July 25, 2018

Asst. Vice President, Listing Deptt.
National Stock Exchange of India Ltd.,
Exchange Plaza, Plot C/1, G Block
Bandra Kurla Complex,
Bandra (E),
MUMBAI - 400 051
Scrip Code: HEROMOTOCO

The Secretary,
BSE Limited
25th Floor,
Phiroze Jeejeebhoy Towers,
Dalal Street,
MUMBAI - 400 001
Scrip Code: 500182

Sub: Voting Results, Consolidated Scrutinizer's Report and Annual Report 2017-18

Dear Sir,

We wish to inform that the 35th Annual General Meeting of the Company was held on July 24, 2018. In this regard, please find attached herewith the following:

1. Voting Results of the Annual General Meeting in compliance with Regulation 44(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. Consolidated Scrutinizer's Report in compliance with Rule 20 of Companies (