other operating revenue</b>		
Duty drawback and other incentives	21.85	22.18
Incentive on investment from State Government	266.43	213.29
Miscellaneous income	17.17	3.92
	<b>305.45</b>	<b>239.39</b>
<b>Total</b>	<b>30,846.12</b>	<b>30,700.88</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 26. OTHER INCOME

Particulars	₹ in crores	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>(a) Interest income on financial assets carried at amortised cost</b>		
Tax free bonds, debentures and other instruments classified as debt	36.48	41.02
Deposit with bank and others	120.41	122.51
<b>(b) Dividend income</b>		
Dividend received on investments carried at fair value through profit or loss	37.98	7.18
Dividend income from trade investment in an associate company	3.83	4.38
<b>(c) Profit on sale of investments *</b>	137.85	204.54
<b>(d) Gain on investments carried at fair value through profit or loss</b>	179.25	28.42
<b>(e) Other non-operating income</b>		
Exchange gain on foreign currency forward and option contracts	-	3.41
Other Exchange fluctuation (net)	6.17	10.46
Profit on sale of property, plant and equipments	0.46	0.51
<b>Total</b>	<b>522.43</b>	<b>422.43</b>

\*After adjusting loss on sale of current investments aggregating ₹ 0.05 crore (previous year ₹ 0.03 crore)

### 27. COST OF MATERIALS CONSUMED

Particulars	₹ in crores	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Raw materials and components consumed:</b>		
<b>Opening stock</b>	388.73	551.23
Add: Purchase of raw materials and components	19,057.14	19,246.60
	19,445.87	19,797.83
Less: closing stock	422.45	388.73
	<b>19,023.42</b>	<b>19,409.10</b>
Less: - Sale of components to ancillaries on cost to cost basis	0.96	1.76
	<b>19,022.46</b>	<b>19,407.34</b>
Less: Cash discount	48.35	59.64
Consumption of raw materials and components	18,974.11	19,347.70
Less: Scrap sales	25.47	25.98
<b>Net consumption</b>	<b>18,948.64</b>	<b>19,321.72</b>

### 28. CHANGES IN INVENTORY OF FINISHED GOODS AND WORK-IN-PROGRESS

Particulars	₹ in crores	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>(a) Opening stock</b>		
Two wheelers	111.25	106.13
Spare parts	54.66	44.21
Work in progress	27.91	31.60
	193.82	181.94
<b>(b) Closing stock</b>		
Two wheelers	55.85	111.25
Spare parts	42.91	54.66
Work in progress	31.89	27.91
	130.65	193.82
<b>Net (increase)/ decrease</b>	<b>63.17</b>	<b>(11.88)</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 29. EMPLOYEE BENEFITS EXPENSES

₹ in crores

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Employee benefits expenses</b>		
(i) Salaries and wages	1,207.55	1,164.94
(ii) Contribution to provident and other funds	105.53	78.13
(iii) Employee Stock Compensation Cost (refer note no 40)	3.42	0.93
(iv) Staff welfare expenses	79.51	71.93
<b>Total</b>	<b>1,396.01</b>	<b>1,315.93</b>

#### EMPLOYEE BENEFIT PLANS

The details of various employee benefits provided to employees are as under:

##### A. Defined Contribution and other plans

₹ in crores

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
a) Employer's contribution to provident fund	52.72	43.84
b) Employer's contribution to superannuation fund	18.72	17.95
c) Employer's contribution to gratuity fund	31.07	13.61
d) Employer's contribution to ESIC	3.02	2.73
	<b>105.53</b>	<b>78.13</b>

##### B. Defined benefit plans:

In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity, as defined benefit plan. The gratuity plan provides for a lump sum 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 with whom the plan assets are maintained.

These plans typically expose the Company to actuarial risks such as: investment risk, inherent interest rate risk, longevity risk and salary risk

Investment Risk	The present value of the defined benefit plan liability (denominated in Indian Rupee) is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. Currently for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.
Interest Rate Risk	The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase
Longevity Risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary Risk	Higher than expected increases in salary will increase the defined benefit obligation

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at March 31, 2017 by Mr. Ritobrata Sarkar (Membership no. 5394), Fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost, were measured using the projected unit credit method.

The principal assumption used for the purpose of the actuarial valuations were as follows:-

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	Gratuity	Gratuity	Gratuity
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Principal assumptions:</b>			
Discount rate	7.20%	7.90%	8.00%
Future salary increase	6.00% p.a. for first two years and 5% thereafter	6.00% p.a. for first four years and 5% thereafter	6.00% p.a. for first four years and 5% thereafter
Retirement age	58 years	58 years	58 years
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%
In service mortality	Indian Assured Lives Mortality Ult. (2006-08)	Indian Assured Lives Mortality Ult. (2006-08)	Indian Assured Lives Mortality Ult. (2006-08)

Amounts recognized in statement of profit and loss in respect of this defined benefit plan are as follows :-

Particulars	₹ in crores	
	For the year ended March 31, 2017 Gratuity	For the year ended March 31, 2016 Gratuity
<b>Service cost</b>		
Current service cost	10.76	10.53
Net Interest expense/(income)	(1.22)	(0.55)
Components of defined benefit costs recognized in profit or loss	9.54	9.98
<b>Remeasurement on the net defined benefit liability:</b>		
Return on plan assets (excluding amounts included in net interest expense)	0.81	(0.65)
Actuarial (gains)/ losses arising from changes in financial assumptions	10.06	1.20
Actuarial (gains)/ losses arising from experience adjustments	10.66	3.08
<b>Components of defined benefit costs recognized in other comprehensive income</b>	21.53	3.63
<b>Total</b>	<b>31.07</b>	<b>13.61</b>

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

Particulars	₹ in crores		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Present Value of funded defined benefit obligation	202.13	167.32	148.48
Fair value of plan assets	202.13	167.32	148.48
<b>Net liability arising from defined benefit obligation</b>	<b>-</b>	<b>-</b>	<b>-</b>

Movements in the present value of the defined benefit obligation are as follows :-

Particulars	₹ in crores	
	For the year ended March 31, 2017 Gratuity	For the year ended March 31, 2016 Gratuity
Opening defined obligation	167.32	148.48
Current service cost	10.76	10.53
Interest cost	12.84	11.57
Remeasurement (gains)/losses:		
Actuarial (gains)/ losses arising from changes in financial assumptions	10.06	1.20
Actuarial (gains)/ losses arising from experience adjustments	10.66	3.08
<b>Benefits paid</b>	<b>(9.51)</b>	<b>(7.54)</b>
<b>Closing defined benefit obligation</b>	<b>202.13</b>	<b>167.32</b>





## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Movements in the fair value of the plan assets are as follows

₹ in crores

	Gratuity	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening fair value of plan assets	167.32	148.48
Interest income	14.06	12.12
<b>Remeasurement gain/(loss):</b>		
Return on plan assets (excluding amounts included in net interest expense)	(0.81)	0.65
Contribution	31.07	13.61
Benefit paid	(9.51)	(7.54)
Closing fair value of plan assets	<b>202.13</b>	<b>167.32</b>

The Company makes annual contribution to Life Insurance Contribution (LIC). As LIC does not disclose the composition of its portfolio investments, break-down of plan investments by investment type is not available to disclose.

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the year, while holding all other assumptions constant.

- If the discount rate is 50 basis points higher (lower), the defined benefit obligation would decrease by ₹ 7.27 crores (increase by ₹ 7.78 crores) ( as at March 31, 2016: Decrease by ₹ 5.89 crores (increase by ₹ 6.29 crores))(as at April 1, 2015: decrease by ₹ 5.22 crores (increase by ₹5.58 crores)).

- If the expected salary growth increases (decreases) by 0.5%, the defined benefit obligation would increase by ₹7.89 crores (decrease by ₹ 7.44 crores) ( as at March 31, 2016: increase by ₹ 6.42 crores (decrease by ₹ 6.05 crores))(as at April 1, 2015: increase by ₹ 5.69 crores (decrease by ₹5.37 crores)).

Sensitivities due to change in mortality rate and change in withdrawal rate are not material and hence impact of such change is not calculated.

### Sensitivity Analysis

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of reporting year, which is same as that applied in calculating the defined benefit obligation liability recognized in the balance sheet.

### Asset-Liability Matching Study

There is no (deficit)/Surplus of liability and funds, hence asset liability matching study not performed.

### Maturity profile of defined benefit obligation

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Average duration of the defined benefit obligation (in years)	9.4 years	9 years	9 years

The Company expects to make a contribution of ₹ 23.15 crore (as at March 31, 2016 ₹ 10.80 crore, as at April 1, 2015 ₹ 9.98 crores) to the defined benefit plans during the next financial year.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 30. FINANCE COSTS

₹ in crores

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest expenses		
On dealers security deposits	1.99	1.97
On others	0.18	0.18
Unwinding of discount on provisions	3.88	2.74
<b>Total</b>	<b>6.05</b>	<b>4.89</b>

### 31. OTHER EXPENSES

₹ in crores

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Stores and tools consumed	90.74	103.08
(Increase)/decrease of excise duty on finished goods	(7.37)	5.06
Packing, forwarding, freight etc.	958.41	866.58
Power and fuel	112.62	122.13
Rent	35.55	33.24
Lease rent	30.91	30.77
Repairs and maintenance		
- Buildings	19.36	18.12
- Plant and machinery	94.48	78.61
- Others	7.40	4.98
Insurance charges	44.89	47.57
Rates and taxes	219.42	221.97
Royalty	18.44	78.89
Advertisement and publicity	767.45	725.40
Donations#	0.72	1.64
Expenditure on corporate social responsibility	85.14	65.00
Exchange loss on foreign currency forward and option contracts	1.78	-
Payment to auditors	2.23	2.14
Loss on property, plant and equipments sold/discarded	9.08	26.10
Provision for doubtful debts	9.56	2.95
Bad debts written off	6.70	-
Miscellaneous expenses	924.85	927.73
<b>Total</b>	<b>3,432.36</b>	<b>3,361.96</b>

# Donation includes ₹ Nil (previous year ₹ 0.10 crores) to a political party All India Congress Committee.

### Payment to auditors

₹ in crores

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
a) As Statutory Audit		
- Audit fee	0.92	0.92
- Audit fee for Internal Control Over Financial Reporting	0.15	0.15
- Limited Review of unaudited financial results	0.72	0.66
- Other certifications	0.36	0.32
b) Tax audit fees	0.07	0.07
c) Out of pocket expenses	0.01	0.02
	<b>2.23</b>	<b>2.14</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 32. INCOME TAX EXPENSE

#### (a) Income tax expense recognised in Statement of profit and loss

Particulars	₹ in crores	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Current Tax:</b>		
In respect of the current year	1082.08	960.88
<b>Deferred Tax</b>		
In respect of the current year	199.26	313.80
<b>Total income tax expense recognised in statement of profit and loss</b>	<b>1,281.34</b>	<b>1,274.68</b>

#### (b) Income Tax on Other Comprehensive Income

Particulars	₹ in crores	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Deferred Tax Benefit</b>		
Arising on income and expenses recognised in other comprehensive income:		
Remeasurement of Defined Benefit Obligations	(7.45)	(1.26)
<b>Total income tax expense recognised in other comprehensive income</b>	<b>(7.45)</b>	<b>(1.26)</b>

#### (c) The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	₹ in crores	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Profit Before tax</b>	<b>4,658.46</b>	<b>4,434.87</b>
Income tax expense calculated at 34.608% (2015-16: 34.608%)	1,612.20	1,534.82
Effect of deduction under section 80IC of the Income tax Act, 1961	(179.01)	(189.25)
Additional deduction on research and product development cost	(124.09)	(41.65)
Additional deduction for investment allowance under Section 32 AC of the Income tax Act, 1961	(28.94)	(23.10)
Effect of income exempt/ taxed on lower rate	(30.68)	(29.93)
Others	31.86	23.79
<b>Income Tax recognised in profit or loss</b>	<b>1,281.34</b>	<b>1,274.68</b>

### 33. EARNINGS PER SHARE\*

Particulars	₹ in crores	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Basic earnings per share (in ₹)	169.12	158.26
Diluted earnings per share (in ₹)	169.12	158.26
The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows.		
Profit for the year, per statement of profit and loss (₹ in crores)	<b>3,377.12</b>	<b>3,160.19</b>
Weighted average number of equity shares for the purposes of basic/diluted earnings per share (in Nos)	<b>199,691,747</b>	<b>199,687,528</b>

\*Impact of ESOP is anti dilutive.

### 34. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

Particulars	₹ in crores		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>a) Contingent liabilities</b>			
In respect of excise matters	104.47	-	4.09
The above matters are subject to legal proceedings in the ordinary course of business. The legal proceeding when ultimately concluded will not, in the opinion of management, have a material effect on the result of operations or the financial position of the Company.			

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	₹ in crores		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>b) Commitments</b>			
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances paid amounting to ₹215.79 crores (March 31, 2016 ₹ 336.59 crores; April 1, 2015 ₹ 181.13 crores))	376.21	650.44	812.33
Other commitments (refer note below)			

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, employee's 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 might have material impact on the financial statements.

- 35.** The Company primarily operates in the automotive segment. The automotive segment includes all activities related to development, design, manufacture, assembly and sale of vehicles, as well as sale of related parts and accessories.

The board of directors of the Company, which has been identified as being the chief operating decision maker (CODM), evaluates the Company's performance, allocate resources based on the analysis of the various performance indicator of the Company as a single unit. Therefore, there is no reportable segment for the Company as per the requirement of IND AS 108 "Operating Segments".

Geographical Locations: The Geographical segments have been considered for disclosure as the secondary segment, under which the domestic segment includes sales to customers located in India and overseas segment includes sales to customer located outside India.

Revenue from Operations	₹ in crores		
	Domestic	Overseas	Total
2016-17	30,264.77	581.35	30,846.12
2015-16	29,922.72	778.16	30,700.88

- a) Domestic segment includes sales and services to customers located in India.  
 b) Overseas segment includes sales and services rendered to customers located outside India.  
 c) There are no material non-current assets located outside India.  
 d) The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. Revenue from operations have been allocated to segments on the basis of their relationship to the operating activities of the segment.

### 36. RELATED PARTY DISCLOSURES UNDER IND AS 24

#### A. Parties in respect of which the Company is an associate

Brijmohan Lall Om Prakash (Partnership firm)

#### B. Parties over which the Company has control

##### Subsidiaries

HMCL (NA) Inc., USA  
 HMCL Americas Inc. USA (w.e.f June 26, 2015)  
 HMCL Netherlands BV  
 HMC MM Auto Limited

##### Subsidiaries of HMCL Netherlands BV

- HMCL Colombia SAS  
 - HMCL Niloy Bangladesh Limited

##### Associate of the Company

Hero FinCorp Limited  
 Ather Energy Private Limited (w.e.f January 03, 2017)



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 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 (up to August 16, 2016)
Mr. Suman Kant Munjal	- Director
Mr. Vikram Sitaram Kasbekar	- Whole Time Director (w.e.f August 8, 2016)
Mr. Ravi Sud	- Chief Financial Officer (Upto March 31, 2017)
Mr. Ilam C Kamboj	- Company Secretary (upto April 2, 2016)
Ms. Neerja Sharma	- Company Secretary (w.e.f August 8, 2016)

### Non Executive and Independent Directors

Mr. Pradeep Dinodia
Gen.(Retd) Ved Prakash Malik
Dr. Pritam Singh
Mr. M.Damodaran
Mr. Ravi Nath
Dr Anand C. Burman
Ms. Shobana Kamineni
Mr. Paul Edgerley

### Enterprises over which key management personnel and their relatives are able to control:

A.G. Industries Private Limited, A.G Industries (Bawal) Pvt Limited, Rockman Industries Limited, Cosmic Kitchen Private Limited, Hero Management Services Private Limited, Hero Mindmine Institute Private Limited, Hero Solar Energy Private Limited, BML University, Serendepity Arts & Trust and Raman Kant Munjal Foundation

### List of other related parties- Post employment benefit plan of the Company

Hero MotoCorp Limited Employees' Gratuity Fund Trust

Hero MotoCorp Limited Employees' Superannuation Fund Trust

Refer Note 29 of information on transaction with the above mentioned post employment benefits plan.

### Transactions with the above related parties:

Particulars	₹ in crores	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>a) Parties in respect of which the Company is an associate</b>		
<b>Dividend paid</b>		
Brijmohan Lall Om Prakash (Partnership firm)	346.85	360.06
<b>b) Parties over which the Company has control Investment in equity instruments during the year</b>		
<b>Subsidiaries</b>		
HMCL Americas Inc	-	22.22
HMCL Netherlands BV	50.79	40.74
HMC MM Auto Limited	6.60	3.60
<b>Sales</b>		
HMCL Colombia SAS	65.21	124.83
HMCL Niloy Bangladesh Limited	5.90	-
<b>Other revenues</b>		
HMCL Colombia SAS	3.26	1.66
<b>Purchases of goods/property, plant and equipment</b>		
HMC MM Auto Limited	19.01	0.07
HMCL Americas Inc.	-	18.50
<b>Expenses reimbursed</b>	3.51	9.75
HMCL Colombia SAS		
Balance outstanding at the year end		

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in crores

Particulars	As at	As at	As at
	March 31, 2017	March 31, 2016	April 1, 2015
<b>-Receivable</b>			
HMCL Colombia SAS	11.88	7.92	20.43
HMCL Niloy Bangladesh Limited	5.90	-	-
<b>- Payable</b>			
HMC MM Auto Limited	3.49	0.07	0.03
HMCL Americas Inc.	-	18.50	-

## c) Associate of the Company

₹ in crores

Particulars	For the year ended	For the year ended
	March 31, 2017	March 31, 2016
<b>Hero FinCorp Limited</b>		
Lease rental expenses	25.91	24.67
Dividend received	3.83	4.38
Dividend paid	0.01	0.01
Investment in equity instruments during the year	36.40	197.19
Expenses reimbursed	9.85	16.14
Rent received	0.05	0.05
<b>Ather Energy Private Limited</b>		
Investment in equity instruments during the year	180.52	-

## Balance outstanding at the year end

₹ in crores

Particulars	As at	As at	As at
	March 31, 2017	March 31, 2016	April 1, 2015
<b>- Payable</b>			
Hero FinCorp Limited	8.04	0.57	1.72

## d) Key management personnel and their relative.

₹ in crores

Particulars	For the year ended	For the year ended
	March 31, 2017	March 31, 2016
<b>Managerial Remuneration/Sitting fees</b>		
Mr. Brijmohan Lall Munjal	-	17.29
Mr. Pawan Munjal	59.48	56.96
Mr. Sunil Kant Munjal	22.02	54.11
Mr. Vikram Sitaram Kasbekar	2.28	-
Mr. Suman Kant Munjal	0.18	0.24
Mr. Ravi Sud	6.93	3.81
Ms Neerja Sharma	0.97	-
Mr. Ilam C Kamboj	1.74	1.06
<b>Commission/Sitting fees to Non Executive and Independent Directors</b>		
Mr. Pradeep Dinodia	0.92	0.86
Gen.(Retd) Ved Prakash Malik	0.81	0.73
Dr. Pritam Singh	0.70	0.68
Mr. M.Damodaran	0.81	0.76
Mr. Ravi Nath	0.50	0.36
Dr Anand C. Burman	0.12	0.19
MS. Shobana Kamine	0.09	0.21
Mr. Paul Edgerley	0.17	-





## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Balance outstanding at the year end

Particulars	₹ in crores		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
-Payables (including commission)	66.23	100.90	105.10

Category-wise break up of compensation to key management personnel during the year is as follows:

Particulars	₹ in crores	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Managerial remuneration*</b>		
Short-term benefits	91.24	111.66
Post-employment benefits	2.13	3.22
<b>Share-based payments</b>	0.04	-

\* Does not include provisions for incremental gratuity and leave encashment liabilities, since the provisions are based on actuarial valuations for the Company as a whole.

### e) Enterprises over which key management personnel and their relatives are able to exercise control

Particulars	₹ in crores	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Purchase of raw materials and components etc.	2488.57	2453.51
Purchase of property, plant and equipment	36.38	31.65
Payment towards services etc.	2.09	2.45
Expenditure towards Corporate Social Responsibility (CSR)	35.36	34.55

### Balance outstanding at the year end

Particulars	₹ in crores		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
- Receivable	-	0.15	1.01
- Payables	269.38	275.23	272.91

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

Particulars	₹ in crores	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Purchase of raw materials and components etc.</b>		
A .G. Industries Private Limited	520.43	560.89
Rockman Industries Limited	1793.70	1824.01
<b>Purchase of property, plant and equipment</b>		
Rockman Industries Limited	23.76	21.03
A.G. Industries Private Limited	0.50	-
Hero Solar Energy Private Limited	12.12	10.61
<b>Payment for services etc.</b>		
Hero Management Services Private Limited	0.52	0.67
Hero Mindmine Institute Private Limited	1.57	1.78
<b>CSR</b>		
Raman Kant Munjal Foundation	1.45	7.50
BML University	33.67	27.05
Serendepity Arts & Trust	0.24	-

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Significant closing balances of related parties are as under:-

Particulars	₹ in crores		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
- Payables			
A.G. Industries Private Limited	18.41	27.75	46.00
Rockman Industries Limited	247.29	238.31	218.67

### 37. DISCLOSURE IN RESPECT OF OPERATING LEASES:

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 ₹ 66.46 crores (previous year ₹ 64.01 crores) have been charged under "Lease rentals" and "Rent" in Note 31.

Particulars	₹ in crores		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Not later than one year	10.99	16.27	16.27
Later than one year and not later than five years	1.73	12.29	28.13
Later than five years	32.25	32.69	33.12

38. 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, 2017, 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	457.33	228.97	2008-09 to 2012-13	High court
		650.70	345.12	2000-2001 and 2002-2015	CESTAT
		0.98	0.04	2009-10	Commissioner Appeals
	Service Tax	0.89	0.45	2004-05 and 2005-06	Supreme Court
		235.08	23.32	2004-05 to 2012-13, 2014-15	CESTAT
Income Tax Act, 1961	Income-tax	3300.38	528.44	2011-12	Income Tax Appellant Tribunal
		0.06	-	2004-05	Commissioner of Income Tax (Appeals)

\* 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	1.19	2004-05 to 2010-11	CESTAT
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
		14.28	2001-02, 2003-04, 2005-06 and 2007-08	Income Tax Appellate Tribunal



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 39. RESEARCH AND DEVELOPMENT EXPENSES:

#### Expenses charged to revenue account

Particulars	₹ in crores	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Raw Material consumption	1.42	1.24
Consumables	1.68	0.05
Employee benefits	117.07	90.57
Depreciation and amortisation	49.00	17.31
Others*	255.54	170.07
<b>Total</b>	<b>424.71</b>	<b>279.24</b>

\* Includes intangible asset under development amounting to ₹ 161.74 crores (previous year ₹82.89 crores) expensed off during the year.

Capital expenditure	₹ in crores	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Building	61.28	385.27
Equipments	132.85	272.40
Furniture and fixtures	5.57	1.51
Software	3.49	-
Vehicles	4.65	3.32
Data processing equipments	4.57	10.49
	<b>212.41</b>	<b>672.99</b>
Capital work in progress	63.97	83.63
<b>Total</b>	<b>276.38</b>	<b>756.62</b>

### 40. SHARE-BASED PAYMENTS

#### Employee Stock Option/RSU Plan

The Employee Stock Options 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 of the Company through postal ballot on September 22, 2014. The Scheme covered 49,90,000 options/ restricted units for 49,90,000 equity shares. The Scheme allows the issue of options/restricted stock units (RSU) to employees of the Company which are convertible to one equity share of the Company. As per the Scheme, the Nomination and Remuneration Committee grants the options/RSU to the employees deemed eligible. The options and RSU granted vest over a period of 4 and 3 years respectively from the date of the grant in proportions specified in the respective ESOP Plans. Options/RSU may be exercised by the employees after vesting period within 7 years from the date of grant. The fair value as on the date of the grant of the options/RSU, representing Stock compensation charge, is expensed over the vesting period.

#### Details of the Stock Option/ RSU issued under the Scheme

Plan	Number of Options/ RSU	Grant date	Expiry date	Exercise Price ₹	Weighted Average Fair value of the Options at grant date ₹
ESOP 2014	23,110	22-Oct-14	21-Oct-21	2,159	1,228
ESOP 2016	41,290	22-Aug-16	21-Aug-23	2,469	1,324
RSU 2016	11,194	22-Aug-16	21-Aug-23	2	3,290

#### Fair value of share options/ RSU granted during the year

The fair value of options/RSU granted is estimated using the Black Scholes Option Pricing Model after applying the key assumption which are tabulated below. The expected volatility has been calculated using the daily stock returns on NSE, based on expected life options/RSU of each vest. The expected life of share option is based on historical data and current expectation and not necessarily indicative of exercise pattern that may occur.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Inputs in to the pricing model	Option Plan	
	ESOP 2016	RSU 2016
Weighted Average Fair value of option/RSU	1,324	3,290
Weighted Average share price	3,292	3,292
Exercise price	2,469	2
Expected volatility	27.33%-27.48%	109.63%-118.58%
Option life	7 Years	7 Years
Dividend yield	2.87%	2.87%
Risk-free interest rate	7.02%-7.12%	7.02%-7.09%

### Movements in share options during the year

	For the year ended March 31, 2017		For the year ended March 31, 2016	
	Number of Options	Weighted average exercise price ₹	Number of Options	Weighted average exercise price ₹
Outstanding at the beginning of the year	18,776	2,159	23,110	2,159
Granted during the year	41,290	2,469	-	-
Forfeited during the year	536	2,159	1,746	2,159
Exercised during the year	6,750	2,159	2,588	2,159
Expired during the year	-	-	-	-
<b>Outstanding at the end of year</b>	<b>52,780</b>	<b>2,402</b>	<b>18,776</b>	<b>2,159</b>
<b>Exercisable at the end of year</b>	<b>960</b>	<b>2,159</b>	<b>480</b>	<b>2,159</b>

### Movements in RSU during the year

	For the year ended March 31, 2017		For the year ended March 31, 2016	
	Number of RSU	Weighted average exercise price ₹	Number of RSU	Weighted average exercise price ₹
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	11,194	2	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
<b>Outstanding at the end of year</b>	<b>11,194</b>	<b>2</b>	<b>-</b>	<b>-</b>
<b>Exercisable at the end of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Share options exercised during the year

Option Plan	No. of options exercised	Weighted Share price at exercise date ₹
ESOP 2014	6,750	3107.55

### Share options/RSU outstanding at end of the year

Options/ RSU Plans	Options outstanding as at March 31, 2017	Options outstanding as at March 31, 2016	Remaining contractual life (in Years) as on March 31, 2017	Remaining contractual life (in Years) as on March 31, 2016	Exercise Price ₹
ESOP 2014	11,490	18,776	4.56	5.56	2159
ESOP 2016	41,290	-	6.39	-	2469
RSU 2016	11,194	-	6.39	-	2
<b>Total</b>	<b>63,974</b>	<b>18,776</b>			

During the year ended March 31, 2017, the Company recorded an employee stock compensation expense of ₹ 3.42 crores (previous year ₹ 0.93 crore) in the Statement of Profit and Loss.



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 41. FINANCIAL INSTRUMENTS

#### 41.1 Capital Management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through efficient allocation of capital towards expansion of business, optimisation of working capital requirements and deployment of surplus funds into various investment options. The Company does not have debts and meets its capital requirement through equity.

The Company is not subject to any externally imposed capital requirements

The management of the Company reviews the capital structure of the Company on regular basis. As part of this review, the Board considers the cost of capital and the risks associated with the movement in the working capital.

The following table summarizes the capital of the Company:

Particulars	₹ in crores		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Share capital	39.94	39.94	39.94
Equity reserves	10,071.35	8,794.47	7,317.52
<b>Total Equity</b>	<b>10,111.29</b>	<b>8,834.41</b>	<b>7,357.46</b>

Categories of financial instruments	₹ in crores		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Financial assets</b>			
<b>Financial assets at fair value through profit or loss</b>			
Non-current			
Investments	236.06	152.50	192.10
Current			
Investments	4,419.80	3,399.67	2,470.21
Derivative instruments carried at fair value	4.42	6.20	2.79
<b>Financial assets at amortised cost</b>			
Non-current			
Investments	260.88	381.66	453.10
Loans	23.13	26.70	30.09
Others	25.23	23.20	18.39
Current			
Investments	121.05	69.44	-
Trade receivables	1,561.87	1,282.80	1,389.59
Cash and bank balances	136.73	131.36	159.25
Loans	21.73	23.12	23.86
Other financial assets	19.93	16.08	12.61
<b>Total</b>	<b>6,830.83</b>	<b>5,512.73</b>	<b>4,751.99</b>
<b>Financial liabilities at amortised cost</b>			
Current			
Trade payables	3,247.27	2,650.56	2,587.22
Other financial liabilities	352.77	265.70	254.74
<b>Total</b>	<b>3,600.04</b>	<b>2,916.26</b>	<b>2,841.96</b>

#### 41.2 Fair value measurements

The Company uses the following hierarchy for determining and/or disclosing the fair value of financial instruments by valuation techniques:

The following is the basis of categorising the financial instruments measured at fair value into Level 1 to Level 3: Level 1: This level includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2: This level includes financial assets and liabilities, measured using inputs other than quoted prices included within

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). Level 3: This level includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

### Fair value of the Company's financial assets that are measured at fair value on a recurring basis:

There are certain Company's financial assets which are measured at fair value at the end of each reporting period. Following table gives information about how the fair values of these financial assets are determined:

	₹ in crores		
	Fair value as at April 1, 2015		
	Level 1	Level 2	Level 3
<b>Financial assets at fair value through profit or loss</b>			
<b>Non-current</b>			
Investments in mutual funds	-	176.16	-
Investments in equity instruments	-	-	5.94
Investments in other instruments	-	-	10.00
<b>Current</b>			
Investments in mutual funds	2,084.07	386.14	-
Derivative instruments carried at fair value	2.79	-	-

	₹ in crores		
	Fair value as at March 31, 2016		
	Level 1	Level 2	Level 3
<b>Financial assets at fair value through profit or loss</b>			
<b>Non-current</b>			
Investments in mutual funds	-	136.56	-
Investments in equity instruments	-	-	5.94
Investments in other instruments	-	-	10.00
<b>Current</b>			
Investments in mutual funds	3,105.28	294.39	-
Derivative instruments carried at fair value	6.20	-	-

	₹ in crores		
	Fair value as at March 31, 2017		
	Level 1	Level 2	Level 3
<b>Financial assets at fair value through profit or loss</b>			
<b>Non-current</b>			
Investments in mutual funds	-	212.33	-
Investments in equity instruments	13.73	-	-
Investments in other instruments	-	-	10.00
<b>Current</b>			
Investments in mutual funds	4,257.25	162.55	-
Derivative instruments carried at fair value	2.79	-	-

### Fair value of the Company's financial assets that are not measured at fair value (but fair value disclosures are required)

Except as detailed out in the following table, the management considers that the carrying amounts of financial assets and financial liabilities recognised in the standalone financial instruments approximate their fair values:

	₹ in crores					
	March 31, 2017		March 31, 2016		April 1, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets at amortised cost</b>						
<b>Non-current</b>						
Investments in bonds	260.88	274.38	381.66	387.79	453.10	459.21
<b>Current</b>						
Investments in bonds	121.05	123.08	69.44	70.19	-	-





## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in crores

	Fair value hierarchy		
	March 31, 2017 Level 2	March 31, 2016 Level 2	April 1, 2015 Level 2
<b>Financial assets at amortised cost</b>			
<b>Non-current</b>			
Investments in bonds	274.38	387.79	459.21
<b>Current</b>			
Investments in bonds	123.08	70.19	-

The fair value of the financial assets and financial liabilities are included at the amount that would be received to sell an asset and paid to transfer a liability in an orderly transaction between the market participants. The following methods and assumptions were used to estimate the fair values:

- Investments traded in active markets are determined by reference to quotes from the financial institutions; for example: Net asset value (NAV) for investments in mutual funds declared by mutual fund house, quoted price of equity shares in the stock exchange etc.
- The fair value of bonds is based on direct and market observable inputs.
- Trade receivables, cash & cash equivalents, other bank balances, loans, other current financial assets, trade payables and other current financial liabilities: Approximate their carrying amounts largely due to short-term maturities of these instruments.
- Management uses its best judgment in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Company could have realized or paid in sale transactions as of respective dates. As such, the fair value of the financial instruments subsequent to the respective reporting dates may be different from the amounts reported at each year end.
- There are no transfers between Level 1 and Level 2 during the year

Financial risk management objectives and Policies

### 41.3 Financial risk management objectives

The Company's Corporate Treasury function monitors and manages the financial risks relating to the operations of the Company. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company seeks to minimise the effects of these risks by using derivative financial instruments, diversification of investments, credit limit to exposures, etc., to hedge risk exposures. The use of financial instruments is governed by the Company's policies on foreign exchange risk and the investment. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

#### Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates risk/ liquidity which impact returns on investments. The Company enters into derivative financial instruments to manage its exposure to foreign currency risk including export receivables and import payables. Future specific market movements cannot be normally predicted with reasonable accuracy.

#### Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Foreign currency exposure	Amount in USD millions		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade Receivables	14.91	10.17	7.30
Trade Payables	1.77	1.68	3.07
Forward cover-Sold	11.00	28.00	13.00
Forward cover-Bought	2.00	-	2.00

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Foreign currency exposure	Amount in USD millions		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Options contracts (Bought)			
- Put	-	-	3.00
Options contracts (Sold)			
- Call	-	-	3.00
- Put	-	-	3.00

### Foreign currency sensitivity

The following table details the Company's sensitivity to a 5% increase and decrease in the ₹ against the relevant foreign currencies. (+)(-)5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the ₹ strengthens (+)(-)5% against the relevant currency. For a 5% weakening of the ₹ against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be positive or negative.

Currency	Amount in USD millions					
	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	5% increase	5% decrease	5% increase	5% decrease	5% increase	5% decrease
<b>Receivable</b>	<b>4.84</b>	<b>(4.84)</b>	<b>3.38</b>	<b>(3.38)</b>	<b>2.28</b>	<b>(2.28)</b>
<b>Payable</b>						
USD	(0.57)	0.57	(0.56)	0.56	(0.96)	0.96
Forward cover-Sold	(3.57)	3.57	(9.30)	9.30	(4.06)	4.06
Forward cover-Bought	0.65	(0.65)	-	-	0.62	(0.62)
Options contracts (Bought)						
-Put	-	-	-	-	-	0.94
Options contracts (Sold)						
-Call	-	-	-	-	(0.94)	-
-Put	-	-	-	-	-	(0.94)
Impact on profit or loss as at the end of the reporting period	1.35	(1.35)	(6.48)	6.48	(3.05)	2.12
Impact on total equity as at the end of the reporting period	0.88	(0.88)	(4.24)	4.24	(2.00)	1.38

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year/ in future years.

### Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company's exposure and wherever appropriate, the credit ratings of its counterparties are continuously monitored and spread amongst various counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management of the Company. Financial instruments that are subject to concentrations of credit risk, principally consist of balance with banks, investments in debt instruments/ bonds, trade receivables, loans and advances and derivative financial instruments. None of the financial instruments of the Company result in material concentrations of credit risks.

Balances with banks were not past due or impaired as at the year end. In other financial assets that are not past dues and not impaired, there were no indication of default in repayment as at the year end.

The age analysis of trade receivables as of the balance sheet date have been considered from the due date and disclosed in the note no. 15 above.

The Company has used a practical expedient by computing the expected loss allowance for financial assets based on historical credit loss experience and adjustments for forward looking informations.



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Movement in the expected credit loss allowance of financial assets

	₹ in crores	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Balance at beginning of the year	14.05	11.10
Add: Provided during the year	9.57	2.95
Less: Reversals of provision	-	-
Less: Amounts written off	0.01	-
Balance at the end of the year	23.61	14.05

### Other price risks including interest rate risk

The Company has deployed its surplus funds into various financial instruments including units of mutual funds, bonds debentures, etc. The Company is exposed to NAV (net asset value) price risks arising from investments in these funds. The value of these investments is impacted by movements in interest rates, liquidity and credit quality of underlying securities.

#### NAV price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to NAV price risks at the end of the reporting period. If NAV prices had been 1% higher/lower:

- profit for the year ended March 31, 2017 would increase/decrease by ₹ 31.23 crores (for the year ended March 31, 2016: increase/decrease by ₹ 40.06 crores).

#### Liquidity risk

Liquidity risk represents the inability of the Company to meet its financial obligations within stipulated time. To mitigate this risk, the Company maintains sufficient liquidity by way of readily convertible instruments and working capital limits from banks.

#### Maturity profile of financial liabilities:

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date.

Particulars	₹ in crores					
	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Less than 1 year	Total	Less than 1 year	Total	Less than 1 year	Total
<b>Current</b>						
(i) Trade payables	3,247.27	3,247.27	2,650.56	2,650.56	2,587.22	2,587.22
(ii) Other financial liabilities	352.77	352.77	265.70	265.70	254.74	254.74

The surplus funds with the Company and operational cash flows will be sufficient to dispose the financial liabilities within the maturity period.

## 42 EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

Particulars	₹ in crores	
	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Gross amount required to be spent	70.62	58.18
(b) Amount spent for the purposes other than Construction/acquisition of assets in the Company	85.14	65.00

43. The details of Specified Bank Note (SBN) held and transacted during the period 8.11.16 to 30.12.16 as provided in the table below:

Particulars	Amount in ₹		
	SBNs	Other denomination notes	Total
Closing cash in hand as on 8.11.2016	1,321,000	816,043	2,137,043
(+) Permitted receipts	-	4,280,296	4,280,296
(-) Permitted payments	-	4,272,924	4,272,924
(-) Amount deposited in Banks	1,321,000	1,000	1,322,000
<b>Closing cash in hand as on 30.12.2016</b>	<b>-</b>	<b>822,415</b>	<b>822,415</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

45. The financial statements were approved for issue by the board of directors on May 10, 2017

### 46. FIRST-TIME IND AS ADOPTION RECONCILIATIONS

#### 46.1 Effect of Ind AS Adoption on the balance sheet as at April 1, 2015

₹ in crores

Particulars	As at April 1, 2015			As per Ind AS
	Note 46.7	Previous GAAP	Effect of transition to Ind AS	
<b>ASSETS</b>				
<b>1 Non-current assets</b>				
(a) Property, plant and equipment	(a)	2,818.29	(188.70)	2,629.59
(b) Capital work-in-progress		309.78	-	309.78
(c) Intangible assets		94.40	-	94.40
(d) Intangible assets under development		402.77	-	402.77
(e) Financial assets				
(i) Investments	(b)	923.97	35.23	959.20
(ii) Loans		30.09	-	30.09
(iii) Others		18.39	-	18.39
(f) Deferred tax assets (net)	(b), (c), (f), (g)	73.54	16.47	90.01
(g) Income tax assets (net)		85.19	-	85.19
(h) Other non-current assets	(a)	483.15	185.62	668.77
<b>Total Non - Current Assets</b>		<b>5,239.57</b>	<b>48.62</b>	<b>5,288.19</b>
<b>2 Current assets</b>				
(a) Inventories		815.49	-	815.49
(b) Financial assets				
(i) Investments	(b)	2,307.90	162.31	2,470.21
(ii) Trade receivables		1,389.59	-	1,389.59
(iii) Cash and cash equivalents		70.69	-	70.69
(iv) Bank balances other than (iii) above		88.56	-	88.56
(v) Loans		23.86	-	23.86
(vi) Others	(g)	12.61	2.79	15.40
(c) Other current assets	(a)	573.43	3.08	576.51
<b>Total Current Assets</b>		<b>5,282.13</b>	<b>168.18</b>	<b>5,450.31</b>
<b>Total Assets (1+2)</b>		<b>10,521.70</b>	<b>216.80</b>	<b>10,738.50</b>
<b>EQUITY AND LIABILITIES</b>				
<b>1 Equity</b>				
(a) Equity Share capital		39.94	-	39.94
(b) Other equity	(b), (c), (d), (f), (g)	6,501.39	816.13	7,317.52
<b>Total equity</b>		<b>6,541.33</b>	<b>816.13</b>	<b>7,357.46</b>
<b>LIABILITIES</b>				
<b>2 Non-current liabilities</b>				
(a) Provisions	(c)	58.00	(13.08)	44.92
<b>Total Non - Current Liabilities</b>		<b>58.00</b>	<b>(13.08)</b>	<b>44.92</b>
<b>3 Current liabilities</b>				
(a) Financial liabilities				
(i) Trade payables		2,706.86	(119.64)	2,587.22
(ii) Other financial liabilities		254.74	-	254.74
(b) Other current liabilities	(f)	219.09	254.40	473.49
(c) Provisions	(d)	741.68	(721.01)	20.67
<b>Total Current Liabilities</b>		<b>3,922.37</b>	<b>(586.25)</b>	<b>3,336.12</b>
<b>Total Equity and Liabilities (1+2+3)</b>		<b>10,521.70</b>	<b>216.80</b>	<b>10,738.50</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 46.2 Effect of Ind AS Adoption on the balance sheet as at March 31, 2016

₹ in crores

Particulars	As at March 31, 2016			As per Ind AS
	Note 46.7	Previous GAAP	Effect of transition to Ind AS	
<b>ASSETS</b>				
<b>1 Non-current assets</b>				
(a) Property, plant and equipment	(a)	3,717.85	(252.39)	3,465.46
(b) Capital work-in-progress		288.34	-	288.34
(c) Intangible assets		118.89	-	118.89
(d) Intangible assets under development		317.06	-	317.06
(e) Financial assets				
(i) Investments	(b)	1,092.81	19.10	1,111.91
(ii) Loans		26.70	-	26.70
(iii) Others		23.20	-	23.20
(f) Income Tax assets (net)		227.54	-	227.54
(g) Other non-current assets	(a)	592.98	249.56	842.54
<b>Total Non - Current Assets</b>		<b>6,405.37</b>	<b>16.27</b>	<b>6,421.64</b>
<b>2 Current assets</b>				
(a) Inventories		672.98	-	672.98
(b) Financial assets				
(i) Investments	(b)	3,262.25	206.86	3,469.11
(ii) Trade receivables		1,282.80	-	1,282.80
(iii) Cash and cash equivalents		26.95	-	26.95
(iv) Bank balances other than (iii) above		104.41	-	104.41
(v) Loans		23.12	-	23.12
(vi) Others	(g)	16.08	6.20	22.28
(c) Other current assets	(a)	546.73	2.84	549.57
<b>Total Current Assets</b>		<b>5,935.32</b>	<b>215.90</b>	<b>6,151.22</b>
<b>Total Assets (1+2)</b>		<b>12,340.69</b>	<b>232.17</b>	<b>12,572.86</b>
<b>EQUITY AND LIABILITIES</b>				
<b>1 Equity</b>				
(a) Equity Share capital		39.94	-	39.94
(b) Other equity	(b), (c), (d), (f), (g)	7,904.81	889.66	8,794.47
<b>Total equity</b>		<b>7,944.75</b>	<b>889.66</b>	<b>8,834.41</b>
<b>LIABILITIES</b>				
<b>2 Non-current liabilities</b>				
(a) Provisions	(c)	84.44	(16.84)	67.60
(b) Deferred tax liabilities (net)	(b), (c), (f), (g)	227.79	(5.26)	222.53
<b>Total Non - Current Liabilities</b>		<b>312.23</b>	<b>(22.10)</b>	<b>290.13</b>
<b>3 Current liabilities</b>				
(a) Financial liabilities				
(i) Trade payables		2,772.41	(121.85)	2,650.56
(ii) Other financial liabilities		265.70	-	265.70
(b) Other current liabilities	(f)	246.85	255.55	502.40
(c) Provisions	(d)	798.75	(769.09)	29.66
<b>Total Current Liabilities</b>		<b>4,083.71</b>	<b>(635.39)</b>	<b>3,448.32</b>
<b>Total Equity and Liabilities (1+2+3)</b>		<b>12,340.69</b>	<b>232.17</b>	<b>12,572.86</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 46.3 Reconciliation of total equity as at March 31, 2016 and April 1, 2015

Particulars	Note 46.7	₹ in crores	
		As at March 31, 2016	As at April 1, 2015
Equity as reported under previous GAAP		7,944.75	6,541.33
Add :- Proposed dividend (including tax thereon)	(d)	769.09	721.01
Add:- Impact of measuring investments at Fair Value through Profit or Loss (FVTPL) (net of tax)	(b)	192.94	172.86
Add:- Impact of discounting of provisions as per Ind-AS 37 (net of tax)	(c)	11.01	8.55
Add:- Impact of measuring derivative contracts at Fair Value through Profit or Loss (FVTPL) (net of tax)	(g)	4.05	1.83
Less:- Impact of revenue deferment (net of tax)	(f)	(87.43)	(88.12)
<b>Total equity as reported under Ind AS</b>		<b>8,834.41</b>	<b>7,357.46</b>

### 46.4 Effect of Ind AS Adoption on the statement of profit and loss for the year ended March 31, 2016

Particulars	Note 46.7	₹ in crores		
		Year ended March 31, 2016 (Latest period presented under previous GAAP)		As per Ind AS
		Previous GAAP	Effect of transition to Ind AS	
Revenue from operations (gross)	(e) , (f) , (i)	28,599.30	2,101.58	30,700.88
Other income	(b), (g)	390.60	31.83	422.43
<b>Total revenue</b>		<b>28,989.90</b>	<b>2,133.41</b>	<b>31,123.31</b>
<b>EXPENSES</b>				
Cost of raw materials consumed		19,321.72	(0.00)	19,321.72
Change in inventories of finished goods and work-in-progress	(j)	(6.82)	(5.06)	(11.88)
Excise duty on sale of goods	(e)	-	2,258.18	2,258.18
Employee benefits expenses	(h)	1,319.56	(3.63)	1,315.93
Finance costs	(c)	2.15	2.74	4.89
Depreciation and amortisation expenses	(a)	441.40	(3.76)	437.64
Other expenses	(a) , (c) ,(f),(i), (j)	3,517.31	(155.35)	3,361.96
<b>Total Expenses</b>		<b>24,595.32</b>	<b>2,093.12</b>	<b>26,688.44</b>
<b>Profit before tax</b>		<b>4,394.58</b>	<b>40.29</b>	<b>4,434.87</b>
<b>Tax Expense</b>				
Current tax		960.88	-	960.88
Deferred tax charge	(b), (c), (f), (g)	301.33	12.47	313.80
<b>Total tax expense</b>		<b>1,262.21</b>	<b>12.47</b>	<b>1,274.68</b>
<b>Profit after tax</b>		<b>3,132.37</b>	<b>27.82</b>	<b>3,160.19</b>
<b>Other comprehensive income</b>				
Items that will not be recycled to profit or loss				
Re-measurement gains (losses) on defined benefit plans	(h)	-	(3.63)	(3.63)
Income tax benefit	(h)	-	1.26	1.26
		-	(2.37)	(2.37)
<b>Total comprehensive income for the year</b>		<b>3,132.37</b>	<b>25.45</b>	<b>3,157.82</b>





## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 46.5 Reconciliation of total comprehensive income for the year ended March 31, 2016

₹ in crores

Particulars	Note 46.7	For the year ended March 31, 2016
<b>Profit after tax as reported under previous GAAP</b>		3,132.37
Impact of measuring investments at Fair Value through Profit or Loss (FVTPL)	(b)	28.42
Impact of revenue deferment	(f)	1.06
<b>Impact of measuring derivative contracts at Fair Value through Profit or Loss (FVTPL)</b>	(g)	3.41
Reclassification of actuarial (gain)/loss in respect of defined benefit plan to "Other Comprehensive Income"	(h)	3.63
Impact of discounting of provisions as per Ind-AS 37	(c)	3.76
Tax adjustments	(b), (c), (f), (g)	(12.46)
<b>Profit after tax as reported under Ind-AS</b>		3,160.19
Other comprehensive income/(expense) (net of tax)	(h)	(2.37)
<b>Total comprehensive income as reported under Ind-AS</b>		3,157.82

Note :- Under Previous GAAP, total comprehensive income was not reported. Therefore, the above reconciliation starts with profit under previous GAAP.

### 46.6 Cash flow Statements

There were no significant reconciliation items between cash flows prepared under Indian GAAP and those prepared under Ind AS.

### 46.7 Notes to the reconciliations

₹ in crores

Impact under Ind AS on account off :-	Impact	As at April 1, 2015	As at March 31, 2016	For the year ended March 31, 2016
<b>(a) Leasehold land being considered as operating lease opposed to fixed assets under IGAAP</b>				
<b>On Balance sheet</b>				
Property, plant and equipment	Decrease	(188.70)	(252.39)	
Other Non-current assets	Increase	185.62	249.56	
Other Current assets	Increase	3.08	2.84	
<b>On Statement of profit and loss</b>				
Depreciation expense	Decrease			(3.76)
Rent expense	Increase			3.76
<b>(b) Impact of measuring investments at Fair Value through Profit or Loss (FVTPL)</b>				
<b>On Balance sheet</b>				
Investments - Non-current	Increase	35.23	19.10	
Investments - current	Increase	162.31	206.86	
<b>On equity</b>				
Deferred tax liability	Increase	24.68	33.02	
<b>On Statement of profit and loss</b>				
Net gain on financial instruments at fair value through profit or loss	Increase			28.42
Profit before tax	Increase			28.42
tax expense	Increase			8.34
Profit after tax	Increase			20.08
<b>(c) Recognising provision for warranty at present value as opposed to without discounting under IGAAP.</b>				
<b>On Balance sheet</b>				
<b>Non-current</b>				
<b>Long-term provisions</b>				

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in crores

Impact under Ind AS on account off :-	Impact	As at April 1, 2015	As at March 31, 2016	For the year ended March 31, 2016
Provisions for warranties	Decrease	(13.08)	(16.84)	
<b>Deferred tax liability</b>	Increase	4.53	5.83	
<b>On equity</b>	Increase	8.55	11.01	
<b>On Statement of profit and loss</b>				
Interest expense	Increase			2.74
Warranty expense	Decrease			(6.50)
Profit before tax	Increase			3.76
Tax expenses	Increase			1.30
Profit after tax	Increase			2.46
<b>(d) Dividends including tax thereon are recognised when declared by the members in a general meeting as opposed to recognition on recommendation by the board of directors under IGAAP</b>				
<b>On Balance sheet</b>				
<b>Current</b>				
<b>Short term provisions</b>	Decrease	(721.01)	(769.09)	
<b>On equity</b>	Increase	721.01	769.09	
<b>(e) Excise duty on sale of products to be presented separately on the face of statement of profit and loss as opposed to netting it off from revenue from operations under IGAAP.</b>				
<b>On statement of profit and loss</b>				
Revenue from operations	Increase			2,258.18
Excise duty on sale of products	Increase			2,258.18
Profit before tax				-
Profit after tax				-
On equity		-	-	
<b>(f) Impact of revenue deferment on future performances</b>				
<b>On Balance sheet</b>				
Trade payables	Decrease	(119.64)	(121.85)	
Other current liabilities	Increase	254.40	255.55	
Deferred tax liability	Decrease	(46.64)	(46.27)	
<b>On equity</b>	Decrease	(88.12)	(87.43)	
<b>On Statement of profit and loss</b>				
Revenue from operations	Decrease			(1.11)
Other selling and distribution expenses	Decrease			(2.17)
Profit before tax	Increase			1.06
Tax impact	Increase			0.37
Profit after tax	Increase			0.69
<b>(g) Mark-to-market gain of derivative contracts recognised in the financial statements of Ind AS as opposed to not recognised under previous GAAP</b>				
<b>On Balance sheet</b>				
<b>Current</b>				
Other financial assets (derivative instruments)	Increase	2.79	6.20	
<b>Deferred tax liability</b>	Increase	0.96	2.15	



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

₹ in crores

Impact under Ind AS on account off :-	Impact	As at April 1, 2015	As at March 31, 2016	For the year ended March 31, 2016
<b>On equity</b>	Increase	1.83	4.05	
<b>On statement of profit and loss</b>				
Other income	Increase			3.41
Profit before tax	Increase			3.41
Tax expenses	Increase			1.19
Profit after tax	Increase			2.22
<b>(h) Actuarial gains and losses to be recognised in other comprehensive income instead of statement of profit and loss</b>				
<b>On statement of profit and loss</b>				
Employee benefit expense	Decrease			(3.63)
Profit before tax	Increase			3.63
Tax expenses	Increase			1.26
Profit after tax	Increase			2.37
On Other comprehensive income				
Remeasurement of the net defined liability/asset (Net of tax)	Decrease			(2.37)
<b>(i) Trade discounts, rebates, etc. are to be netted off from revenue as opposed to classification in other expenses under IGAAP.</b>				
<b>On Statement of profit and loss</b>				
Revenue from operations	Decrease	-	-	(155.50)
Other expenses	Decrease	-	-	(155.50)
<b>(j) Reclassification of increase /decrease of excise duty on finished goods from change in inventories of finished goods and work in progress to other expenses</b>				
<b>On Statement of profit and loss</b>				
Change in inventories of finished goods and work in progress	Decrease			(5.06)
Other expenses	Increase			5.06

Note: Previous year figures as per previous GAAP have been regrouped/ re-classified wherever necessary to correspond with the current year classifications/ disclosures.

For and on behalf of the Board of Directors

**Pawan Munjal**  
Chairman, Managing Director & CEO  
DIN- 00004223

**Pradeep Dinodia**  
Chairman- Audit Committee  
DIN- 00027995

New Delhi  
May 10, 2017

**Niranjan Kumar Gupta**  
Chief Financial Officer

**Neerja Sharma**  
Company Secretary

## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF  
HERO MOTOCORP LIMITED

### REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

We have audited the accompanying consolidated Ind AS financial statements of **HERO MOTOCORP LIMITED** (hereinafter referred to as "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") and its associates, comprising the Consolidated Balance Sheet as at March 31, 2017 and the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

### MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS 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 including other comprehensive income, consolidated cash flows and statement of changes in equity of the Group including its Associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates 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 Ind AS financial statements by the Directors of the Parent, as aforesaid.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated Ind AS 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 Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraphs (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

### OPINION

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries and associates referred to below in the Other Matters paragraph, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at March 31, 2017, and their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.



## INDEPENDENT AUDITOR'S REPORT

### OTHER MATTERS

- (a) We did not audit the financial statements of HMCL (NA) Inc., HMCL Americas Inc. and HMCL Netherlands B.V. (subsidiaries of the Parent) and HMCL Colombia S.A.S. and HMCL Niloy Bangladesh Limited (subsidiaries of HMCL Netherlands B.V.), whose financial statements reflect total assets of ₹ 435.94 crores as at March 31, 2017, total revenues of ₹ 167.04 crores and net cash inflows amounting to ₹ 10.96 crores for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net loss of ₹ 1.28 crores for the year ended 31st March, 2017, as considered in the consolidated Ind AS financial statements, in respect of its associate. Ather Energy Private Limited, whose financial statements have not been audited by us. 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 Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associate is based solely on the reports of the other auditors.
- (b) The comparative financial information for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 in respect 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.) included in these consolidated Ind AS financial statements prepared in accordance with the Ind AS have been audited by other auditors and have been relied upon by us.

Our opinion on the consolidated Ind AS financial statements above, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements of subsidiaries and associate companies referred in the Other Matters paragraph above 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 Ind AS financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS 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 (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
  - (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors of the Parent as on March, 2017 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary company and associate companies incorporated in India, none of the directors of the Group companies and its associate companies incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

## INDEPENDENT AUDITOR'S REPORT

- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Holding company, subsidiary company and associate companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Parent's, subsidiary company's and associate companies' 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates. Refer note 36 of the consolidated Ind AS financial statements.
  - ii. The Group and its associates did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary company and associate companies incorporated in India.
  - iv. The Parent has provided requisite disclosures in the consolidated Ind AS financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016 of the Group entities as applicable. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the relevant books of accounts maintained by those entities for the purpose of preparation of the consolidated Ind AS financial statements and as produced to us and the other auditors by the Management of the respective Group entities. Refer note 44 of the consolidated Ind AS financial statements.

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

**Jaideep Bhargava**  
Partner  
(Membership No. 090295)  
GURUGRAM, May 10, 2017





## ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section 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 Ind AS financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of **HERO MOTOCORP LIMITED** (hereinafter referred to as "Parent") and its subsidiary company, its associate companies which are companies incorporated in India, as of that date.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Parent, its subsidiary company and its associate companies 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". 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 internal financial controls over financial reporting of the Parent, its subsidiary company and its associate companies, which are companies incorporated in India, 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 other auditor of the associate companies, which is company incorporated in India, in terms of its report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent,

its subsidiary company and its associate companies, which are companies incorporated in India.

### 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 and based on the consideration of report of the other auditors referred to in other matter paragraph below, the Parent, its subsidiary company and its associate companies, 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, 2017, based on the internal control over financial reporting criteria established by the respective companies 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 its associate company, which is company incorporated in India, is based solely on the corresponding report of the auditors of such company incorporated in India.

Our opinion is not modified in respect of the above matters.

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

**Jaideep Bhargava**  
Partner  
(Membership No. 090295)  
GURUGRAM, May 10, 2017

## HERO MOTOCORP LIMITED CONSOLIDATED BALANCE SHEET AS AT MARCH 31 2017

₹ in crores

Particulars	Note	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>ASSETS</b>				
<b>Non-current assets</b>				
(a) Property, plant and equipment	5	4,495.03	3,654.64	2,667.30
(b) Capital work-in-progress	6	386.50	325.23	309.99
(c) Intangible assets	7	103.82	129.07	101.42
(d) Intangible assets under development	8	194.46	328.14	404.08
(e) Financial assets				
(i) Investments	9	1,522.31	1,029.51	913.40
(ii) Loans	10	231.3	26.70	30.09
(iii) Other Financial Assets	11	25.39	23.38	18.57
(f) Deferred tax assets (net)	23	-	-	90.01
(g) Income Tax assets (net)	12	332.50	227.72	85.19
(h) Other non-current assets	13	658.35	848.09	699.99
<b>Total Non - Current Assets</b>		<b>7,741.49</b>	<b>6,592.48</b>	<b>5,320.04</b>
<b>Current assets</b>				
(a) Inventories	14	708.58	761.99	861.39
(b) Financial assets				
(i) Investments	9	4,544.06	3,471.57	2,477.63
(ii) Trade receivables	15	1,551.75	1,282.07	1,371.82
(iii) Cash and cash equivalents	16	74.06	74.68	127.22
(iv) Bank balances other than (iii) above	17	121.33	104.41	88.56
(v) Loans	10	21.73	23.21	23.86
(vi) Other Financial Assets	11	25.17	23.31	15.59
(c) Other current assets	13	523.83	562.09	582.23
<b>Total Current Assets</b>		<b>7,570.51</b>	<b>6,303.33</b>	<b>5,548.30</b>
<b>Total Assets</b>		<b>15,312.00</b>	<b>12,895.81</b>	<b>10,868.34</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity Share capital	18 (a)	39.94	39.94	39.94
(b) Other equity	19	10,275.57	8,794.17	7,335.62
<b>Total equity</b>		<b>10,315.51</b>	<b>8,834.11</b>	<b>7,375.56</b>
Non-controlling interests	20	67.38	54.63	45.59
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	21	207.90	145.98	12.00
(b) Provisions	22	75.62	67.80	45.55
(c) Deferred tax liabilities (net)	23	468.90	221.77	-
<b>Total Non - Current Liabilities</b>		<b>752.42</b>	<b>435.55</b>	<b>57.55</b>
<b>Current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	21	40.08	84.06	38.76
(ii) Trade payables	24	3,266.20	2,675.34	2,600.31
(iii) Other financial liabilities	25	371.21	276.02	254.77
(b) Other current liabilities	26	456.63	506.30	474.80
(c) Provisions	22	42.57	29.80	21.00
<b>Total Current Liabilities</b>		<b>4,176.69</b>	<b>3,571.52</b>	<b>3,389.64</b>
<b>Total Equity and Liabilities</b>		<b>15,312.00</b>	<b>12,895.81</b>	<b>10,868.34</b>
See accompanying notes to the consolidated financial statements	1-47			

In terms of our report attached  
For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

**Jaideep Bhargava**  
Partner

Place : Gurugram  
Date : May 10, 2017

For and on behalf of the Board of Directors

**Pawan Munjal**  
Chairman, Managing Director & CEO  
DIN- 00004223

**Pradeep Dinodia**  
Chairman- Audit Committee  
DIN- 00027995

Place : New Delhi  
Date : May 10, 2017

**Niranjan Kumar Gupta**  
Chief Financial Officer

**Neerja Sharma**  
Company Secretary



## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

₹ in crores

Particulars	Note	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Income</b>			
Revenue from operations (gross)	27	30,958.19	30,715.33
Other income	28	521.95	412.83
<b>Total Income</b>		<b>31,480.14</b>	<b>31,128.16</b>
<b>Expenses</b>			
Cost of raw materials consumed	29	18,993.87	19,357.96
Change in inventories of finished goods and work-in-progress	30	96.74	(49.86)
Excise duty on sale of goods		2,373.23	2,258.21
Employee benefits expenses	31	1,432.49	1,339.46
Finance costs	32	27.28	14.61
Depreciation and amortisation expenses	5	502.25	443.25
Other expenses	33	3,485.89	3,411.86
<b>Total expenses</b>		<b>26,911.75</b>	<b>26,775.49</b>
<b>Share in profit/(loss) of associates</b>			
Share in profit/(loss) of associates		54.92	34.33
Gain on dilution of interest in associate		262.09	-
		<b>317.01</b>	<b>34.33</b>
<b>Profit before tax</b>		<b>4,885.40</b>	<b>4,387.00</b>
<b>Tax expense</b>	34		
Current tax		1,082.24	960.91
Deferred tax charge		256.86	313.80
<b>Total tax expense</b>		<b>1,339.10</b>	<b>1,274.71</b>
<b>Net profit after taxes and share of profit/(loss) of associates</b>		<b>3,546.30</b>	<b>3,112.29</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss:-</b>			
Re-measurement gains (losses) on defined benefit plans		(21.58)	(3.62)
Income tax benefit		7.45	1.26
Share of Other comprehensive income of Associate, to the extent not be reclassified to profit or loss		(0.07)	-
		<b>(14.20)</b>	<b>(2.36)</b>
<b>Items that may be reclassified to profit or loss:-</b>			
Exchange differences in translating the financial statements of foreign operations		(6.90)	(1.81)
Income tax benefit		2.39	0.75
		<b>(4.51)</b>	<b>(1.06)</b>
<b>Total other comprehensive income, net of tax</b>		<b>(18.71)</b>	<b>(3.42)</b>
<b>Total Comprehensive income for the year, net of tax</b>		<b>3,527.59</b>	<b>3,108.87</b>
<b>Profit/ (loss) for the year attributable to:</b>			
-Owners of the Company		3,584.27	3,141.98
-Non-controlling interests		(37.97)	(29.69)
		<b>3,546.30</b>	<b>3,112.29</b>
<b>Other Comprehensive income for the year attributable to:</b>			
-Owners of the Company		(16.71)	(2.57)
-Non-controlling interests		(2.00)	(0.85)
		<b>(18.71)</b>	<b>(3.42)</b>
<b>Total Comprehensive income for the year attributable to:</b>			
-Owners of the Company		3,567.56	3,139.41
-Non-controlling interests		(39.97)	(30.54)
		<b>3,527.59</b>	<b>3,108.87</b>
<b>Earnings per share (of ₹ 2 each) in ₹</b>	35		
(a) Basic		179.49	157.34
(b) Diluted		179.49	157.34
See accompanying notes to the consolidated financial statements	1-47		

In terms of our report attached  
For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

**Jaideep Bhargava**  
Partner

Place : Gurugram  
Date : May 10, 2017

For and on behalf of the Board of Directors

**Pawan Munjal**  
Chairman, Managing Director & CEO  
DIN- 00004223

**Pradeep Dinodia**  
Chairman- Audit Committee  
DIN- 00027995

Place : New Delhi  
Date : May 10, 2017

**Niranjan Kumar Gupta**  
Chief Financial Officer

**Neerja Sharma**  
Company Secretary

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

₹ crores

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit after tax and share in profit/(loss) of associates</b>	<b>3,546.30</b>	<b>3,112.29</b>
Adjustments for:		
Add: Depreciation and amortisation	502.25	443.25
Tax expense	1,339.10	1,274.71
Loss on property, plant and equipments sold/discarded	170.82	108.99
Finance cost	27.28	14.61
Employee Stock Compensation Cost	3.42	0.93
	<b>2,042.87</b>	<b>1,842.49</b>
Less: Interest income on financial assets carried at amortised cost	159.30	165.78
Dividend income	37.98	7.18
Profit on sale of investments	137.85	205.15
Gain on investments carried at fair value through profit or loss	179.60	28.34
Share of profit in associates	317.01	34.33
Profit on sale of property, plant and equipments	0.76	0.51
Re-measurement loss on defined benefit plans	21.58	3.62
Foreign currency translation (net)	2.43	7.03
	<b>856.51</b>	<b>451.94</b>
<b>Operating profit before working capital changes</b>	<b>4,732.66</b>	<b>4,502.84</b>
Changes in working capital:		
Adjustment for (increase)/decrease in operating assets:		
Inventories	53.41	99.40
Trade receivables	(269.68)	89.75
Loans-Current	1.48	0.65
Loans-Non-Current	3.57	3.39
Other financial assets-current	(1.87)	(7.78)
Other financial assets-non-current	(2.01)	(4.81)
Other current assets	38.26	20.14
Other non-current assets	68.74	(18.31)
	<b>(108.10)</b>	<b>182.43</b>
<b>Adjustment for increase/(decrease) in operating liabilities:</b>		
Trade payables	590.86	75.03
Other financial liabilities-Current	7.87	2.96
Other current liabilities	(49.67)	31.50
Short-term provisions	12.77	8.80
Long-term provisions	7.82	22.25
	<b>569.65</b>	<b>140.54</b>
Cash generated from operations	<b>5,194.21</b>	<b>4,825.81</b>
Less: Direct taxes paid	1,187.02	1,103.44
Net cash from operating activities	<b>4,007.19</b>	<b>3,722.37</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure on property, plant & equipment and intangible assets including capital advances	(1,238.11)	(1,638.45)
Proceeds from sale of property, plant & equipment	1.58	9.98
Sale of investments	28,334.82	27,032.19
Purchase of investment	(29,048.77)	(27,677.43)
Investment in associates (net of dividend received)	(216.92)	(197.19)
Interest income on financial assets carried at amortised cost	157.47	163.54
Dividend income	37.98	7.18
Net cash (used) in investing activities	<b>(1,971.95)</b>	<b>(2,300.18)</b>



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

₹ crores

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(27.40)	(13.97)
Dividends paid	(1,737.34)	(1,397.81)
Tax on dividend	(353.69)	(284.54)
Additions to minority interest	52.72	39.58
Proceeds from issue of equity share capital	1.45	0.56
Proceeds from non current-borrowings	61.92	133.98
Proceeds from current-borrowings	(33.52)	47.47
	<b>(2,035.86)</b>	<b>(1,474.73)</b>
<b>Net cash (used) in financing activities</b>	(2,035.86)	(1,474.73)
<b>D. INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(0.62)</b>	<b>(52.54)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>74.68</b>	<b>127.22</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>74.06</b>	<b>74.68</b>
See accompanying notes to the consolidated financial statements	1 to 47	

In terms of our report attached  
For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

**Jaideep Bhargava**  
Partner

Place : Gurugram  
Date : May 10, 2017

For and on behalf of the Board of Directors

**Pawan Munjal**  
Chairman, Managing Director & CEO  
DIN- 00004223

**Pradeep Dinodia**  
Chairman- Audit Committee  
DIN- 00027995

Place : New Delhi  
Date : May 10, 2017

**Niranjan Kumar Gupta**  
Chief Financial Officer

**Neerja Sharma**  
Company Secretary

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY** FOR THE YEAR ENDED MARCH 31, 2017**A. EQUITY SHARE CAPITAL**

₹ in crores

	Number of Shares	Amount
<b>Balance as at April 1, 2015</b>	199,687,500	39.94
Changes in equity share capital during the year		
Issue of equity shares under employee share option plan (Note 42)	2,588	#
<b>Balance as at March 31, 2016</b>	199,690,088	39.94
(# ₹ 5,176)		
Changes in equity share capital during the year		
Issue of equity shares under employee share option plan (Note 42)	6,750	#
<b>Balance as at March 31, 2017</b>	<b>199,696,838</b>	<b>39.94</b>

(# ₹ 13,500)

**B. OTHER EQUITY**

₹ in crores

Particulars	Reserves and Surplus						Total
	Capital Reserve	Securities Premium Reserve	General Reserve	Share Options Outstanding Account	Retained Earnings	FCTR	
<b>Balance as at April 1, 2015</b>	#	-	2,426.34	0.67	4,911.26	(2.65)	7,335.62
Profit for the year	-	-	-	-	3,141.98	-	3,141.98
Other comprehensive income for the year, net of income tax	-	-	-	-	(2.36)	(0.21)	(2.57)
<b>Total Comprehensive Income for the year</b>	-	-	-	-	<b>3,139.62</b>	<b>(0.21)</b>	<b>3,139.41</b>
Charge against share-based payments	-	-	-	0.93	-	-	0.93
Transferred to share premium on issue of shares	-	-	-	(0.31)	-	-	(0.31)
Payment of dividends	-	-	-	-	(1,397.81)	-	(1,397.81)
Tax on dividend	-	-	-	-	(284.54)	-	(284.54)
Issue of equity shares under employee share option plan	-	0.87	-	-	-	-	0.87
Transfer to general reserves	-	-	250.00	-	(250.00)	-	-
<b>Balance as at March 31, 2016</b>	<b>#</b>	<b>0.87</b>	<b>2,676.34</b>	<b>1.29</b>	<b>6,118.53</b>	<b>(2.86)</b>	<b>8,794.17</b>
Profit for the year	-	-	-	-	3,584.27	-	3,584.27
Other comprehensive income for the year, net of income tax	-	-	-	-	(14.17)	(2.54)	(16.71)
<b>Total Comprehensive Income for the year</b>	-	-	-	-	<b>3,570.10</b>	<b>(2.54)</b>	<b>3,567.56</b>
Charge against share-based payments	-	-	-	3.42	-	-	3.42
Transferred to share premium on issue of shares	-	-	-	(0.81)	-	-	(0.81)
Payment of dividends	-	-	-	-	(1,737.34)	-	(1,737.34)
Tax on dividend	-	-	-	-	(353.69)	-	(353.69)
Issue of equity shares under employee share option plan	-	2.26	-	-	-	-	2.26
<b>Balance as at March 31, 2017</b>	<b>#</b>	<b>3.13</b>	<b>2,676.34</b>	<b>3.90</b>	<b>7,597.60</b>	<b>(5.40)</b>	<b>10,275.57</b>

# on shares forfeited ₹ 4250 and share premium account on forfeited share reissued ₹ 25,500

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

**Niranjan Kumar Gupta**  
Chief Financial Officer

**Jaideep Bhargava**  
Partner

**Pradeep Dinodia**  
Chairman- Audit Committee  
DIN- 00027995

**Neerja Sharma**  
Company Secretary

Place : Gurugram  
Date : May 10, 2017

Place : New Delhi  
Date : May 10, 2017





## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL 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 Company addresses of its registered office and principal place of business are disclosed in the introduction to the annual report. 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 financial statements for the year ended March 31, 2017 were approved by the Board of Directors and authorised for issue on May 10, 2017.

### 2. BASIS OF PREPARATION AND PRESENTATION

#### 2.1 Statement of Compliance

The financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015.

Upto the year ended March 31, 2016, the Group prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are Group's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015. Refer Note 3.21 for the details of first-time adoption exemptions availed by the Group.

#### 2.2 Accounting convention

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

#### 2.3 Operating Cycle

Based on the nature of products/ activities of the Group and the normal time between acquisition of assets and their realization 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.

#### 2.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Following subsidiary companies have been considered in the preparation of the consolidated financial statements:

## NOTES FORMING PART 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, 2017	March 31, 2016	April 1, 2015
HMCL (NA) Inc.	Subsidiary	United States of America	Company	100%	100%	100%
HMCL Americas Inc.	Subsidiary	United States of America	Company	100%	100%	-
HMC MM Auto Limited	Subsidiary	India	Company	60%	60%	60%
HMCL Netherlands BV	Subsidiary	Netherlands	Company	100%	100%	100%
HMCL Colombia SAS	Subsidiary	Colombia	HMCL Netherlands BV	51%	51%	51%
HMCL Niloy Bangladesh Limited	Subsidiary	Bangladesh	HMCL Netherlands BV	55%	55%	55%

### 2.5 Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or, a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105. Under the equity method, an investment in an associate is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Distributions received from an associate reduce the carrying amount of the investment. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised directly in equity as capital reserve in the period in which the investment is acquired.

After application of the equity method of accounting, the Group determines whether there is any objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment in an associate and that event (or events) has an impact on the

estimated future cash flows from the net investment that can be reliably estimated. If there exists such an objective evidence of impairment, then it is necessary to recognise impairment loss with respect to the Group's investment in an associate.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with Ind AS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with Ind AS 36 to the extent that the recoverable amount of the investment subsequently increases. The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with Ind AS 109. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the

associatee are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Following associate Companies 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, 2017	March 31, 2016	April 1, 2015
Hero FinCorp Limited	Associate	India	Company	41.03%	48.42%	48.42%
Ather Energy Private Limited	Associate	India	Company	30.12%	-	-
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%	Equity holding 49.2% voting rights 43.9%

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for rebates and other similar allowances.

##### Sale of goods

Revenue from the sale of goods is recognised when the goods are dispatched and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. Servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold.

##### Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on, time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### 3.2 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

##### The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Group's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased assets and recognised on a straight line basis over the lease term.

##### The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the Liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rental expense from operating leases is generally recognised on a straight line basis over the term of relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

### 3.3 Foreign currencies

In preparing the financial statements of the Group, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

Foreign currency derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Indian Rupees using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

### 3.4 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 3.5 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated balance sheet and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

### 3.6 Employee benefits

#### Retirement benefit

Payments to defined contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses or curtailments and settlements);
- net interest expense or income; and
- re-measurement

The Group presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plans.

#### Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits such as annual leave and sick leave are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

### 3.7 Share-based payment arrangements

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 42

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

### 3.8 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax' as reported in the consolidated statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

### 3.9 Property, plant and equipment

Property, plant and equipment (including furniture, fixtures, vehicles, etc.) held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes items directly attributable to the construction or acquisition of the item of property, plant and equipment, and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Property, plant and equipment Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost of acquisition is inclusive of freight, duties, taxes and other incident expenses.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is charged on a pro-rata basis at the straight line method over estimated economic useful lives of its property, plant and equipment generally in accordance with that provided in the Schedule II to the Act other than assets covered under employee benefits schemes which are depreciated over a period of 5 years and moulds and dies which are depreciated over a period of 3-8 years.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### 3.10 Intangible assets

#### Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of





## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

### Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

### Useful lives of intangible assets

Intangible assets, comprising of software, expenditure on Model fee, etc. incurred are amortised on a straight line method over a period of 5 years.

### 3.11 Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs of disposal and value in use.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### 3.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a moving weighted average. Finished goods and work-in-progress include appropriate proportion of overheads and where applicable, excise duty. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

### 3.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event,

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### Warranties

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.

### 3.14 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### 3.15 Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI") (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments.

All other financial assets are subsequently measured at fair value.

#### Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

#### Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Group irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

### Impairment of financial assets

The Group applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights.

### Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

### 3.16 Financial liabilities and equity instruments

#### Classification as debt or equity

Debt and equity instruments issued by Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

#### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

### Financial liabilities

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' Line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

### Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired.

### 3.17 Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, option contracts, interest rate swaps and cross currency swaps.

### Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind-AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

### 3.18 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) after tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

### 3.19 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/period.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income 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.

### 3.20 Recent accounting pronouncements

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS – 7, 'Statement of Cash Flows'. These amendments are in accordance with the recent amendments made by the International Accounting Standards Board (IASB) to IAS – 7, 'Statement of Cash Flows'. The amendments are applicable to the Group from April 1, 2017.

#### Amendment to Ind – AS 7:

The amendment to Ind AS – 7, requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Group is evaluating the requirements of the amendment and the effect on financial statements is being evaluated.

### 3.21 First-time adoption - mandatory exceptions, optional exemptions

#### Overall principle

The Group has prepared the opening balance sheet as per Ind AS as of April 1, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the exception and certain optional exemptions availed by the Group as detailed below:

#### Past business combinations

The Group has elected not to apply Ind AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date of April 1, 2015. Consequently,

- The Group has kept the same classification for the past business combinations as in its previous GAAP financial statements;
- The Group has not recognised assets and liabilities that were not recognised in accordance with previous GAAP

in the consolidated balance sheet of the acquirer and would also not qualify for recognition in accordance with Ind AS in the separate balance sheet of the acquiree;

- The Group has excluded from its opening balance sheet those items recognised in accordance with previous GAAP that do not qualify for recognition as an asset or liability under Ind AS;
- The Group has tested the goodwill for impairment at the transition date based on the conditions as of the transition date;
- The effects of the above adjustments have been given to the measurement of non-controlling interests and deferred tax.

The above exemption in respect of business combinations has also been applied to past acquisitions of investments in associates, interests in joint ventures and interests in joint operations in which the activity of the joint operation constitutes a business, as defined in Ind AS 103.

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group accounting policies, which are described in note 3, the management of the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:-

#### Recoverability of intangible asset

Capitalisation of cost in intangible assets and intangible assets under development is based on management's judgement that technological and economic feasibility is confirmed and asset under development will generate economic benefits in future. Based on evaluations carried out, the Company's management has determined that there are no indication which indicates that these assets have suffered any impairment loss.



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Provision and contingent liability

On an ongoing basis, Group reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

### Impairment of goodwill

During the year, the Group assessed the goodwill on investment in equity instrument of an associate company for

impairment testing. This associate company is a start-up and are expected to generate positive cash flows in the future years. Detailed analysis has been carried out on the future projections and the Group is confident that the goodwill does not require any impairment.

### Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2017 management assessed that the useful lives represent the expected utility of the assets to the Group. Further, there is no significant change in the useful lives as compared to previous year.

## 5. PROPERTY, PLANT AND EQUIPMENT

₹ in crores

Particulars	Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Data Processing equipment	Translation Exchange Difference	Total
<b>Cost</b>									
<b>At April 1, 2015</b>	96.62	934.65	3,169.64	30.19	35.86	32.51	140.29	(1.32)	4,438.44
Additions	4.52	591.25	758.10	6.71	9.54	7.90	26.89	5.48	1410.39
Disposals	-	0.03	78.25	5.66	7.61	2.43	20.80	-	114.78
<b>At March 31, 2016</b>	<b>101.14</b>	<b>1,525.87</b>	<b>3,849.49</b>	<b>31.24</b>	<b>37.79</b>	<b>37.98</b>	<b>146.38</b>	<b>4.16</b>	<b>5,734.05</b>
Additions	0.46	512.75	731.82	9.81	17.37	8.53	25.61	(4.38)	1,301.97
Disposals	-	1.07	49.58	0.73	7.15	1.74	4.68	-	64.95
<b>At March 31, 2017</b>	<b>101.60</b>	<b>2,037.55</b>	<b>4,531.73</b>	<b>40.32</b>	<b>48.01</b>	<b>44.77</b>	<b>167.31</b>	<b>(0.22)</b>	<b>6,971.07</b>
<b>Accumulated depreciation</b>									
<b>At April 1, 2015</b>	-	162.45	1,477.59	10.36	18.33	16.11	86.30	-	1,771.14
Depreciation expense	-	34.58	321.05	2.75	4.44	5.58	17.66	1.42	387.48
Adjustments	-	0.03	55.71	1.03	5.24	1.44	15.76	-	79.21
<b>At March 31, 2016</b>	<b>-</b>	<b>197.00</b>	<b>1,742.93</b>	<b>12.08</b>	<b>17.53</b>	<b>20.25</b>	<b>88.20</b>	<b>1.42</b>	<b>2,079.41</b>
Depreciation expense	-	50.50	365.58	3.59	4.65	5.50	21.89	(0.03)	451.68
Adjustments	-	1.02	40.20	0.52	5.78	1.43	4.59	1.51	55.05
<b>At March 31, 2017</b>	<b>-</b>	<b>246.48</b>	<b>2,068.31</b>	<b>15.15</b>	<b>16.40</b>	<b>24.32</b>	<b>105.50</b>	<b>(0.12)</b>	<b>2,476.04</b>
<b>Carrying amount</b>									
At April 1, 2015	96.62	772.20	1,692.05	19.83	17.53	16.40	53.99	(1.32)	2,667.30
<b>At March 31, 2016</b>	<b>101.14</b>	<b>1,328.87</b>	<b>2,106.56</b>	<b>19.16</b>	<b>20.26</b>	<b>17.73</b>	<b>58.18</b>	<b>2.74</b>	<b>3,654.64</b>
<b>At March 31, 2017</b>	<b>101.60</b>	<b>1,791.07</b>	<b>2,463.42</b>	<b>25.17</b>	<b>31.61</b>	<b>20.45</b>	<b>61.81</b>	<b>(0.10)</b>	<b>4,495.03</b>

Note:- The above includes assets taken on finance lease by a subsidiary company. The details are as below:

Particulars	Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Data Processing equipment	Translation Exchange Difference	Total
Cost	21.76	71.32	37.21	-	2.21	1.46	-	-	133.96
Accumulated depreciation	-	3.50	3.51	-	0.48	0.66	-	-	8.15
Carrying amount	21.76	67.82	33.70	-	1.73	0.80	-	-	125.81

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## 6. CAPITAL WORK-IN-PROGRESS

₹ in crores

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital work-in-progress @	386.50	325.23	309.99
	<b>386.50</b>	325.23	309.99

@ including pre-operative expenses ₹ Nil (as at March 31, 2016 ₹ 0.90 crore and as at April 1, 2015 ₹ 1.37 crore) (Refer note below)

## Note: Pre-operative expenses

₹ in crores

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended April 1, 2015
<b>Employee benefit expenses</b>			
Salaries and wages	-	0.32	0.62
<b>Other expenses</b>			
Rent	-	-	0.17
Miscellaneous expenses	-	0.58	0.58
	-	<b>0.90</b>	<b>1.37</b>

## 7. INTANGIBLE ASSETS

₹ in crores

Particulars	Model fee/Product designs and development	Computer softwares	Technical know- how/export licenses	Total
<b>Cost</b>				
<b>At April 1, 2015</b>	535.81	79.69	2,902.18	<b>3,517.68</b>
Additions	61.02	18.91	3.49	<b>83.42</b>
<b>At March 31, 2016</b>	596.83	98.60	2,905.67	3,601.10
Additions	5.89	15.82	3.61	<b>25.32</b>
<b>At March 31, 2017</b>	<b>602.72</b>	<b>114.42</b>	<b>2,909.28</b>	<b>3,626.42</b>
<b>Accumulated amortisation</b>				
<b>At April 1, 2015</b>	479.03	41.42	2,895.81	3,416.26
Amortisation expense	42.46	12.66	0.65	55.77
<b>At March 31, 2016</b>	521.49	54.08	2,896.46	3,472.03
Amortisation expense	36.67	12.74	1.16	50.57
<b>At March 31, 2017</b>	<b>558.16</b>	<b>66.82</b>	<b>2,897.62</b>	<b>3,522.60</b>
Carrying amount				
At April 1 2015	56.78	38.27	6.37	101.42
At March 31, 2016	75.34	44.52	9.21	129.07
<b>At March 31, 2017</b>	<b>44.56</b>	<b>47.60</b>	<b>11.66</b>	<b>103.82</b>

## 8. INTANGIBLE ASSETS UNDER DEVELOPMENT

₹ in crores

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Intangible assets under development	194.46	328.14	404.08
	<b>194.46</b>	<b>328.14</b>	<b>404.08</b>





## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 9. INVESTMENTS

	Units As at March 31, 2017	Units As at March 31, 2016	Units As at April 1, 2015	As at March 31, 2017		As at March 31, 2016		₹ in crores As at April 1, 2015	
				Current	Non Current	Current	Non Current	Current	Non Current
<b>Category-wise investments</b>									
Investment in equity instruments				-	1,039.10	-	501.29	-	274.15
Investment in preference shares				-	10.00	-	10.00	-	10.00
Investment in debentures / bonds				121.05	260.88	69.44	381.66	-	453.10
Investment in mutual funds				4,423.01	212.33	3,402.13	136.56	2,477.63	176.15
				<b>4,544.06</b>	<b>1,522.31</b>	<b>3,471.57</b>	<b>1,029.51</b>	<b>2,477.63</b>	<b>913.40</b>
<b>Investment in equity instruments</b>									
<b>Unquoted Investments</b>									
<b>Investments in</b>									
<b>Associates (carrying amount determined using equity method of accounting)</b>									
Erik Buell Racing Inc.									
Convertible preferred stock series A equity shares of USD 0.01 each	9,686	9,686	9,686	-	150.09	-	150.09	-	150.09
Cost of acquisition (including Goodwill ₹ 119.65 crores)				-	150.09	-	150.09	-	150.09
Less: Provision for dimunition/ impairment				-	(150.09)	-	(150.09)	-	(150.09)
				-	-	-	-	-	-
<b>Ather Energy Private Limited</b>									
Equity Shares of Face Value of ₹ 1 each	100	-	-	-	0.20	-	-	-	-
Preference shares of Face Value of ₹ 10 each (Convertible into equity instruments)	89,258	-	-	-	180.32	-	-	-	-
Add/(less) Group's share of profit/(loss)				-	(1.35)	-	-	-	-
(including Goodwill on acquisition of interest ₹ 105.52 crores) (as at March 31, 2016 and April 1, 2015: ₹ Nil)				-	179.17	-	-	-	-
<b>Hero FinCorp Limited</b>									
Equity shares of Face Value of ₹ 10 each	3,83,43,025	3,83,43,025	2,19,10,300	-	421.56	-	421.56	-	224.37
Investment in Warrant of Face Value of ₹ 10 each (partly paid up)	20,45,551	-	-	-	36.40	-	-	-	-
Add Gain on dilution of interest				-	262.09	-	-	-	-
Add Group's share of profit (net of dividend received)				-	126.15	-	73.79	-	43.84
(including Goodwill on acquisition of interest ₹ 46.67 crores (capital reserve of ₹ 17.05 crores as at March 31, 2016 and capital reserve of ₹ 13.08 crores as at April 1, 2015)				-	846.20	-	495.35	-	268.21
				-	1,025.37	-	495.35	-	268.21
<b>Investments carried at fair value through profit or loss (FVTPL)</b>									
<b>Investment in equity instruments of Other Entities</b>									
<b>Face Value of ₹ 1 each</b>									

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

₹ in crores

	Units As at March 31, 2017	Units As at March 31, 2016	Units As at April 1, 2015	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
				Current	Non Current	Current	Non Current	Current	Non Current
Bombay Stock Exchange Limited (classified as quoted investment in the current year)	-	140,400	140,400	-	-	-	5.94	-	5.94
<b>Quoted Investments</b>									
<b>Investments carried at fair value through profit or loss (FVTPL)</b>									
<b>Investment in equity instruments of Other Entities</b>									
<b>Face Value of ₹ 1 each (Classified as quoted investment in the current year)</b>									
Bombay Stock Exchange Limited	140,400	-	-	-	13.73	-	-	-	-
				-	<b>13.73</b>	-	-	-	-
<b>Investment in equity instruments</b>			<b>Total</b>	<b>-</b>	<b>1,039.10</b>	<b>-</b>	<b>501.29</b>	<b>-</b>	<b>274.15</b>
Investment in preference shares									
<b>Unquoted Investments</b>									
<b>Investments carried at fair value through profit or loss (FVTPL) of other entities</b>									
<b>Face Value of ₹ 1000 each</b>									
Tata Capital Limited	100,000	100,000	100,000	-	10.00	-	10.00	-	10.00
				-	<b>10.00</b>	-	<b>10.00</b>	-	<b>10.00</b>
<b>Investment in preference shares</b>			<b>Total</b>	<b>-</b>	<b>10.00</b>	<b>-</b>	<b>10.00</b>	<b>-</b>	<b>10.00</b>
<b>Investment in debentures / bonds</b>									
<b>Quoted Investments</b>									
<b>Investments carried at amortised cost</b>									
<b>Face Value of ₹ 1000 each</b>									
12.25% Muthoot Finance Limited- Maturity-14.09.2016	-	500,000	500,000	-	-	53.15	-	-	53.13
7.34% HUDCO -Maturity-16.02.2023	250,000	250,000	250,000	-	25.22	-	25.23	-	25.22
7.18% IRFC -Maturity-19.02.2023	250,000	250,000	250,000	-	25.83	-	25.83	-	25.83
8.18% NHPC Tax Free Bonds- Maturity-02.11.2023	161,050	161,050	161,050	-	17.42	-	17.41	-	17.42
8.51% HUDCO Tax Free Bonds- Maturity-13.01.2024	250,000	250,000	250,000	-	25.45	-	25.46	-	25.45
8.18% PFC Tax Free Bonds- Maturity-16.11.2023	323,890	323,890	323,890	-	33.38	-	33.38	-	33.38
<b>Face Value of ₹ 1,00,000 each</b>									
6.70% IRFC Bonds -Maturity-08.03.2020	1,500	1,500	1,500	-	15.53	-	15.57	-	15.58
<b>Face Value of ₹ 5,00,000 each</b>									
10.70% Tata Motors Finance Limited- Maturity-28.04.2020	138	138	138	-	7.67	-	7.71	-	7.72
10.70% Tata Motors Finance Limited- Maturity-10.04.2020	400	400	400	-	22.34	-	22.42	-	22.51
<b>Face Value of ₹ 10,00,000 each</b>									
8.91% L&T Finance Limited- Maturity-15.04.2016	-	150	150	-	-	16.29	-	-	16.28



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

₹ in crores

	Units As at March 31, 2017	Units As at March 31, 2016	Units As at April 1, 2015	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
				Current	Non Current	Current	Non Current	Current	Non Current
13% Religare Finvest Limited- Maturity-30.05.2017	100	100	100	10.43	-	-	10.43	-	10.43
14% Religare Enterprise Limited- Maturity-30.06.2017	125	250	375	13.65	-	-	27.87	-	43.37
9.20% Bank of Baroda RR Perpetual BD 09.10.2019	50	50	50	-	5.32	-	5.36	-	5.28
<b>Zero Coupon Bonds</b>									
Rural Electrification Corporation Ltd NCD @ 13578 maturity ₹ 30000 per bond-Maturity-15.12.2020	37,000	37,000	37,000	-	82.72	-	76.43	-	70.61
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	50,200	96.97	-	-	88.56	-	80.89
				<b>121.05</b>	<b>260.88</b>	<b>69.44</b>	<b>381.66</b>	<b>-</b>	<b>453.10</b>
<b>Investment in debentures / bonds</b>			<b>Total</b>	<b>121.05</b>	<b>260.88</b>	<b>69.44</b>	<b>381.66</b>	<b>-</b>	<b>453.10</b>
<b>Investment in mutual funds</b>									
<b>(include funds which are listed but not quoted)</b>									
<b>Unquoted Investments</b>									
<b>Investments carried at fair value through profit or loss (FVTPL)</b>									
<b>Debt fund</b>									
<b>Units of the face value of ₹ 10 each</b>									
<b>ICICI Prudential Mutual Fund</b>									
FMP Series 64-3 Years Plan I Cumulative	-	-	10,000,000	-	-	-	-	12.49	-
FMP Series 71-366 Days Plan C Direct Plan Cumulative	-	17,500,000	17,500,000	-	-	21.45	-	-	19.76
FMP Series 73-391 Days Plan G Direct Plan Cumulative	-	-	16,000,000	-	-	-	-	17.61	-
Blended Plan B-Direct Plan-Growth Option(Merged with Banking and PSU Debt Fund Direct Plan Growth)	24,817,467	24,817,467	24,817,467	61.70	-	56.03	-	51.71	-
Income Opportunities Fund-Direct Plan-Growth Option	19,387,735	19,387,735	-	45.22	-	40.84	-	-	-
<b>Birla Sunlife Mutual Fund</b>									
Fixed Term Plan-Series JY (1099 days)-Gr.-Direct	15,000,000	15,000,000	15,000,000	19.46	-	18.10	-	-	16.68
Fixed Term Plan-Series KO (399 days)-Gr.-Direct	-	-	25,000,000	-	-	-	-	27.55	-
Dynamic Bond Fund- Retail- Growth	76,684,191	76,684,191	90,522,800	222.64	-	201.99	-	221.26	-
<b>IDFC Mutual Fund</b>									
Yearly Series Interval Fund Regular Plan-Series I-Growth	-	-	25,000,000	-	-	-	-	30.13	-
Yearly Series Interval Fund Direct Plan-Series II-Growth	-	-	25,000,000	-	-	-	-	30.37	-

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

₹ in crores

	Units As at March 31, 2017	Units As at March 31, 2016	Units As at April 1, 2015	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
				Current	Non Current	Current	Non Current	Current	Non Current
Fixed Term Plan Series 86 Direct Plan-Growth	-	-	20,000,000	-	-	-	-	21.94	-
Corporate Bond Fund Direct Plan- Growth	49,986,503	-	-	56.07	-	-	-	-	-
<b>Reliance Mutual Fund</b>									
Annual Interval Fund -Series I-Direct Growth Plan Growth Option	10,651,352	22,822,076	22,822,076	17.56	-	34.87	-	32.18	-
Fixed Horizon Fund -XXII-Series 34-Growth Plan	-	-	5,000,000	-	-	-	-	6.10	-
Interval Fund II-Series 3-Direct Plan Growth Plan	-	20,000,000	20,000,000	-	-	24.55	-	22.70	-
Interval Fund II-Series 4-Direct Plan Growth Plan	12,500,000	20,000,000	20,000,000	16.36	-	24.39	-	22.56	-
Fixed Horizon Fund -XXIV-Series 25-Direct Plan-Growth Plan	-	22,500,000	22,500,000	-	-	27.51	-	-	25.37
Fixed Horizon Fund -XXV-Series 15-Direct Plan Growth Plan	40,000,000	40,000,000	40,000,000	-	55.04	49.76	-	-	45.60
Fixed Horizon Fund -XXV-Series 20-Direct Plan Growth Plan	20,000,000	20,000,000	20,000,000	-	27.43	24.80	-	-	22.69
Fixed Horizon Fund -XXV-Series 30-Direct Plan Growth Plan	-	-	25,000,000	-	-	-	-	27.56	-
Fixed Horizon Fund -XXVII-Series 11-Direct Plan Growth Plan	20,000,000	20,000,000	20,000,000	24.52	-	-	22.51	-	20.70
Fixed Horizon Fund -XXX-Series 4-Direct Growth Plan	30,000,000	30,000,000	-	-	33.43	-	30.49	-	-
Fixed Horizon Fund -XXXI-Series 5-Direct Growth Plan	5,000,000	-	-	-	5.33	-	-	-	-
Floating Rate-Short Term Plan -Direct Growth Plan	46,942,186	46,942,186	46,942,186	123.42	-	113.47	-	104.56	-
Corporate Bond Fund-Direct Growth Plan	53,163,841	53,163,841	32,000,000	71.61	-	63.84	-	35.18	-
Regular Savings Fund -Debt Plan -Direct Growth Plan Growth Option	82,899,424	75,987,841	-	194.75	-	161.29	-	-	-
Medium Term Fund -Direct Growth Plan-Growth Option	-	15,950,540	-	-	-	50.62	-	-	-
<b>Invesco Mutual Fund (Formerly Religare Invesco Mutual Fund)</b>									
Fixed Maturity Plan Series XIV-Plan F (1098 Days)-Direct Plan	13,500,000	13,500,000	13,500,000	16.65	-	-	15.27	-	14.06
FMP-Sr.26-Plan A (1098 Days)- Direct Sub Plan Growth	15,000,000	15,000,000	-	-	17.55	-	16.07	-	-
FMP-Sr.26-Plan C (1098 Days)- Direct Sub Plan Growth	10,000,000	10,000,000	-	-	11.61	-	10.61	-	-
FMP-Sr.27-Plan A (1100 Days)-Direct Sub Plan Growth	10,000,000	10,000,000	-	-	11.21	-	10.24	-	-
FMP-Sr.29-Plan B (1150 Days)-Direct Sub Plan Growth	6,000,000	-	-	-	6.02	-	-	-	-
<b>L&amp;T Mutual Fund</b>									
FMP Series 9- Plan D- Direct Growth	-	10,000,000	10,000,000	-	-	12.26	-	-	11.29
FMP Series 10- Plan H- Direct Growth	-	-	10,000,000	-	-	-	-	11.10	-
FMP Series 10- Plan M- Direct Growth	-	-	10,000,000	-	-	-	-	11.05	-
FMP Series 10- Plan Q- Direct Growth	-	-	25,000,000	-	-	-	-	27.47	-



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

₹ in crores

	Units As at March 31, 2017	Units As at March 31, 2016	Units As at April 1, 2015	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
				Current	Non Current	Current	Non Current	Current	Non Current
Floating Rate Fund Direct Plan- Growth	-	14,422,938	14,422,938	-	-	21.36	-	19.58	-
Income Opportunities Fund Direct Plan-Growth	43,776,843	58,823,714	28,271,410	83.17	-	100.80	-	44.27	-
Triple Ace Bond Fund-Bonus-Original	-	5,363,713	5,363,713	-	-	7.82	-	7.45	-
Banking and PSU Debt Fund Direct Plan-Growth	21,141,351	-	-	31.12	-	-	-	-	-
<b>BNP Paribas Mutual Fund</b>									
Medium Term Income Fund Direct Plan Growth	25,000,000	25,000,000	25,000,000	33.55	-	30.66	-	28.27	-
<b>J P Morgan Mutual Fund</b>									
Fixed Maturity Plan Series 302 Growth	-	-	10,000,000	-	-	-	-	12.25	-
<b>DHFL Pramerica Mutual Fund(Formerly Deutsche Mutual Fund)</b>									
Fixed Maturity Plan Series 54-Direct Plan-Growth	-	-	10,000,000	-	-	-	-	11.00	-
Fixed Maturity Plan Series 57-Direct Plan-Growth	4,547,935	4,547,935	20,000,000	5.86	-	-	5.41	21.95	-
Short Term Floating Rate Fund-Direct Plan Bonus(Formerly Treasury Fund- Investment-Direct Plan Bonus)	-	9,238,367	9,238,367	-	-	11.65	-	10.75	-
Short Maturity Fund Direct Plan- Annual Bonus	4,614,440	4,614,440	4,614,440	9.50	-	8.60	-	7.89	-
Ultra Short Term Fund-Direct Plan- Annual Bonus	8,868,007	8,868,007	8,868,007	11.73	-	10.84	-	9.94	-
Low Duration Fund Direct Plan- Annual Bonus (Formerly Cash Opportunities Fund-Direct Plan- Annual Bonus)	10,389,886	10,389,886	10,389,886	13.96	-	12.77	-	11.61	-
Low Duration Fund-Direct Plan- Growth	47,411,340	-	-	107.70	-	-	-	-	-
Banking PSU&Debt Fund Direct Plan- Growth	40,436,362	-	-	58.22	-	-	-	-	-
Premier Bond Fund-Direct Plan- Growth	37,688,298	-	-	102.23	-	-	-	-	-
<b>SBI Mutual Fund</b>									
Debt Fund Series B-20(1100 Days) Direct Plan-Growth	10,000,000	10,000,000	-	-	11.69	-	10.70	-	-
Dual Advantage Fund -Series VII- Direct-Growth	15,000,000	15,000,000	15,000,000	17.15	-	15.67	-	15.13	-
Dual Advantage Fund -Series VIII- Direct-Growth	25,000,000	25,000,000	25,000,000	28.05	-	25.79	-	25.00	-
Dual Advantage Fund -Series XII- Direct-Growth	15,000,000	15,000,000	-	16.94	-	15.24	-	-	-
<b>IDFC Mutual Fund</b>									
Corporate Bond Fund Direct Plan- Growth	-	49,986,503	-	-	-	50.91	-	-	-
<b>Kotak Mutual Fund</b>									
Treasury Advantage Fund-Direct Plan-Growth	-	82,437,852	-	-	-	200.79	-	-	-

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

₹ in crores

	Units As at March 31, 2017	Units As at March 31, 2016	Units As at April 1, 2015	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
				Current	Non Current	Current	Non Current	Current	Non Current
<b>HDFC Mutual Fund</b>									
FMP 1167 D January 2016(1) -Direct-Growth-Series-35	15,000,000	15,000,000	-	-	16.73	-	15.26	-	-
<b>Units of the face value of ₹ 1000 each</b>									
Reliance Mutual Fund									
Money Manager Fund-Growth Plan-Growth Option	-	-	646,368	-	-	-	-	123.69	-
Money Manager Fund-Direct Growth Plan Growth Plan	1,890,316	1,890,316	-	430.33	-	396.90	-	-	-
<b>Money Manager Fund-Direct Plan Growth Option</b>	4,980	4,980	23,151	1.07	-	0.98	-	4.41	-
<b>ICICI Prudential Mutual Fund</b>									
Flexible Income-Direct Plan -Growth	66,571	49,519	112,284	2.15	-	1.48	-	3.02	-
<b>Invesco Mutual Fund (Formerly Religare Invesco Mutual Fund)</b>									
Credit Opportunities Fund Direct Plan-Growth	493,789	296,856	312,215	92.65	-	51.76	-	50.01	-
Short Term Fund-Direct Plan Growth	1,299,935	673,848	-	291.22	-	138.28	-	-	-
Medium Term Bond Fund-Direct Plan Growth	1,398,253	332,394	-	236.86	-	51.63	-	-	-
Bank Debt Fund-Direct Plan Growth	387,669	387,669	-	54.43	-	50.52	-	-	-
<b>DHFL Pramerica Mutual Fund(Formerly Deutsche Mutual Fund)</b>									
Fixed Duration Fund -Series AE-Direct Plan-Growth	62,500	-	-	-	6.28	-	-	-	-
Fixed Duration Fund -Series AG-Direct Plan-Growth	100,000	-	-	-	10.01	-	-	-	-
<b>Taurus Mutual Fund</b>									
Ultra Short Term Bond Fund Direct Plan-Growth	-	271,558	-	-	-	50.04	-	-	-
<b>Principal Mutual Fund</b>									
Credit Opportunities Fund-Direct Plan Growth	61,626	-	-	15.88	-	-	-	-	-
<b>Equity fund</b>									
<b>Units of the face value of ₹ 10 each</b>									
<b>L&amp;T Mutual Fund</b>									
Business Cycles Fund Direct Growth	-	3,000,000	3,000,000	-	-	3.36	-	3.73	-
<b>DHFL Pramerica Mutual Fund(Formerly Deutsche Mutual Fund)</b>									
Arbitrage Fund-Direct Plan-Growth	-	66,883,563	-	-	-	75.84	-	-	-
Arbitrage Fund-Direct Plan-Growth	-	-	19,761,318	-	-	-	-	20.83	-
Arbitrage Fund Direct Plan-Monthly Dividend-Payout	127,826,937	-	-	136.17	-	-	-	-	-
<b>Invesco Mutual Fund (Formerly Religare Invesco Mutual Fund)</b>									
Arbitrage Fund -Direct Plan -Dividend	115,340,768	77,316,797	-	153.26	-	101.34	-	-	-
<b>Principal Mutual Fund</b>									
Arbitrage Fund Dividend -Direct Plan -Payout	10,000,000	-	-	10.30	-	-	-	-	-
<b>Reliance Mutual Fund</b>									





## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

₹ in crores

	Units As at March 31, 2017	Units As at March 31, 2016	Units As at April 1, 2015	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
				Current	Non Current	Current	Non Current	Current	Non Current
Arbitrage Advantage Fund-Direct Plan Dividend Payout	163,714,610	-	-	176.70	-	-	-	-	-
<b>UTI Mutual Fund</b>									
Spread Fund Direct Plan-Div Payout	47,871,850	-	-	79.10	-	-	-	-	-
<b>IndiaBulls Mutual Fund</b>									
Arbitrage Fund-Direct Plan- Dividend-Payout	94,670,074	-	-	100.13	-	-	-	-	-
<b>IDFC Mutual Fund</b>									
Arbitrage Plus Fund -Direct Plan- Monthly Dividend	40,645,780	-	-	50.20	-	-	-	-	-
<b>Kotak Mutual Fund</b>									
Equity Arbitrage Fund-Direct Plan -Monthly Dividend	281,442,341	-	-	308.23	-	-	-	-	-
<b>Liquid fund</b>									
<b>Units of the face value of ₹ 10 each</b>									
<b>Escorts Mutual Fund</b>									
Liquid Direct Plan-Growth	-	8,815,873	8,815,873	-	-	20.91	-	19.24	-
<b>Sundaram Mutual Fund</b>									
Money Fund-Direct Plan-Growth	-	42,076,461	-	-	-	134.46	-	-	-
<b>Units of the face value of ₹ 100 each</b>									
ICICI Prudential Mutual Fund									
Liquid Direct plan-Growth	19,623,823	4,462,450	2,415,432	472.38	-	100.09	-	50.02	-
<b>Birla Sunlife Mutual Fund</b>									
Cash Plus-Growth-Direct Plan	10,055,662	2,283,813	12,985,185	262.76	-	55.57	-	291.64	-
<b>Units of the face value of ₹ 1000 each</b>									
<b>Reliance Mutual Fund</b>									
Liquidity Fund- Direct Growth Plan Growth Option	-	1,846,199	1,559,790	-	-	421.60	-	328.91	-
<b>Taurus Mutual Fund</b>									
Liquid Fund-Direct Plan-Super Institutional Growth	-	-	330,345	-	-	-	-	50.02	-
<b>IDFC Mutual Fund</b>									
Cash Fund -Growth-(Direct Plan)	-	970,501	734,163	-	-	178.75	-	124.85	-
<b>L&amp;T Mutual Fund</b>									
Liquid Fund Direct Plan-Growth	-	192,780	208,656	-	-	40.06	-	40.03	-
<b>Axis Mutual Fund</b>									
Liquid Fund-Direct Plan-Growth	-	237,171	1,794,407	-	-	39.83	-	278.33	-
<b>Kotak Mutual Fund</b>									
Liquid Scheme Plan A-Direct Plan- Growth	151,674	-	352,834	50.02	-	-	-	100.20	-
<b>HDFC Mutual Fund</b>									
Liquid Fund Direct Plan Growth	187,036	-	-	60.02	-	-	-	-	-
<b>DSP BlackRock Mutual Fund</b>									
Liquidity Fund Direct Plan Growth	215,037	-	-	50.01	-	-	-	-	-
<b>Religare Invesco Mutual Fund(Formerly Religare Mutual Fund)</b>									
Liquid Fund-Direct Plan Growth	-	240,103	-	-	-	50.06	-	-	-
<b>Principal Mutual Fund</b>									
Cash Management Fund-Direct Plan- Growth	-	-	367,952	-	-	-	-	50.09	-
<b>Investment in mutual funds</b>			<b>Total</b>	<b>4,423.01</b>	<b>212.33</b>	<b>3,402.13</b>	<b>136.56</b>	<b>2,477.63</b>	<b>176.15</b>
<b>Total Investments</b>				<b>4,544.06</b>	<b>1,522.31</b>	<b>3,471.57</b>	<b>1,029.51</b>	<b>2,477.63</b>	<b>913.40</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

₹ in crores

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Current	Non Current	Current	Non Current	Current	Non Current
Aggregate book value of quoted investments	121.05	274.61	69.44	381.66	-	453.10
Aggregate market value of quoted investments	123.08	288.11	70.19	387.79	-	459.21
Aggregate carrying value of unquoted investments	4,423.01	1,397.79	3,402.13	797.94	2,477.63	610.39
Aggregate amount of impairment in value of investments	-	(150.09)	-	(150.09)	-	(150.09)

## Category-wise investment as per Ind AS 109 classification

₹ in crores

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Current	Non Current	Current	Non Current	Current	Non Current
<b>Financial assets carried at fair value through profit or loss (FVTPL)</b>						
<b>Unquoted</b>						
Investment in equity instruments	-	-	-	5.94	-	5.94
Investment in preference shares	-	10.00	-	10.00	-	10.00
Investment in Mutual Funds	4,423.01	212.33	3,402.13	136.56	2,477.63	176.15
<b>Quoted</b>						
Investment in equity instruments	-	13.73	-	-	-	-
<b>Financial assets carried at amortised cost</b>						
<b>Quoted</b>						
Investment in debentures / bonds	121.05	260.88	69.44	381.66	-	453.10

Note: The above does not include investments in associate companies aggregating ₹ 1,025.37 crores (₹ 495.35 crores as at March 31, 2016 and ₹ 268.21 crores as at April 1, 2015) which are carried using equity method of accounting.

## Investments in associates

## Details of investments in associates (carrying amount determined using equity method of accounting)

₹ in crores

Name of associate	Principal Activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the Company		
			As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Hero FinCorp Limited	Non-Banking Financial Company	India	41.03%	48.42%	48.42%
Ather Energy Private Limited	Business of designing and manufacturing smart electric vehicles and associated charging infrastructure	India	30.12%	-	-

Summarised financial information in respect of the Company's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with Ind AS adjusted by the Group for equity accounting purposes.



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

₹ in crores

Hero FinCorp Limited	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current assets	5,218.38	3,380.87	1,479.65
Current assets	4,882.87	3,149.91	1,673.35
Non-current liabilities	(4,423.78)	(2,574.90)	(986.14)
Current liabilities	(3,755.35)	(2,932.87)	(1,612.93)

₹ in crores

	For the year ended March 31, 2017	For the year ended March 31, 2016
Total income	1,317.14	759.53
Profit for the year	117.78	70.90
Other comprehensive income for the year	-	-
Total Comprehensive income for the year	117.78	70.90
Dividends received from the associate during the year	3.83	4.38

### Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements

₹ in crores

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Net assets of the associate	1,922.12	1,023.01	553.93
Add: Impact of partly paid equity instruments in the associate	197.40	-	-
Proportion of the Group's ownership interest in the associate	41.03%	48.42%	48.42%
<b>Group's ownership interest in the associate</b>	<b>869.56</b>	<b>495.35</b>	<b>268.21</b>
Add: Goodwill on acquisition	46.67	-	-
Less: Portion of partly paid equity instruments payable by the Company	70.03	-	-
Carrying amount of the Group's interest in the associate*	846.20	495.35	268.21

\* Carrying amount includes gain of ₹ 262.09 crores (previous year ₹ Nil) on account of dilution of equity interest in associate from 48.42% to 41.03% pursuant to investment in the associate by other investors.

₹ in crores

Ather Energy Private Limited	As at March 31, 2017
Non-current assets	42.28
Current assets	208.89
Non-current liabilities	(1.00)
Current liabilities	(5.61)

₹ in crores

	For the period January 4, 2017 to March 31, 2017
Revenue	1.42
Profit/ (loss) for the year	(4.18)
Other comprehensive income for the year	(0.23)
Total Comprehensive income for the year	(4.41)
Dividends received from the associate during the year	-

Note: As the investment into associate has been made on January 4, 2017, profit/ (loss) is reported for the post acquisition period.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements

	₹ in crores
	As at March 31, 2017
Net assets of the associate	244.56
Proportion of the Group's ownership interest in the associate	30.12%
Group's ownership interest in the associate	73.65
Add: Goodwill on acquisition	105.52
Carrying amount of the Group's interest in the associate	179.17

### 10. LOANS

Particulars	₹ in crores		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Non - current</b>			
Unsecured, considered good			
Loans to employees	23.13	26.70	30.09
<b>Total</b>	<b>23.13</b>	<b>26.70</b>	<b>30.09</b>
<b>Current</b>			
Unsecured, considered good			
Loans to employees	21.73	23.21	23.86
<b>Total</b>	<b>21.73</b>	<b>23.21</b>	<b>23.86</b>

Note :- These financial assets are carried at amortised cost.

### 11. OTHER FINANCIAL ASSETS

Particulars	₹ in crores		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Non - current</b>			
<b>Unsecured, considered good</b>			
Security deposits	25.39	23.38	18.57
<b>Total</b>	<b>25.39</b>	<b>23.38</b>	<b>18.57</b>
<b>Current</b>			
<b>Unsecured, considered good</b>			
Security deposits	3.20	1.97	0.65
Derivatives instruments carried at fair value	4.42	6.20	2.79
Interest accrued on deposits	0.22	0.23	0.29
Others	17.33	14.91	11.86
<b>Total</b>	<b>25.17</b>	<b>23.31</b>	<b>15.59</b>

Note :- These financial assets are carried at amortised cost unless otherwise stated.

### 12. INCOME TAX ASSETS (NET)

Particulars	₹ in crores		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Tax assets</b>			
Advance income tax	1,414.74	1,188.63	984.37
Less : Provision for taxation	1,082.24	960.91	899.18
<b>Total</b>	<b>332.50</b>	<b>227.72</b>	<b>85.19</b>



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 13. OTHER ASSETS

Particulars	₹ in crores		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Non-current</b>			
<b>Unsecured, considered good</b>			
Capital advances	221.19	342.19	212.40
Prepayment land leases	246.89	249.51	185.57
Prepaid expenses	1.49	2.74	0.46
<b>Balance with government authorities</b>			
- Excise duty	45.62	43.78	45.84
- VAT/ sales tax	143.16	209.87	255.72
<b>Total</b>	<b>658.35</b>	<b>848.09</b>	<b>699.99</b>
<b>Current</b>			
<b>Unsecured, considered good</b>			
Prepayment land leases	2.94	2.83	3.08
Prepaid expenses	44.61	36.22	28.90
Advance to suppliers	87.62	98.03	91.98
Other advances	4.09	4.08	3.57
<b>Balance with Government authorities</b>			
- Excise duty	113.13	135.16	283.72
- VAT/ sales tax	179.58	222.40	117.92
- Excise duty-current account	0.64	1.65	0.38
- Export incentive receivable	17.66	10.95	21.90
Accrual of Incentive from the State Governments	73.56	50.77	30.78
<b>Total</b>	<b>523.83</b>	<b>562.09</b>	<b>582.23</b>

### 14. INVENTORIES (lower of cost and net realisable value)

Particulars	₹ in crores		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Raw materials and components	397.14	376.23	513.44
Goods in transit of raw materials and components	27.43	13.57	38.25
Work in progress (Two wheelers)	32.01	28.09	31.60
Finished goods			
Two wheelers	104.78	182.91	148.50
Goods in transit of two wheelers	-	11.27	2.76
Spare parts	43.40	54.66	44.21
Stores and spares	82.93	75.53	64.23
Loose tools	20.89	19.73	18.40
<b>Total</b>	<b>708.58</b>	<b>761.99</b>	<b>861.39</b>

-The cost of inventories recognised as an expense during the year in respect of continuing operations was ₹ 20,863.34 crores (for 2015-16: ₹ 21,107.56 crores)

-Inventories of ₹ 48.29 crores (as at March 31, 2016 ₹ 45.25 crores, as at April 1, 2015 ₹ 40.40 crores) are expected to be recovered after more than twelve months

- The mode of valuation of inventories has been stated in note no. 3.12

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 15. TRADE RECEIVABLES

₹ in crores

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Current</b>			
Secured, considered good	32.10	25.33	26.68
Unsecured - considered good	1,519.65	1,256.74	1,345.14
- considered doubtful	23.70	14.13	11.10
	1,575.45	1,296.20	1,382.92
Less: Impairment of trade receivables	23.70	14.13	11.10
<b>Total</b>	<b>1,551.75</b>	<b>1,282.07</b>	<b>1,371.82</b>

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated

₹ in crores

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Age of receivables</b>			
Within the credit period	1,103.80	833.90	875.97
Upto 6 months past due	442.18	442.72	480.52
More than 6 months past due	5.77	5.45	15.33
<b>Total</b>	<b>1,551.75</b>	<b>1,282.07</b>	<b>1,371.82</b>

The Group has used a practical expedient by computing the expected loss allowance for trade receivables based on historical credit loss experience and adjustments for forward looking information.

### 16. CASH AND CASH EQUIVALENTS

₹ in crores

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cash on hand	0.10	0.16	0.18
<b>Balances with banks</b>			
In current accounts	40.25	47.21	65.02
In deposit accounts	33.71	27.31	62.02
<b>Cash and cash equivalents</b>	<b>74.06</b>	<b>74.68</b>	<b>127.22</b>

### 17. OTHER BANK BALANCES

₹ in crores

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Balances with banks</b>			
In dividend current accounts (earmarked accounts)	89.97	74.89	61.28
In deposit accounts*	31.36	29.52	27.28
<b>Total</b>	<b>121.33</b>	<b>104.41</b>	<b>88.56</b>

\* 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 against the bank which is pending in honourable Delhi High Court. In the interim the Bank has renewed the deposits for a period (along with interest earned thereon).





## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 18. SHARE CAPITAL

#### (a) Equity share capital

Particulars	₹ in crores		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Authorised Equity Shares capital</b>			
250,000,000 (March 31, 2016: 250,000,000; April 1, 2015: 250,000,000) Equity shares of ₹ 2 each	50.00	50.00	50.00
<b>Total</b>	<b>50.00</b>	<b>50.00</b>	<b>50.00</b>
<b>Issued, subscribed and fully paid up</b>			
199,696,838 (March 31, 2016: 199,690,088; April 1, 2015: 199,687,500) Equity shares of ₹ 2 each	39.94	39.94	39.94
<b>Total</b>	<b>39.94</b>	39.94	39.94

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to their shareholding.

#### (i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

Particulars	As at March 31, 2017		As at March 31, 2016	
	Nos.	₹ in crores	Nos.	₹ in crores
Opening Balance	199,690,088	39.94	199,687,500	39.94
Issued during the year - # Current year ₹ 13,500 (previous year ₹ 5176)-ESOP (refer note 42)	6,750	#	2,588	#
Closing Balance	199,696,838	39.94	199,690,088	39.94

#### (ii) Details of shareholders holding more than 5% equity shares in the Company:

Particulars	As at March 31, 2017		As at March 31, 2016	
	Nos.	% holding in the class	Nos.	% holding in the class
Late Brijmohan Lall Munjal * #	-	-	12,396,842	6.21%
Ms Renu Munjal *	9,309,019	4.66%	12,396,840	6.21%
Mr Suman Munjal *	9,309,019	4.66%	12,396,840	6.21%
Mr Pawan Munjal *	9,309,020	4.66%	12,396,840	6.21%
Mr Sunil Kant Munjal *	-	-	1,850,440	0.93%
M/S Bahadur Chand Investments (P) Ltd	39,943,238	20.00%	17,306,250	8.67%

Particulars	As at April 1, 2015	
	Nos.	% holding in the class
Late Brijmohan Lall Munjal * #	12,396,842	6.21%
Ms Renu Munjal *	12,396,840	6.21%
Mr Suman Munjal *	12,396,840	6.21%
Mr Pawan Munjal *	12,396,840	6.21%
Mr Sunil Kant Munjal *	1,850,440	0.93%
M/S Bahadur Chand Investments (P) Ltd	17,306,250	8.67%

\* Hold shares on behalf of Brijmohan Lall Om Prakash (partnership firm)

# Shares in the name of Late Brijmohan Lall Munjal are pending to be transferred to the legal representatives.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### (iii) Shares options/ Restricted stock units granted under the Company's employee share option plan

Option Series	Share Options Outstanding (In Nos.)			Expiry Date
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	
ESOP 2014	11,490	18,776	23,110	20-Oct-21
ESOP 2016	41,290	-	-	21-Aug-23
RSU 2016	11,194	-	-	21-Aug-23

Share options granted under company's employee share option plan carry no rights to dividend and no voting rights. Further details of the employee share option plan are provided in Note 42.

### (b) Preference share capital

Particulars	₹ in crores		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Authorised Preference shares capital</b>			
4,00,000 (March 31, 2016: 4,00,000; April 1, 2015: 4,00,000) Cumulative convertible preference shares of ₹ 100 each	4.00	4.00	4.00
4,00,000 (March 31, 2016: 4,00,000; April 1, 2015: 4,00,000) Cumulative redeemable preference shares of ₹ 100 each	4.00	4.00	4.00
<b>Total</b>	<b>8.00</b>	<b>8.00</b>	<b>8.00</b>

Note: The Company has not issued preference share capital.

## 19. OTHER EQUITY

Particulars	₹ in crores		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital reserves	#	#	#
Share premium account	3.13	0.87	-
General reserve	2,676.34	2,676.34	2,426.34
Share options outstanding account	3.90	1.29	0.67
Foreign currency translation reserve	(5.40)	(2.86)	(2.65)
Retained earnings	7,597.60	6,118.53	4,911.26
<b>Total</b>	<b>10,275.57</b>	<b>8,794.17</b>	<b>7,335.62</b>

Particulars	₹ in crores	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>A. Capital Reserves</b>		
Opening balance		
On shares forfeited (# ₹ 4,250)	#	#
Share premium account on forfeited shares reissued(## ₹ 25,500)	##	##
<b>B. Share premium account</b>		
Opening balance	0.87	-
Premium on equity shares issued during the year @	2.26	0.87
<b>Closing balance</b>	<b>3.13</b>	<b>0.87</b>

@ Addition in share premium account represents premium @ ₹ 2,157 per equity share (Previous year @ ₹ 2,157) amounting to ₹1.45 crores (previous year ₹ 0.56 crore) and ₹ 0.81 crore (Previous year ₹ 0.31 crore) transferred from share option outstanding account on 6,750 equity shares (Previous year 2,588 equity shares) issued and allotted during the year under ESOP schemes. The Company can utilize the same for the purpose of buy back of shares or issue of bonus shares as decided by the management.



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	₹ in crores	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>C. General Reserve</b>		
Opening balance	2,676.34	2,426.34
Add: Amount transferred from retained earnings	-	250.00
<b>Closing balance</b>	<b>2,676.34</b>	<b>2,676.34</b>

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

Particulars	₹ in crores	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>D. Share options outstanding account</b>		
Opening balance	1.29	0.67
Add: Net charge during the year	3.42	0.93
Less: Transferred to share premium on issue of shares	(0.81)	(0.31)
<b>Closing balance</b>	<b>3.90</b>	<b>1.29</b>

This relates to share options granted by the Company to its employees under its employee share options plan. Further information amount share based payments to employees is set out in note 42.

Particulars	₹ in crores	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>E. Foreign currency translation reserve</b>		
Opening balance	(2.86)	(2.65)
Exchange differences in translating the financial statements of foreign operations	(3.88)	(0.42)
Income tax effect	1.34	0.21
<b>Closing balance</b>	<b>(5.40)</b>	<b>(2.86)</b>

Particulars	₹ in crores	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>F. Retained earnings</b>		
Opening balance	6,118.53	4,911.26
Add: Profit for the year	3,584.27	3,141.98
Other Comprehensive income arising from remeasurement of defined benefit obligation (net of income tax)	(14.17)	(2.36)
Less:		
Interim dividend year 2016-17 (amount per share ₹ 55 (₹ 40.0))	1,098.33	798.75
Final dividend year 2015-16 (amount per share ₹ 32 (₹ 30.0))	639.01	599.06
Tax on dividend	353.69	284.54
Transferred to general reserve	-	250.00
<b>Balance at end of year</b>	<b>7,597.60</b>	<b>6,118.53</b>

In respect of the year ended March 31, 2017, the directors propose that a dividend of ₹ 30 per share be paid on fully paid equity shares. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as liability in these financial statements. The proposed equity dividend is payable to all holders of fully paid equity shares. The total estimated equity dividend to be paid is ₹ 721.05 crores (includes dividend distribution tax of ₹ 121.96 crores)

## 20. NON-CONTROLLING INTERESTS

Particulars	₹ in crores	
	As at March 31, 2017	As at March 31, 2016
Opening balance	54.63	45.59
Additions during the year	52.72	39.58
Share of profit/(loss) for the year	(39.97)	(30.54)
<b>Closing non-controlling interest</b>	<b>67.38</b>	<b>54.63</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## 21. BORROWINGS

₹ in crores

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Non-current</b>			
<b>Unsecured - at amortised cost</b>			
Term loan			
- from Banks*	44.43	130.67	12.00
Long term maturities of finance lease obligation**	95.44	-	-
<b>Secured - at amortised cost</b>			
Term loan			
- from Banks#	68.03	15.31	-
	<b>207.90</b>	<b>145.98</b>	<b>12.00</b>
<b>Current</b>			
<b>Unsecured</b>			
<b>Loan repayable on demand</b>			
- from banks @	40.08	83.95	38.58
Loans from related party	-	0.11	0.18
	<b>40.08</b>	<b>84.06</b>	<b>38.76</b>

\* Includes ₹ 36.49 crores (March 31, 2016 - ₹ 35.01 crores, April 1, 2015 - ₹ Nil) borrowed by HMCL Colombia SAS against demand promissory notes, payable over a period of 7 years charged at DTF+5%. Also includes ₹ Nil (March 31, 2016 - ₹ 84.83 crores, April 1, 2015 - ₹ Nil) toward and building plant and machinery repayable over 8-12 years at DTF 4.0% to 5.35%

\* Includes ₹ 7.94 crores (March 31, 2016 - ₹ 10.83 crores, April 1, 2015 ₹ 12 crores) of HMC MM Auto, repayable in 18 quarterly installments starting with effect from September 07, 2016, last installment due on December 07, 2020. Rate of Interest -Bank base rate + 50 basis points.

\*\* Includes ₹ 95.44 crores (previous year ₹ Nil) borrowed by HMCL Colombia toward leasing of building, plant and machinery, cars repayable over 8-12 years at DTF 4.0% to 5.35%

# These include borrowing by HMCL Niloy Bangladesh secured against first charge over borrower's plant and machinery, inventory, and debtors. The term loans are repayable over a period of 6 years with a moratorium period of one year at Libor+4%. Working capital facilities are charged at 10.50%-11.50% repayable over 6 months or on demand

@ Includes ₹ 11.68 crores (March 31, 2016 - ₹ 3.73 crores April 1, 2015 - ₹ Nil) of HMC MM Auto limited and ₹ 28.40 crores (March 31, 2016 - ₹ 80.22 crores, April 1, 2015 ₹ 38.58 crores) of HMCL Colombia SAS at DTF+3.5%, Libor+1.2%

## 22. PROVISIONS

₹ in crores

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Non-current</b>			
Employee benefits (i)			
Accumulated leaves	12.69	12.48	10.12
Gratuity	0.18	0.11	0.07
Other employee benefits	3.30	3.06	-
<b>Sub-total (A)</b>	<b>16.17</b>	<b>15.65</b>	<b>10.19</b>
Warranties (Refer note (ii) below)	59.45	52.15	35.36
<b>Sub-total (B)</b>	<b>59.45</b>	<b>52.15</b>	<b>35.36</b>
<b>Total (A+B)</b>	<b>75.62</b>	<b>67.80</b>	<b>45.55</b>
<b>Current</b>			
Employee benefits (i)			
Accumulated leaves	4.77	3.36	2.82
Gratuity	0.17	0.10	0.10
Other employee benefits	0.18	0.23	-
<b>Sub-total (A)</b>	<b>5.12</b>	<b>3.69</b>	<b>2.92</b>
Warranties (Refer note (iii) below)	37.45	26.11	17.88
Others	-	-	0.20
<b>Sub-total (B)</b>	<b>37.45</b>	<b>26.11</b>	<b>18.08</b>
<b>Total (A+B)</b>	<b>42.57</b>	<b>29.80</b>	<b>21.00</b>

(i) The provision for employee benefits includes earned leave, sick leave, gratuity, and vested long service reward. The increase in the carrying amount of the provision for the current year results from increase in the number of employees, salary cost etc.



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### (ii) Movement in warranties provisions

	₹ in crores	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening balance	78.26	53.24
Additions during the year	70.07	58.84
Amount utilised during the year	(55.31)	(36.56)
Unwinding of discount on provisions	3.88	2.74
Closing balance	96.90	78.26

The provision for warranty claims represents the present value of the management best estimate of the future economic benefits that will be required under the Group's obligations for warranties. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

### 23. DEFERRED TAX (ASSETS)/ LIABILITIES (NET)

	₹ in crores		
Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Deferred tax liabilities on</b>			
Property plant and equipments and intangible assets	381.88	230.75	-
Financial assets carried at fair value through profit or loss	77.53	33.02	24.68
Investments in associate	65.06	-	-
Others	17.38	16.48	10.98
<b>Sub-total (A)</b>	<b>541.85</b>	<b>280.25</b>	<b>35.66</b>
<b>Less: Deferred tax assets on</b>			
Property plant and equipments and intangible assets	-	-	70.92
Accrued expenses deductible on payment	6.66	6.60	4.27
Deferred revenue	47.62	46.26	46.64
Others	18.67	5.62	3.84
<b>Sub-total (B)</b>	<b>72.95</b>	<b>58.48</b>	<b>125.67</b>
<b>Total (A-B)</b>	<b>468.90</b>	<b>221.77</b>	<b>(90.01)</b>

### Movement of Deferred tax (assets)/ liabilities

	₹ in crores			
Particulars	For the Year ended March 31, 2017			Closing Balance
	Opening Balance	Recognised in profit and Loss*	Recognised in Other comprehensive income	
<b>Deferred tax liabilities on</b>				
Property plant and equipments and intangible assets	230.75	151.13	-	381.88
Financial assets carried at fair value through profit and loss	33.02	44.51	-	77.53
Investments in associate	-	65.06	-	65.06
Others	16.48	0.90	-	17.38
<b>Deferred tax assets on</b>				
Accrued expenses deductible on payment	6.60	0.06	-	6.66
Deferred revenue	46.26	1.36	-	47.62
Re-measurement of defined benefit obligation	-	(7.45)	7.45	-
Others	5.62	10.66	2.39	18.67
<b>Deferred tax (assets)/liabilities (net)</b>	<b>221.77</b>	<b>256.97</b>	<b>(9.84)</b>	<b>468.90</b>

\*includes ₹ 0.11 crore on account of foreign exchange fluctuation

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	For the Year ended March 31, 2016			
	Opening Balance	Recognised in profit and Loss*	Recognised in Other comprehensive income	Closing Balance
<b>Deferred tax liabilities on</b>				
Property plant and equipments and intangible assets	(70.92)	301.67	-	230.75
Financial assets carried at fair value through profit or loss	24.68	8.34	-	33.02
Others	10.98	5.50	-	16.48
<b>Deferred tax assets on</b>				
Accrued expenses deductible on payment	4.27	2.33	-	6.60
Deferred revenue	46.64	(0.38)	-	46.26
Re-mesurment of defined benefit obligation	-	(1.26)	1.26	-
Others	3.84	1.03	0.75	5.62
<b>Deferred tax (assets)/liabilities (net)</b>	<b>(90.01)</b>	<b>313.79</b>	<b>(2.01)</b>	<b>221.77</b>

\*excludes ₹ 0.01 crore on account of foreign exchange fluctuation

## 24. TRADE PAYABLES

Particulars	₹ in crores		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Total outstanding dues of creditors			
Other trade payables	3,266.20	2,675.34	2,600.31
<b>Total</b>	<b>3,266.20</b>	<b>2,675.34</b>	<b>2,600.31</b>

## 25. OTHER FINANCIAL LIABILITIES

Particulars	₹ in crores		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Current</b>			
Current maturities of long-term borrowings	12.63	2.17	-
Capital Creditors	205.60	143.71	141.84
Security deposits dealers and others	62.47	54.60	51.64
Interest accrued but not due on borrowings	0.52	0.64	-
Unclaimed dividend *	89.99	74.90	61.29
<b>Total</b>	<b>371.21</b>	<b>276.02</b>	<b>254.77</b>

\* Does not include any amounts outstanding as at March 31, 2017 which are required to be credited to Investor Education and Protection Fund.

## 26. OTHER LIABILITIES

Particulars	₹ in crores		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Current</b>			
Statutory remittances (contributions to PF and ESIC, withholding taxes, excise duty, VAT, service tax, etc.)	107.96	123.36	119.50
Advance from customers	79.08	109.00	82.33
Deferred revenue	264.73	255.52	254.40
Others	4.86	18.42	18.57
<b>Total</b>	<b>456.63</b>	<b>506.30</b>	<b>474.80</b>





## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 27. REVENUE FROM OPERATIONS (GROSS)

Particulars	₹ in crores	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>(a) Sale of products</b>		
Two wheelers	27,872.56	27,709.80
Spare parts	2,570.22	2,564.79
	<b>30,442.78</b>	<b>30,274.59</b>
<b>(b) Income from services</b>		
Dealers support services	27.34	26.55
Goodlife program for customers	51.59	58.39
Services - others	132.92	117.58
	<b>211.85</b>	<b>202.52</b>
<b>(c) Other operating revenue</b>		
Duty drawback and other incentives	21.85	22.18
Incentive on investment from State Governments	266.43	213.29
Miscellaneous income	15.28	2.75
	<b>303.56</b>	<b>238.22</b>
<b>Total</b>	<b>30,958.19</b>	<b>30,715.33</b>

### 28. OTHER INCOME

Particulars	₹ in crores	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>(a) Interest income on financial assets carried at amortised cost</b>		
Tax free bonds, debentures and other instruments classified as debt	36.48	41.54
Deposit with bank and others	122.82	124.24
<b>(b) Dividend income</b>		
Dividend received on investments carried at fair value through profit or loss	37.98	7.18
<b>(c) Profit on sale of investments*</b>	137.85	205.15
<b>(d) Net gain on investments carried at fair value through profit or loss</b>	179.60	28.34
<b>(e) Other non-operating income</b>		
Exchange gain / (loss) on foreign currency forward and option contracts	-	3.41
Other Exchange fluctuation (net)	6.46	2.46
Profit on sale of property, plant and equipments	0.76	0.51
<b>Total</b>	<b>521.95</b>	<b>412.83</b>

\*After adjusting loss on sale of current investments aggregating ₹ 0.05 crores (previous year ₹ 0.03 crores)

### 29. COST OF MATERIALS CONSUMED

Particulars	₹ in crores	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Raw materials and components consumed:</b>		
<b>Opening stock</b>	389.80	551.69
Add: Purchase of raw materials and components	19,103.42	19,283.44
	19,493.22	19,835.13
Less: closing stock	424.57	389.80
	<b>19,068.65</b>	<b>19,445.33</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

₹ in crores

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Less: - Sale of components to ancillaries on cost to cost basis	0.96	1.75
	<b>19,067.69</b>	<b>19,443.58</b>
Less: Cash discount	48.35	59.64
Consumption of raw materials and components	19,019.34	19,383.94
Less: Scrap sales	25.47	25.98
<b>Net consumption</b>	<b>18,993.87</b>	<b>19,357.96</b>

### 30. CHANGES IN INVENTORY OF FINISHED GOODS AND WORK-IN-PROGRESS

₹ in crores

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>(a) Opening stock</b>		
Two wheelers	194.18	151.26
Spare parts	54.66	44.21
Work in progress	28.09	31.60
	276.93	227.07
<b>(b) Closing stock</b>		
Two wheelers	104.78	194.18
Spare parts	43.40	54.66
Work in progress	32.01	28.09
	180.19	276.93
<b>Net (increase)/ decrease</b>	<b>96.74</b>	<b>(49.86)</b>

### 31. EMPLOYEE BENEFITS EXPENSES

₹ in crores

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Employee benefits expenses</b>		
Salaries and wages	1,239.89	1,187.66
Contribution to provident and other funds	109.52	78.79
Employee Stock Compensation Cost (refer note no 42)	3.42	0.93
Staff welfare expenses	79.66	72.08
<b>Total</b>	<b>1,432.49</b>	<b>1,339.46</b>

#### Employee Benefit Plans

The details of various employee benefits provided to employees are as under:

##### A. Defined Contribution and other plans

₹ in crores

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
a) Employer's contribution to provident fund & others	56.71	44.05
b) Employer's contribution to superannuation fund	18.72	17.95
c) Employer's contribution to gratuity fund	31.07	13.61
d) Employer's contribution to ESIC	3.02	3.18
	<b>109.52</b>	<b>78.79</b>



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### B. Defined benefit plans:

In accordance with the Payment of Gratuity Act, 1972, the Group provides for gratuity, as defined benefit plan. The gratuity plan provides for a lump sum 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 Group contributes the ascertained liability to Life Insurance Corporation of India with whom the plan assets are maintained.

These plans typically expose the company to actuarial risks such as: investment risk, inherent interest rate risk, longevity risk and salary risk

Investment Risk	The present value of the defined benefit plan liability (denominated in Indian Rupee) is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. Currently for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.
Interest Rate Risk	The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase
Longevity Risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary Risk	Higher than expected increases in salary will increase the defined benefit obligation

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at March 31, 2017 by Mr. Ritobrata Sarkar (Membership no. 5394), Fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost, were measured using the projected unit credit method.

### The principal assumptions used for the purposes of the actuarial valuations were as follows :-

Principal assumptions:	Funded		
	Gratuity As at March 31, 2017	Gratuity As at March 31, 2016	Gratuity As at April 1, 2015
Discount rate	7.20%	7.90%	8.00%
Future salary increase	6.00% p.a. for first two years and 5% thereafter	6.00% p.a. for first four years and 5% thereafter	6.00% p.a. for first four years and 5% thereafter
Retirement age	58 years	58 years	58 years
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%
In service mortality	<b>Indian Assured Lives Mortality Ult. (2006-08)</b>	<b>Indian Assured Lives Mortality Ult. (2006-08)</b>	<b>Indian Assured Lives Mortality Ult. (2006-08)</b>

Principal assumptions:	Un-Funded		
	Gratuity As at March 31, 2017	Gratuity As at March 31, 2016	Gratuity As at April 1, 2015
Discount rate	7.54%	8.00%	7.75%
Future salary increase	5.50%	5.50%	5.25%
Retirement age	58 years	58 years	58 years
Withdrawal rate	Upto 30 years:3%	Upto 30 years:3%	Upto 30 years:3%
In service mortality	<b>Indian Assured Lives Mortality Ult. (2006-08)</b>	<b>Indian Assured Lives Mortality Ult. (2006-08)</b>	<b>Indian Assured Lives Mortality Ult. (2006-08)</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Amounts recognized in statement of profit and loss in respect of this defined benefit plan are as follows :-

₹ in crores

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2017	For the year ended March 31, 2016
	Gratuity- funded		Gratuity- unfunded	
Service cost:				
Current service cost	10.76	10.53	0.07	0.04
Net Interest expense/(income)	(1.22)	(0.55)	0.02	0.01
<b>Components of defined benefit costs recognized in profit or loss</b>	<b>9.54</b>	<b>9.98</b>	<b>0.09</b>	<b>0.05</b>
Remeasurement on the net defined benefit liability:				
Return on plan assets (excluding amounts included in net interest expense)	0.81	(0.65)	-	-
Actuarial (gains)/ losses arising from changes in financial assumptions	10.06	1.20	0.01	-
Actuarial (gains)/ losses arising from experience adjustments	10.66	3.08	0.04	(0.01)
<b>Components of defined benefit costs recognized in other comprehensive income</b>	<b>21.53</b>	<b>3.63</b>	<b>0.05</b>	<b>(0.01)</b>
<b>Total</b>	<b>31.07</b>	<b>13.61</b>	<b>0.14</b>	<b>0.04</b>

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows :

₹ in crores

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	Present Value of funded defined benefit obligation	202.13	167.32
Fair value of plan assets	202.13	167.32	148.48
<b>Net liability arising from defined benefit obligation</b>	<b>-</b>	<b>-</b>	<b>-</b>
Present Value of unfunded defined benefit obligation	0.35	0.21	0.17
Fair value of plan assets	-	-	-
<b>Net liability arising from defined benefit obligation</b>	<b>0.35</b>	<b>0.21</b>	<b>0.17</b>

Movements in the present value of the defined benefit obligation are as follows :-

₹ in crores

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2017	For the year ended March 31, 2016
	Gratuity- funded		Gratuity- unfunded	
Opening defined obligation	167.32	148.48	0.21	0.17
Current service cost	10.76	10.53	0.07	0.04
Interest cost	12.84	11.57	0.02	0.01
<b>Remeasurement (gains)/losses:</b>				
Actuarial (gains)/ losses arising from changes in financial assumptions	10.06	1.20	0.01	-
Actuarial (gains)/ losses arising from experience adjustments	10.66	3.08	0.04	(0.01)
Benefits paid	(9.51)	(7.54)	-	-
<b>Closing defined benefit obligation</b>	<b>202.13</b>	<b>167.32</b>	<b>0.35</b>	<b>0.21</b>



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Movements in the fair value of the plan assets are as follows

₹ in crores

	Gratuity	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening fair value of plan assets	167.32	148.48
Interest income	14.06	12.12
<b>Remeasurement gain/(loss):</b>		
Return on plan assets (excluding amounts included in net interest expense)	(0.81)	0.65
Contribution	31.07	13.61
Benefit paid	(9.51)	(7.54)
Closing fair value of plan assets	<b>202.13</b>	<b>167.32</b>

The Company makes annual contribution to Life Insurance Corporation (LIC). As LIC does not disclose the composition of its portfolio investments, break-down of plan investments by investment type is not available to disclose.

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the year, while holding all other assumptions constant.

- If the discount rate is 50 basis points higher (lower), the defined benefit obligation would decrease by ₹ 7.28 crore (increase by ₹ 7.79 crore) (as at March 31, 2016: Decrease by ₹ 5.90 crores (increase by ₹ 6.30 crores)(as at April 1, 2015: decrease by ₹ 5.23 crores (increase by ₹5.59 crores)).

- If the expected salary growth increases (decreases) by 0.5%, the defined benefit obligation would increase by ₹7.90 crores (decrease by ₹ 7.45 crores) (as at March 31, 2016: increase by ₹ 6.43 crores (decrease by ₹ 6.06 crores))(as at April 1, 2015: increase by ₹ 5.70 crores (decrease by ₹5.38 crores)).

Sensitivities due to change in mortality rate and change in withdrawal rate are not material and hence impact of such change is not calculated.

#### Sensitivity Analysis

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of reporting year, which is same as that applied in calculating the defined benefit obligation liability recognized in the balance sheet.

#### Asset-Liability Matching Study

There is no (deficit)/Surplus of liability and funds, hence asset liability matching study not performed.

### Maturity profile of defined benefit obligation:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Average duration of the defined benefit obligation (in years)	9.4 years	9 years	9 years

The Company expects to make a contribution of ₹ 23.15 crore (as at March 31, 2016 ₹ 10.80 crore, as at April 1, 2015 ₹ 9.98 crores) to the defined benefit plans during the next financial year.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 32. FINANCE COSTS

₹ in crores

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest expenses		
On dealers security deposits	1.99	1.97
On borrowings	20.11	6.73
On others	1.30	3.17
Unwinding of discount on provisions	3.88	2.74
<b>Total</b>	<b>27.28</b>	<b>14.61</b>

### 33. OTHER EXPENSES

₹ in crores

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Stores and tools consumed	91.27	103.12
(Increase)/decrease of excise duty on finished goods	(7.32)	5.06
Packing, forwarding, freight etc.	962.44	866.58
Power and fuel	112.84	122.20
Rent	37.48	34.21
Lease rent	30.91	31.86
Repairs and maintenance		
- Buildings	19.71	18.16
- Plant and machinery	94.54	78.65
- Others	7.47	5.22
Insurance charges	44.98	48.08
Rates and taxes	221.66	223.62
Royalty	18.44	78.89
Advertisement and publicity	779.20	733.23
Donations#	0.72	1.64
Expenditure on corporate social responsibility	85.14	65.00
Payment to auditors	2.33	2.24
Exchange gain/(loss) on foreign currency forward and option contracts	5.61	-
Loss on property, plant and equipment sold/discarded	9.08	26.10
Provision for doubtful debts	9.57	3.03
Bad debts written off	6.70	-
Miscellaneous expenses	953.12	964.97
<b>Total</b>	<b>3,485.89</b>	<b>3,411.86</b>

# Donation includes ₹ Nil (previous year ₹ 0.10 crore) to a political party, All India Congress Committee.

### Payment to auditors

₹ in crores

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
a) As Statutory Audit		
- Audit fee	1.00	1.00
- Audit fee for Internal Control Over Financial Reporting	0.17	0.17
- Limited Review of unaudited financial results	0.72	0.66
- Other certifications	0.36	0.32
b) Tax audit fees	0.07	0.07
c) Out of pocket expenses	0.01	0.02
<b>Total</b>	<b>2.33</b>	<b>2.24</b>





## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 34. INCOME TAX EXPENSE

#### (a) Income tax expense recognised in Statement of profit and loss

Particulars	₹ in crores	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Current Tax:</b>		
In respect of the current year	1,082.24	960.91
<b>Deferred Tax Charge</b>		
In respect of the current year	256.86	313.80
<b>Total income tax expense recognised in The Statement of profit and loss</b>	<b>1,339.10</b>	<b>1,274.71</b>

#### (b) Income Tax on Other Comprehensive Income

Particulars	₹ in crores	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Deferred Tax Benefit</b>		
<b>Arising on income and expenses recognised in other comprehensive income:</b>		
Remeasurement of Defined Benefit Obligations	7.45	1.26
Others	2.39	0.75
<b>Total income tax benefit recognised in other comprehensive income</b>	<b>9.84</b>	<b>2.01</b>

#### (c) The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	₹ in crores	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Profit before tax</b>	4,885.40	4,387.00
Income tax expense calculated at 34.608%	1,690.74	1,518.25
Effect of deduction under section 80IC of the Income tax Act, 1961	(179.01)	(189.25)
Additional deduction on research and product development cost	(124.09)	(41.65)
Additional deduction for investment allowance under Section 32 AC of the Income tax Act, 1961	(28.94)	(23.10)
Effect of income exempt/ taxed on lower rate	(74.44)	(29.93)
Effect of unused tax losses of subsidiaries not recognised as deferred tax assets	27.47	16.58
Others	27.37	23.81
<b>Income tax expense recognised in the Statement of profit and loss</b>	<b>1,339.10</b>	<b>1,274.71</b>

### 35. EARNINGS PER SHARE\*

Particulars	₹ in crores	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Basic earnings per share (in ₹)</b>	179.49	157.34
<b>Diluted earnings per share (in ₹)</b>	179.49	157.34
The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows.		
Profit for the year attributable to owners of the Company (₹ in crores)	3,584.27	3,141.98
Weighted average number of equity shares for the purposes of basic/diluted earnings per share	199,691,747	199,687,528

\*Impact of ESOP is anti dilutive.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 36. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

Particulars	₹ in crores		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>a) Contingent liabilities</b>			
<b>In respect of excise matters</b>	104.14	-	4.09
The above matters are subject to legal proceedings in the ordinary course of business. The legal proceeding when ultimately concluded will not, in the opinion of management, have a material effect on the result of operations or the financial position of the Group.			
<b>b) Commitments</b>			
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances paid amounting to ₹ 221.19 crores (March 31, 2016 ₹ 342.19 crores; April 1, 2015 ₹ 212.40 crores))	410.25	694.50	822.13
Other commitments (refer note below)			

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, employee's 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 might have material impact on the financial statements.

### 37. SEGMENT REPORTING

The Group primarily operates in the automotive segment. The automotive segment includes all activities related to development, design, manufacture, assembly and sale of vehicles, as well as sale of related parts and accessories.

The board of directors of the Company, which has been identified as being the chief operating decision maker (CODM), evaluates the Group's performance, allocate resources based on the analysis of the various performance indicator of the Group as a single unit. Therefore, there is no reportable segment for the Group as per the requirement of IND AS 108 "Operating Segments".

Revenue from Operations	₹ in crores		
	Domestic	Overseas	Total
2016-17	30,286.50	671.69	30,958.19
2015-16	29,922.82	792.51	30,715.33
<b>Non current segment assets</b>			
As at March 31, 2017	5,593.60	293.08	5,886.68
As at March 31, 2016	5,111.16	224.09	5,335.25
As at April 1, 2015	4,176.25	55.19	4,231.44

a) Domestic segment includes sales and services to customers located in India.

b) Overseas segment includes sales and services rendered to customers located outside India.

c) Non-current segment assets includes fixed assets, non-current financial assets and non-current other assets.

d) The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Group. Revenue from operations have been allocated to segments on the basis of their relationship to the operating activities of the segment.



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 38. RELATED PARTY DISCLOSURES UNDER IND AS 24

#### A. Parties in respect of which the Group Companies are associate

Brijmohan Lall Om Prakash (Partnership firm)  
 Magneti Marelli S.p.A, Italy  
 Niloy Motors Limited, Bangladesh  
 Nitol Motors Limited, Bangladesh  
 Nitol Electronics, Bangladesh  
 Nitol Tours & Travels, Bangladesh  
 Nreach- Net (Pvt) Ltd  
 Woven Holdings LLC United States of America (w.e.f March 29, 2016)  
 Velvet Management LLC United States of America (upto March 29, 2016)

#### B. Associate Companies in the Group

Hero FinCorp Limited  
 Ather Energy Private Limited (w.e.f January 03, 2017)  
 Erik Buell Racing Inc.

#### 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 (up to August 16, 2016)
Mr. Suman Kant Munjal	- Director
Mr. Vikram Sitaram Kasbekar	- Whole Time Director (w.e.f August 8, 2016)
Mr. Ravi Sud	- Chief Financial Officer (upto March 31, 2017)
Mr. Ilam C Kamboj	- Company Secretary (up to April 02, 2016)
Ms. Neerja Sharma	- Company Secretary (w.e.f August 8, 2016)

#### Non Executive and Independent Directors

Mr. Pradeep Dinodia  
 Gen.(Retd) Ved Prakash Malik  
 Dr. Pritam Singh  
 Mr. M.Damodaran  
 Mr. Ravi Nath  
 Dr Anand C. Burman  
 Ms. Shobana Kamineni  
 Mr. Paul Edgerley

#### D. Enterprises over which key management personnel and their relatives are able to control:

A.G. Industries Private Limited, A.G Industries (Bawal) Pvt Limited, Rockman Industries Limited, Cosmic Kitchen Private Limited, Hero Management Services Private Limited, Hero Mindmine Institute Private Limited, Hero Solar Energy Private Limited, BML University, Serendepity Arts & Trust and Raman Kant Munjal Foundation

#### List of other related parties- Post employment benefit plan of the Group

Hero MotoCorp Limited Employees' Gratuity Fund Trust  
 Hero MotoCorp Limited Employees' Superannuation Fund Trust  
 Refer Note 31 of information on transaction with the above mentioned post employment benefits plan.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Transactions with the above related parties:

Particulars	₹ in crores	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>A. Parties in respect of which the Group is an associate</b>		
<b>Dividend paid</b>		
Brijmohan Lall Om Prakash (Partnership firm)	346.85	360.06
<b>Magneti Marelli S.p.A, Italy</b>		
Investment in equity instruments during the year	6.80	-
Purchase of goods	4.53	0.08
Technical Know-how	3.40	3.32
Purchase of property and other assets	0.19	-
Royalty	0.22	-
Expenses reimbursed	0.72	1.26
<b>Niloy Motors Limited</b>		
Investment in equity instruments during the year	8.87	16.32
Loans Received	-	0.28
Loans Repaid	0.11	0.33
Share application money	0.23	0.07
<b>Nitol Motors Limited</b>		
Loans Received	0.13	-
Loans Repaid	0.13	0.02
<b>Purchase of goods/services</b>		
Nitol Tours & Travels	0.09	-
Nreach- Net (Pvt) Ltd	0.06	-
<b>Woven Holdings LLC USA</b>		
Investment in equity instruments during the year	37.25	67.34

### Balance outstanding at the year end

Particulars	₹ in crores		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>- Receivable</b>			
Niloy Motors Limited- Loan	-	0.11	0.16
Nitol Motors Limited- Loan	-	-	0.02
Magneti Marelli S.p.A, Italy	1.65	4.10	0.50
Nitol Electronics	-	0.05	-
Nitol Tour & Travels	0.01	-	-

### b) Associate of the Company

Particulars	₹ in crores	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Hero FinCorp Limited</b>		
Lease rental expenses	25.91	24.67
Dividend received	3.83	4.38
Dividend paid	0.01	0.01
Investment in equity instruments	36.40	197.19
Expenses reimbursed	9.85	16.14
Rent received	0.05	0.05
<b>Ather Energy Private Limited</b>		
Investment in equity instruments during the year	180.52	-



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Balance outstanding at the year end

Particulars	₹ in crores		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>- Payable</b>			
Hero FinCorp Limited	8.04	0.57	1.72

### c) Key management personnel and their relative.

Particulars	₹ in crores	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Managerial Remuneration/Sitting fees</b>		
Mr. Brijmohan Lall Munjal	-	17.29
Mr. Pawan Munjal	59.48	56.96
Mr. Sunil Kant Munjal	22.02	54.11
Mr. Vikram Sitaram Kasbekar	2.28	-
Mr. Suman Kant Munjal	0.18	0.24
Mr. Ravi Sud	6.93	3.81
Mr. Ilam C Kamboj	1.74	1.06
Ms. Neerja Sharma	0.97	-
<b>Commission/Sitting fees to Non Executive and Independent Directors</b>		
Mr. Pradeep Dinodia	0.92	0.86
Gen.(Retd) Ved Prakash Malik	0.81	0.73
Dr. Pritam Singh	0.70	0.68
Mr. M.Damodaran	0.81	0.76
Mr. Ravi Nath	0.50	0.36
Dr Anand C. Burman	0.12	0.19
Ms. Shobana Kamine	0.09	0.21
Mr. Paul Edgerley	0.17	-

### Balance outstanding at the year end

Particulars	₹ in crores		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>- Payables (including commission)</b>	66.23	100.90	105.10

Category-wise break up of compensation to key management personnel during the year is as follows:

Particulars	₹ in crores	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Managerial remuneration*</b>		
Short-term benefits	91.24	112.72
Post-employment benefits	2.13	3.22
Share-based payments	0.04	-

\* Does not include provisions for incremental gratuity and leave encashment liabilities, since the provisions are based on actuarial valuations for the Group as a whole.

### d) Enterprises over which key management personnel and their relatives are able to exercise control

Particulars	₹ in crores	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Purchase of raw materials and components etc.	2,488.57	2,453.51
Purchase of property, plant and equipment	36.38	31.65
Payment towards services etc.	2.09	2.45
Expenditure towards Corporate Social Responsibility (CSR)	35.36	34.55

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Balance outstanding at the year end

Particulars	₹ in crores		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
- Receivable	-	0.15	1.01
- Payables	269.38	275.23	272.91

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

Particulars	₹ in crores	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Purchase of raw materials and components etc.</b>		
A .G. Industries Private Limited	520.43	560.89
Rockman Industries Limited	1793.70	1824.01
<b>Purchase of property, plant and equipment</b>		
Rockman Industries Limited	23.76	21.03
A.G. Industries Private Limited	0.50	-
Hero Solar Energy Private Limited	12.12	10.61
<b>Payment for services etc.</b>		
Hero Management Services Private Limited	0.52	0.67
Hero Mindmine Institute Private Limited	1.57	1.78
<b>CSR</b>		
Raman Kant Munjal Foundation	1.45	7.50
BML University	33.67	27.05
Serendepity Arts & Trust	0.24	-

### Significant closing balances of related parties are as under

Particulars	₹ in crores		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>- Payables</b>			
A .G. Industries Private Limited	18.41	27.75	46.00
Rockman Industries Limited	247.29	238.31	218.67

### 39. DISCLOSURE IN RESPECT OF OPERATING LEASES:

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 ₹ 68.39 crores (previous year ₹ 66.07 crores) have been charged under "Lease rentals" and "Rent" in Note 33

Particulars	₹ in crores		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Not later than one year	11.42	17.16	17.16
Later than one year and not later than five years	2.47	15.07	29.70
Later than five years	32.25	32.69	33.12

### Finance leases:

Particulars	₹ in crores		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Present value of minimum lease payments payable*			
not later than one year	1.94	-	-
later than one year and not later than five years	0.20	-	-
later than five years	93.30	-	-

\* Future minimum lease payments are not determinable as there are computed on floating interest rate basis.





## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 40. RESEARCH AND DEVELOPMENT EXPENSES:

Revenue expenditure on research and development incurred and expensed off during the year through the appropriate heads of account aggregate ₹ 427.25 crores (previous year ₹ 279.24 crores). The capital expenditure incurred during the year for research and development purposes aggregate ₹ 276.41 crores (previous year ₹ 756.86 crores).

41. In the financial year 2014-15, 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 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 2014-15 made a provision of ₹ 150.09 crores being the diminution in value of its investment.

### 42. SHARE-BASED PAYMENTS

#### Employee Stock Option/ Restricted Stock Unit Plan

The Employee Stock Options 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 of the Company through postal ballot on September 22, 2014. The Scheme covered 49,90,000 options/ restricted units for 49,90,000 equity shares. The Scheme allows the issue of options/restricted stock units (RSU) to employees of the Company which are convertible into one equity share of the Company. As per the Scheme, the Nomination and Remuneration Committee grants the options/RSU to the employees deemed eligible. The options and RSU granted vest over a period of 4 and 3 years respectively from the date of the grant in proportions specified in the respective ESOP Plans. Options/RSU may be exercised by the employees after vesting period within 7 years from the date of grant. The fair value as on the date of the grant of the options/RSU, representing Stock compensation charge, is expensed over the vesting period.

#### Details of the Stock Option/ RSU issued under the Scheme

Plan	Number of Options/ RSU	Grant date	Expiry date	Exercise Price ₹	Weighted Average Fair value of the Options at grant date ₹
ESOP 2014	23,110	22-Oct-14	21-Oct-21	2,159	1,228
ESOP 2016	41,290	22-Aug-16	21-Aug-23	2,469	1,324
RSU 2016	11,194	22-Aug-16	21-Aug-23	2	3,290

#### Fair value of share options/ RSU granted during the year

The fair value of options/RSU granted is estimated using the Black Scholes Option Pricing Model after applying the key assumption which are tabulated below. The expected volatility has been calculated using the daily stock returns on NSE, based on expected life options/RSU of each vest. The expected life of share option is based on historical data and current expectation and not necessarily indicative of exercise pattern that may occur.

Inputs in to the pricing model	Option Plan	
	ESOP 2016	RSU 2016
Weighted Average Fair value of option/RSU	1,324	3,290
Weighted Average share price	3,292	3,292
Exercise price	2,469	2
Expected volatility	27.33%-27.48%	109.63%-118.58%
Option life	7 Years	7 Years
Dividend yield	2.87%	2.87%
Risk-free interest rate	7.02%-7.12%	7.02%-7.09%

#### Movements in share options during the year

	For the year ended March 31, 2017		For the year ended March 31, 2016	
	Number of Options	Weighted average exercise price ₹	Number of Options	Weighted average exercise price ₹
Outstanding at the beginning of the year	18,776	2,159	23,110	2,159
Granted during the year	41,290	2,469	-	-

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

	For the year ended March 31, 2017		For the year ended March 31, 2016	
	Number of Options	Weighted average exercise price ₹	Number of Options	Weighted average exercise price ₹
Forfeited during the year	536	2,159	1,746	2,159
Exercised during the year	6,750	2,159	2,588	2,159
Expired during the year	-	-	-	-
<b>Outstanding at the end of year</b>	<b>52,780</b>	<b>2,402</b>	<b>18,776</b>	<b>2,159</b>
<b>Exercisable at the end of year</b>	<b>960</b>	<b>2,159</b>	<b>1,856</b>	<b>2,159</b>

## Movements in RSU during the year

	For the year ended March 31, 2017		For the year ended March 31, 2016	
	Number of RSU	Weighted average exercise price ₹	Number of RSU	Weighted average exercise price ₹
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	11,194	2	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
<b>Outstanding at the end of year</b>	<b>11,194</b>	<b>2</b>	<b>-</b>	<b>-</b>
<b>Exercisable at the end of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Share options exercised during the year

Option Plan	No. of options exercised	Weighted Share price at exercise date ₹
ESOP 2014	6,750	3107.55

## Share options/RSU outstanding at end of the year

Options/ RSU Plans	Options outstanding as at March 31, 2017	Options outstanding as at March 31, 2016	Remaining contractual life (in Years) as on March 31, 2017	Remaining contractual life (in Years) as on March 31, 2016	Exercise Price ₹
<b>ESOP 2014</b>	11,490	18,776	4.56	5.56	2159
<b>ESOP 2016</b>	41,290	-	6.39	-	2469
<b>RSU 2016</b>	11,194	-	6.39	-	2
	<b>63,974</b>	<b>18,776</b>			

During the the year ended March 31, 2017, the Company recorded an employee stock compensation expense of ₹ 3.42 crores (previous year ₹ 0.93 crore) in the Statement of Profit and Loss.



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 43. FINANCIAL INSTRUMENTS

#### 43.1 Capital Management

The Group manages its capital to ensure that the Group will be able to continue as going concern while maximising the return to stakeholders through efficient allocation of capital towards expansion of business, optimisation of working capital requirements and deployment of surplus funds into various investment options.

The Group is not subject to any externally imposed capital requirements

The Management reviews the capital structure of the Group on a quarterly basis. As part of this review, the Management considers the cost of capital and the risks associated with the movement in the working capital.

The following table summarizes the capital of the Group:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
₹ in crores			
Debt	260.61	232.21	50.76
Share capital	39.94	39.94	39.94
Equity reserves	10,275.57	8,794.17	7,335.62
Total Equity	10,315.51	8,834.11	7,375.56
<b>Gearing Ratio</b>	<b>2.53%</b>	<b>2.63%</b>	<b>0.69%</b>
<b>Categories of financial instruments</b>			
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Financial assets</b>			
<b>Financial assets at fair value through profit or loss</b>			
Non-current			
Investments	236.06	152.50	192.09
Current			
Investments	4,423.01	3,402.13	2,477.63
Derivative instruments carried at fair value	4.42	6.20	2.79
<b>Financial assets at amortised cost</b>			
Non-current			
Investments	260.88	381.66	453.10
Loans	23.13	26.70	30.09
Others	25.39	23.38	18.57
Current			
Investments	121.05	69.44	-
Trade receivables	1,551.75	1,282.07	1,371.82
Cash and bank balances	195.39	179.09	215.78
Loans	21.73	23.21	23.86
Other financial assets	20.75	17.11	12.80
<b>Total</b>	<b>6,883.56</b>	<b>5,563.49</b>	<b>4,798.53</b>
<b>Financial liabilities at amortised cost</b>			
<b>Non-current</b>			
Long-term borrowings	207.90	145.98	12.00
<b>Current</b>			
Short-term borrowings	40.08	84.06	38.76
Trade payables	3,266.20	2,675.34	2,600.31
Other financial liabilities	371.21	276.02	254.77
<b>Total</b>	<b>3,885.39</b>	<b>3,181.40</b>	<b>2,905.84</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Fair value measurements

The Group uses the following hierarchy for determining and/or disclosing the fair value of financial instruments by valuation techniques:

The following is the basis of categorising the financial instruments measured at fair value into Level 1 to Level 3:

Level 1: This level includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2: This level includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). Level 3: This level includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

### Fair value of the Group's financial assets that are measured at fair value on a recurring basis:

There are certain Group's financial assets which are measured at fair value at the end of each reporting period. Following table gives information about how the fair values of these financial assets are determined:

	₹ in crores		
	Fair value as at April 1, 2015		
	Level 1	Level 2	Level 3
<b>Financial assets at fair value through profit or loss</b>			
<b>Non-current</b>			
Investments in mutual funds	-	176.16	-
Investments in equity instruments	-	-	5.94
Investments in other instruments	-	-	10.00
<b>Current</b>			
Investments in mutual funds	2,091.49	386.14	-
Derivative instruments carried at fair value	2.79	-	-

	₹ in crores		
	Fair value as at March 31, 2016		
	Level 1	Level 2	Level 3
<b>Financial assets at fair value through profit or loss</b>			
<b>Non-current</b>			
Investments in mutual funds	-	136.56	-
Investments in equity instruments	-	-	5.94
Investments in other instruments	-	-	10.00
<b>Current</b>			
Investments in mutual funds	3,107.74	294.39	-
Derivative instruments carried at fair value	6.20	-	-

	₹ in crores		
	Fair value as at March 31, 2017		
	Level 1	Level 2	Level 3
<b>Financial assets at fair value through profit or loss</b>			
<b>Non-current</b>			
Investments in mutual funds	-	212.33	-
Investments in equity instruments	13.73	-	-
Investments in other instruments	-	-	10.00
<b>Current</b>			
Investments in mutual funds	4,260.46	162.55	-
Derivative instruments carried at fair value	4.42	-	-



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Fair value of the Group's financial assets that are not measured at fair value (but fair value disclosures are required)

Except as detailed out in the following table, the management considers that the carrying amounts of financial assets and financial liabilities recognised in the financial instruments approximate their fair values:

	March 31, 2017		March 31, 2016		April 1, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets at amortised cost</b>						
<b>Non-current</b>						
Investments in bonds	260.88	274.38	381.66	404.08	453.10	475.49
<b>Current</b>						
Investments in bonds	121.05	123.08	69.44	70.19	-	-

₹ in crores

	Fair value hierarchy		
	March 31, 2017 Level 2	March 31, 2016 Level 2	April 1, 2015 Level 2
<b>Financial assets at amortised cost</b>			
<b>Non-current</b>			
Investments in bonds	274.38	404.08	475.49
<b>Current</b>			
Investments in bonds	123.08	70.19	-

₹ in crores

The fair value of the financial assets and financial liabilities are included at the amount that would be received to sell an asset and paid to transfer a liability in an orderly transaction between the market participants. The following methods and assumptions were used to estimate the fair values:

- Investments traded in active markets are determined by reference to quotes from the financial institutions; for example: Net asset value (NAV) for investments in mutual funds declared by mutual fund house, quoted price of equity shares in the stock exchange etc.
- The fair value of bonds is based on direct market observable inputs.

- Trade receivables, cash and bank balances, loans, other current financial assets, trade payables and other current financial liabilities: Approximate their carrying amounts largely due to short-term maturities of these instruments.

- Management uses its best judgment in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Group could have realized or paid in sale transactions as of respective dates. As such, the fair value of the financial instruments subsequent to the respective reporting dates may be different from the amounts reported at each year end.

- There are no transfers between Level 1 and Level 2 during the year

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 43.3 Financial risk management objectives and Policies

#### Financial risk management objectives

The Group's Corporate Treasury function monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group seeks to minimise the effects of these risks by using derivative financial instruments, diversification of investments, credit limit to exposures, etc., to hedge risk exposures. The use of financial instruments is governed by the Group's policies on foreign exchange risk and the investment. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

#### Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates risk/ liquidity which impact returns on investments. The Group enters into derivative financial instruments to manage its exposure to foreign currency risk including export receivables and import payables. Future specific market movements cannot be normally predicted with reasonable accuracy.

#### Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Foreign currency exposure	(Amount in USD million)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade Receivables	14.91	10.17	7.30
Trade Payables	16.22	4.52	3.07
Forward cover-Sold	11.00	28.00	13.00
Forward cover-Bought	9.50	-	2.00
Options contracts (Bought)			
- Put	-	-	3.00
Options contracts (Sold)			
- Call	-	-	3.00
- Put	-	-	3.00

#### Foreign currency sensitivity

The following table details the Group's sensitivity to a 5% increase and decrease in the Rs. against the relevant foreign currencies. (+)(-) 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the Rs. strengthens 5% against the relevant currency. For a 5% weakening of the Rs. against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.





## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

₹ in crores

Currency	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	5% increase	5% decrease	5% increase	5% decrease	5% increase	5% decrease
<b>Receivable</b>	<b>4.84</b>	<b>(4.84)</b>	<b>3.38</b>	<b>(3.38)</b>	<b>2.28</b>	<b>(2.28)</b>
<b>Payable</b>						
USD	(5.26)	5.26	(1.50)	1.50	(0.96)	0.96
Forward cover-Sold	(3.57)	3.57	(9.30)	9.30	(4.06)	4.06
Forward cover-Bought	0.65	(0.65)	-	-	0.62	(0.62)
Options contracts (Bought)						
-Put	-	-	-	-	-	0.94
Options contracts (Sold)						
-Call	-	-	-	-	(0.94)	-
-Put	-	-	-	-	-	(0.94)
Impact on profit or loss as at the end of the reporting period	(3.34)	3.34	(7.42)	7.42	(3.06)	2.12
Impact on total equity as at the end of the reporting period	(2.18)	2.18	(4.85)	4.85	(2.00)	1.39

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year/ in future years.

### Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure and wherever appropriate, the credit ratings of its counterparties are continuously monitored and spread amongst various counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management of the Group. Financial instruments that are subject to concentrations of credit risk, principally consist of balance with banks, investments in debt instruments/ bonds, trade receivables, loans and advances and derivative financial instruments. None of the financial instruments of the Group result in material concentrations of credit risks.

Balances with banks were not past due or impaired as at the year end. In other financial assets that are not past dues and not impaired, there were no indication of default in repayment as at the year end.

The age analysis of trade receivables as of the balance sheet date have been considered from the due date and disclosed in the note no 15 above.

The Group has used a practical expedient by computing the expected loss allowance for financial assets based on historical credit loss experience and adjustments for forward looking informations.

### Movement in the expected credit loss allowance of financial assets

	For the year ended March 31, 2017	For the year ended March 31, 2016
Balance at beginning of the year	14.13	11.10
Add: Provided during the year	9.57	3.03
Less: Reversals of provision	-	-
Less: Amounts written off	-	-
Balance at the end of the year	23.70	14.13

### Other price risks (including interest rate risk)

The Group has deployed its surplus funds into various financial instruments including units of mutual funds, bonds/ debentures, etc. The Group is exposed to price risks arising from investments in these funds. The value of these investments is impacted by movements in interest rates, liquidity and credit quality of underlying securities.

#### Price sensitivity analysis

The sensitivity analyses has been determined based on the exposure to price risks at the end of the reporting period. If prices had been 1% higher/lower: The profit for the year ended March 31, 2017 would increase/decrease by ₹ 31.23 crores (for the year ended March 31, 2016: increase/decrease by ₹ 40.06 crores).

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Liquidity risk and interest rate risk on financial liabilities

Liquidity risk represents the inability of the Group to meet its financial obligations within stipulated time. To mitigate this risk, the Group maintains sufficient liquidity by way of readily convertible instruments and working capital limits from banks. The Group is exposed to interest rate risk on the financial liabilities arising out of short term and long term borrowings. The profit for the year ended March 31, 2017 would increase/decrease by ₹ 2.39 crores (for the year ended March 31, 2016: increase/decrease by ₹ 1.40 crores) for a 1% increase/decrease in interest rate on average financial liabilities during the respective year.

### Maturity profile of financial liabilities:

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date.

		₹ in crores		
Particulars		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Non current</b>				
Borrowing	Less than 1 year	-	84.82	12.00
	1 year - 3 year	22.30	12.96	-
	3-5 year	16.96	19.43	-
	More than 5 year	168.64	28.77	-
		207.90	145.98	12.00

		₹ in crores					
Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015		
	Less than 1 year	Total	Less than 1 year	Total	Less than 1 year	Total	
<b>Current</b>							
(i) Borrowing	40.08	40.08	84.06	84.06	38.76	38.76	
(ii) Trade payables	3,266.20	3,266.20	2,675.34	2,675.34	2,600.31	2,600.31	
(iii) Other financial liabilities	371.21	371.21	276.02	276.02	254.77	254.77	

The surplus funds with the Group and operational cash flows will be sufficient to dispose the financial liabilities within the maturity period.

### 44. THE DETAILS OF SPECIFIED BANK NOTE (SBN) HELD AND TRANSACTED DURING THE PERIOD 8.11.2016 TO 30.12.2016 AS PROVIDED IN THE TABLE BELOW:

		Amount in ₹		
Particulars	SBNs	Other denomination notes	Total	
Closing cash in hand as on 8.11.2016	1,362,500	816,371	2,178,871	
(+) Permitted receipts	-	4,280,296	4,280,296	
(-) Permitted payments	-	4,272,924	4,272,924	
(-) Amount deposited in Banks	1,362,500	1,000	1,363,500	
<b>Closing cash in hand as on 30.12.2016</b>	<b>-</b>	<b>822,743</b>	<b>822,743</b>	

45. 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.



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 46. 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 in Profit/ (Loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of Consolidated Net Assets	Amount (₹ in crores)	As % of Consolidated Profit or (Loss)	Amount (₹ in crores)	As % of other comprehensive income	Amount (₹ in crores)	As % of total comprehensive income	Amount (₹ in crores)
Parent	88.45%	9,184.03	94.17%	3,375.33	-0.39%	(14.08)	93.78%	3,361.25
Subsidiaries								
<b>Indian</b>								
HMC MM Auto Limited	0.09%	9.79	-0.26%	(9.49)	0.00%	(0.05)	-0.27%	(9.54)
<b>Foreign</b>								
HMCL Netherlands BV	-	0.15	-0.02%	(0.83)	0.00%	(0.02)	-0.02%	(0.85)
HMCL Colombia SAS	0.33%	34.59	-1.82%	(65.30)	-0.06%	(2.33)	-1.89%	(67.63)
HMCL Niloy Bangladesh Limited	0.40%	41.61	-0.13%	(4.83)	-0.05%	(1.85)	-0.19%	(6.68)
HMCL (NA) Inc.	-	0.06	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
HMCL Americas Inc.	0.19%	19.91	-0.01%	(0.52)	-0.01%	(0.31)	-0.02%	(0.83)
Minority Interests in all subsidiaries	0.65%	67.38	1.06%	37.97	0.06%	2.00	1.12%	39.97
<b>Associates *</b>								
<b>Indian</b>								
Hero FinCorp Limited	8.15%	846.20	7.07%	253.23	-	-	7.07%	253.23
Ather Energy Private Limited	1.73%	179.17	-0.04%	(1.28)	0.00%	(0.07)	-0.04%	(1.35)
<b>Foreign</b>								
Erik Buell Racing Inc.	-	-	-	-	-	-	-	-
<b>Total</b>	100.00%	10,382.89	100.00%	3,584.27	-0.47%	(16.71)	99.53%	3,567.56

\* Investments as per Equity method

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## 47 FIRST-TIME IND AS ADOPTION RECONCILIATIONS

## 47.1 Effect of Ind AS Adoption on the balance sheet as at April 1, 2015

₹ in crores

Particulars	Note 47.7	As at April 1, 2015		As per Ind AS
		Previous GAAP	Effect of transition to Ind AS	
<b>ASSETS</b>				
<b>1 Non-current assets</b>				
(a) Property, plant and equipment	(a)	2,856.00	(188.70)	2,667.30
(b) Capital work-in-progress		309.99	-	309.99
(c) Intangible assets		101.42	-	101.42
(d) Intangible assets under development		404.08	-	404.08
(e) Financial assets				
(i) Investments	(b)	881.34	32.06	913.40
(ii) Loans		30.09	-	30.09
(iii) Others		18.57	-	18.57
(f) Deferred tax assets (net)	(b), (c), (f) & (g)	73.54	16.47	90.01
(g) Income tax assets (net)		85.19	-	85.19
(h) Other non-current assets	(a)	514.37	185.62	699.99
<b>Total Non - Current Assets</b>		<b>5,274.59</b>	<b>45.45</b>	<b>5,320.04</b>
<b>2 Current assets</b>				
(a) Inventories		861.39	-	861.39
(b) Financial assets				
(i) Investments	(b)	2,314.91	162.72	2,477.63
(ii) Trade receivables		1,371.82	-	1,371.82
(iii) Cash and cash equivalents		127.22	-	127.22
(iv) Bank balances other than (iii) above		88.56	-	88.56
(v) Loans		23.86	-	23.86
(vi) Others	(g)	12.80	2.79	15.59
(c) Other current assets	(a)	579.15	3.08	582.23
<b>Total Current Assets</b>		<b>5,379.71</b>	<b>168.59</b>	<b>5,548.30</b>
<b>Total Assets</b>		<b>10,654.30</b>	<b>214.04</b>	<b>10,868.34</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity Share capital		39.94	-	39.94
(b) Other equity	(b), (c), (d), (f), (g), (k)	6,500.06	835.56	7,335.62
<b>Total equity</b>		<b>6,540.00</b>	<b>835.56</b>	<b>7,375.56</b>
<b>Non controlling interest</b>	(k)	<b>18.54</b>	<b>27.05</b>	<b>45.59</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
(a) Long-term borrowings		12.00	-	12.00
(b) Provisions	(c)	58.63	(13.08)	45.55
<b>Total Non - Current Liabilities</b>		<b>70.63</b>	<b>(13.08)</b>	<b>57.55</b>
<b>Current liabilities</b>				
(a) Financial liabilities				
(i) Short-term borrowings	(k)	88.00	(49.24)	38.76
(ii) Trade payables	(f)	2,719.95	(119.64)	2,600.31
(iii) Other financial liabilities		254.77	-	254.77
(b) Other current liabilities	(f)	220.40	254.40	474.80
(c) Provisions	(d)	742.01	(721.01)	21.00
<b>Total Current Liabilities</b>		<b>4,025.13</b>	<b>(635.49)</b>	<b>3,389.64</b>
<b>Total Equity and Liabilities</b>		<b>10,654.30</b>	<b>214.04</b>	<b>10,868.34</b>



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 47.2 Effect of Ind AS Adoption on the balance sheet as at March 31, 2016

₹ in crores

Particulars	Note 47.7	As at March 31, 2016		As per Ind AS
		Previous GAAP	Effect of transition to Ind AS	
<b>ASSETS</b>				
<b>Non-current assets</b>				
(a) Property, plant and equipment	(a)	3,907.03	(252.39)	3,654.64
(b) Capital work-in-progress		325.23	-	325.23
(c) Intangible assets		129.07	-	129.07
(d) Intangible assets under development		328.14	-	328.14
(e) Financial assets				
(i) Investments	(b)	1,018.71	10.80	1,029.51
(ii) Loans		26.70	-	26.70
(iii) Others		23.38	-	23.38
(f) Income tax assets (net)		227.72	-	227.72
(g) Other non-current assets	(a)	598.53	249.56	848.09
<b>Total Non - Current Assets</b>		<b>6,584.51</b>	<b>7.97</b>	<b>6,592.48</b>
<b>Current assets</b>				
(a) Inventories		761.99	-	761.99
(b) Financial assets				
(i) Investments	(b)	3,264.39	207.18	3,471.57
(ii) Trade receivables		1,282.07	-	1,282.07
(iii) Cash and cash equivalents		74.68	-	74.68
(iv) Bank balances other than (iii) above		104.41	-	104.41
(v) Loans		23.21	-	23.21
(vi) Others	(g)	17.11	6.20	23.31
(c) Other current assets	(a)	559.26	2.84	562.09
<b>Total Current Assets</b>		<b>6,087.11</b>	<b>216.22</b>	<b>6,303.33</b>
<b>Total Assets</b>		<b>12,671.62</b>	<b>224.19</b>	<b>12,895.81</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity Share capital		39.94	-	39.94
(b) Other equity	(b), (c), (d), (f), (g), (l) & (m)	7,912.74	881.43	8,794.17
<b>Total equity</b>		<b>7,952.68</b>	<b>881.43</b>	<b>8,834.11</b>
<b>Non controlling interest</b>	(l) & (m)	53.62	1.01	54.63
<b>LIABILITIES</b>				
Non-current liabilities				
(a) Long-term borrowings		145.98	-	145.98
(b) Provisions	(c)	84.64	(16.84)	67.80
(c) Deferred tax liabilities (net)	(b), (c), (f), (g), (l)	227.79	(6.02)	221.77
<b>Total Non - Current Liabilities</b>		<b>458.41</b>	<b>(22.86)</b>	<b>435.55</b>
<b>Current liabilities</b>				
(a) Financial liabilities				
(i) Short-term borrowings		84.06	-	84.06
(ii) Trade payables	(f)	2,797.19	(121.85)	2,675.34
(iii) Other financial liabilities		276.02	-	276.02
(b) Other current liabilities	(f)	250.75	255.55	506.30
(c) Provisions	(d)	798.89	(769.09)	29.80
<b>Total Current Liabilities</b>		<b>4,206.91</b>	<b>(635.39)</b>	<b>3,571.52</b>
<b>Total Equity and Liabilities</b>		<b>12,671.62</b>	<b>224.19</b>	<b>12,895.81</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 47.3 Reconciliation of total equity as at March 31, 2016 and April 1, 2015

Particulars	Note 47.7	₹ in crores	
		As at March 31, 2016	As at April 1, 2015
Equity as reported under previous GAAP		7,952.68	6,540.00
Add :- Proposed dividend (including tax thereon)	(d)	769.09	721.01
Add:- Impact of measuring investments at Fair Value through Profit or Loss (FVTPL)	(b)	193.26	173.27
Add:- Impact of discounting of provisions as per Ind-AS 37	(c)	11.01	8.55
Add:- Impact of measuring derivative contracts at Fair Value through Profit or Loss (FVTPL)	(g)	4.05	1.83
Add :- Reclassification losses attributable to non controlling interest pertaining to convertible equity instruments	(k)	-	22.19
		<b>8,930.09</b>	<b>7,466.85</b>
Less:- Impact of revenue deferment	(f)	(87.43)	(88.12)
Less:- Impact on associate investment value	(b)	(8.30)	(3.17)
Less:- Deferred tax created on foreign currency translation reserve	(l) & (m)	(0.25)	-
<b>Total equity under Ind AS</b>		<b>8,834.11</b>	<b>7,375.56</b>

### 47.4 Effect of Ind AS Adoption on the statement of profit and loss for the year ended March 31, 2016

Particulars	Note 47.7	₹ in crores		
		Year ended March 31, 2016 (Latest period presented under previous GAAP)		
		Previous GAAP	Effect of transition to Ind AS	As per Ind AS
<b>Income</b>				
Revenue from operations	(e) (f) & (i)	28,613.72	2,101.61	30,715.33
Other income	(b) , (g) & (j)	389.08	23.75	412.83
<b>Total Revenue</b>		<b>29,002.80</b>	<b>2,125.36</b>	<b>31,128.16</b>
<b>Expenses</b>				
Cost of raw materials consumed		19,357.96	-	19,357.96
Change in inventories of finished goods, work-in-progress and stock-in-trade	(n)	(44.80)	(5.06)	(49.86)
Excise duty on sales	(e )	-	2,258.21	2,258.21
Employee benefits expenses	(h)	1,343.08	(3.62)	1,339.46
Finance costs	(c)	11.87	2.74	14.61
Depreciation and amortisation expenses	(a)	447.01	(3.76)	443.25
Other expenses	(a), (c), (f), (i), (j) & (n)	3,575.23	(163.37)	3,411.86
<b>Total Expenses</b>		<b>24,690.35</b>	<b>2,085.14</b>	<b>26,775.49</b>
<b>Share in profit/(loss) of associates</b>	(b)	39.46	(5.13)	34.33
<b>Profit before tax</b>		<b>4,351.91</b>	<b>35.09</b>	<b>4,387.00</b>
<b>Tax Expense</b>				
Current tax		960.91	-	960.91
Deferred tax charge	(b),(c), (f), (g) & (h)	301.33	12.47	313.80
<b>Total tax expense</b>		<b>1,262.24</b>	<b>12.47</b>	<b>1,274.71</b>
<b>Net Profit after taxes and share of profit/(loss) of associates</b>		<b>3,089.67</b>	<b>22.62</b>	<b>3,112.29</b>
<b>Other comprehensive income</b>				
Items that will not be reclassified to profit or loss:-				
Re-measurement gains (losses) on defined benefit plans	(h)	-	(3.62)	(3.62)
Income tax benefit	(h)	-	1.26	1.26
		-	<b>(2.36)</b>	<b>(2.36)</b>



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

₹ in crores

Particulars	Note 47.7	Year ended March 31, 2016 (Latest period presented under previous GAAP)		
		Previous GAAP	Effect of transition to Ind AS	As per Ind AS
<b>Items that may be reclassified to profit or loss:-</b>				
Exchange differences in translating the financial statements of foreign operations	(l)	-	(1.81)	(1.81)
Income tax benefit	(l)	-	0.75	0.75
		-	<b>(1.06)</b>	<b>(1.06)</b>
<b>Total other comprehensive income, net of tax</b>		-	<b>(3.42)</b>	<b>(3.42)</b>
<b>Total Comprehensive income for the year, net of tax</b>		<b>3,089.67</b>	<b>19.20</b>	<b>3,108.87</b>
<b>Profit for the year attributable to:</b>				
-Owners of the Company		3,093.78	48.20	3,141.98
-Non-controlling interests		(4.11)	(25.58)	(29.69)
<b>Other Comprehensive income for the year attributable to:</b>				
-Owners of the Company		-	(2.57)	(2.57)
-Non-controlling interests		-	(0.85)	(0.85)
<b>Total Comprehensive income for the year attributable to:</b>				
-Owners of the Company		3,093.78	45.63	3,139.41
-Non-controlling interests		(4.11)	(26.43)	(30.54)
		<b>3,089.67</b>	<b>19.20</b>	<b>3,108.87</b>

### 47.5 Reconciliation of total comprehensive income for the year ended March 31, 2016

₹ in crores

Particulars	Note 47.7	For the year ended March 31, 2016
<b>Profit after tax as reported under previous GAAP</b>		3,089.67
Impact of measuring investments at Fair Value through Profit or Loss (FVTPL)	(b)	28.33
Impact of revenue deferment	(f)	1.10
Impact of measuring derivative contracts at Fair Value through Profit or Loss (FVTPL)	(g)	3.41
Reclassification of actuarial (gain)/loss in respect of defined benefit plan to "Other Comprehensive Income"	(h)	3.62
Ind AS impact on share of profit in associates	(b)	(5.13)
Impact of discounting of provisions as per Ind AS 37	(c)	3.76
Tax adjustments	(b),(c), (f), (g) & (h)	(12.47)
<b>Profit after tax as reported under Ind-AS</b>		<b>3,112.29</b>
Other comprehensive income/(expense) (net of tax)	(h) & (i)	(3.42)
<b>Total comprehensive income as reported under Ind-AS</b>		<b>3,108.87</b>

Note :- Under Previous GAAP, total comprehensive income was not reported. Therefore, the above reconciliation starts with profit under previous GAAP.

### 47.6 Cash flow Statements

There were no significant reconciliation items between cash flows prepared under previous GAAP and those prepared under Ind AS.



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 47.7 Notes to the reconciliations

₹ in crores

Impact under Ind AS on account off :-	Impact	As at April 1, 2015	As at March 31, 2016	For the year ended March 31, 2016
<b>(a) Leasehold land being considered as operating lease opposed to fixed assets under previous GAAP</b>				
<b>On Balance sheet</b>				
Property, plant and equipment	Decrease	(188.70)	(252.39)	
Other Non-current assets	Increase	185.62	249.56	
Other Current other assets	Increase	3.08	2.84	
<b>On Statement of profit and loss</b>				
Depreciation expense	Decrease			(3.76)
Rent expense	Increase			3.76
<b>(b) Impact of measuring investments</b>				
<b>On Balance sheet</b>				
(i) At Fair Value through Profit or Loss (FVTPL)				
Investments - Non-current	Increase	35.23	19.10	
Investments - current	Increase	162.72	207.18	
(ii) An adoption of Ind AS by associate				
Investments - Non-current	Decrease	(3.17)	(8.30)	
<b>On equity</b>				
Deferred tax liability	Increase	24.68	33.02	
<b>On Statement of profit and loss</b>				
Net gain on financial instruments at fair value through profit or loss	Increase			28.33
Share of profit in associate	Decrease			(5.13)
Profit before tax	Increase			23.20
tax expense	Increase			8.34
Profit after tax	Increase			14.86
<b>(c) Recognising provision for warranty at present value as opposed to without discounting under previous GAAP.</b>				
<b>On Balance sheet</b>				
<b>Non-current</b>				
<b>Long-term provisions</b>				
Provisions for warranties	Decrease	(13.08)	(16.84)	
<b>Deferred tax liability</b>				
	Increase	4.53	5.83	
<b>On equity</b>				
	Increase	8.55	11.01	
<b>On Statement of profit and loss</b>				
Interest expense	Increase			2.74
Warranty expense	Decrease			(6.50)
Profit before tax	Increase			3.76
Tax expenses	Increase			1.30
Profit after tax	Increase			2.46
<b>(d) Dividends including tax thereon are recognised when declared by the members in a general meeting as opposed to recognition on recommendation by the board of directors under previous GAAP.</b>				
<b>On Balance sheet</b>				
<b>Current</b>				
Short-term provisions	Decrease	(721.01)	(769.09)	
On equity	Increase	721.01	769.09	
<b>(e) Excise duty on sale of products to be presented separately on the face of statement of profit and loss as opposed to netting it off from revenue from operations previous GAAP.</b>				



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

₹ in crores

Impact under Ind AS on account off :-	Impact	As at April 1, 2015	As at March 31, 2016	For the year ended March 31, 2016
<b>On statement of profit and loss</b>				
Revenue from operations	Increase			2,258.21
Excise duty on sale of products	Increase			2,258.21
<b>On equity</b>		-	-	
<b>(f) Impact of revenue deferment on future performances</b>				
<b>On Balance sheet</b>				
Trade payables	Decrease	(119.64)	(121.85)	
Other current liabilities	Increase	254.40	255.55	
Deferred tax liability	Decrease	(46.64)	(46.27)	
<b>On equity</b>	<b>Decrease</b>	<b>(88.12)</b>	<b>(87.43)</b>	
<b>On Statement of profit and loss</b>				
Revenue from operations	Decrease			(1.10)
Other selling and distribution expenses	Decrease			(2.20)
Profit before tax	Increase			1.10
Tax impact	Increase			0.38
Profit after tax	Increase			0.72
<b>(g) Mark-to-market gain on derivative contracts recognised as income in Ind AS as opposed to not income in previous GAAP.</b>				
<b>On Balance sheet</b>				
<b>Current</b>				
Other financial assets (derivative instruments)	Increase	2.79	6.20	
<b>Deferred tax liability</b>	Increase	0.96	2.15	
<b>On equity</b>	Increase	1.83	4.05	
<b>On statement of profit and loss</b>				
Other income	Increase			3.41
Profit before tax	Increase			3.41
Tax expenses	Increase			1.19
Profit after tax	Increase			2.22
<b>(h) Actuarial gains and losses to be recognised in other comprehensive income instead of statement of profit and loss</b>				
<b>On statement of profit and loss</b>				
Employee benefit expense	Decrease			(3.62)
Profit before tax	Increase			3.62
Tax expenses	Increase			1.26
Profit after tax	Increase			2.36
<b>On Other comprehensive income</b>				
Remeasurement of the net defined liability/asset (Net of tax)	Decrease			(2.36)
<b>(i) Trade discounts, rebates, etc. are to be netted off from revenue as opposed to classification in other expenses under previous GAAP.</b>				
<b>On Consolidated Statement of profit and loss</b>				
Revenue from operations	Decrease	-	-	(155.50)
Other expenses	Decrease	-	-	(155.50)
<b>(j) Reclassification of forex exchange &amp; loss</b>				
Other income	Decrease			(7.99)
Other expenses	Decrease			(7.99)
<b>(k) Convertible debt instruments classified as equity as opposed to classified as debt under previous GAAP</b>				
Short term borrowing	Decrease	(49.24)		
Other Equity	Increase	22.19		
Non controlling interest	Increase	27.05		

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

₹ in crores

Impact under Ind AS on account off :-	Impact	As at April 1, 2015	As at March 31, 2016	For the year ended March 31, 2016
<b>(l) Foreign exchange difference on translation of foreign operations to be recognised in other comprehensive income</b>				
Non-controlling interest	Increase		0.88	
Other Equity	Decrease		(0.12)	
Deferred Tax liability	Decrease		(0.75)	
On other comprehensive income	Decrease			(1.06)
<b>(m) Change in minority interest due to Ind AS impacts in subsidiaries</b>				
Non-controlling interest	Increase		0.13	
Other Equity	Decrease		(0.13)	
<b>(n) Reclassification of increase /decrease of excise duty on finished goods from change in inventories of finished goods and work in progress to other expenses</b>				
Change in inventories of finished goods, work-in-progress and stock-in-trade	Decrease			(5.06)
Other expenses	Increase			5.06

Note: Previous year figures as per previous GAAP have been regrouped/ re-classified wherever necessary to correspond with the current year classifications/ disclosures.

For and on behalf of the Board of Directors

**Pawan Munjal**  
Chairman, Managing Director & CEO  
DIN- 00004223

**Pradeep Dinodia**  
Chairman- Audit Committee  
DIN- 00027995

**Niranjan Kumar Gupta**  
Chief Financial Officer

**Neerja Sharma**  
Company Secretary

Place : New Delhi  
Date : May 10, 2017















**Hero MotoCorp Ltd.**

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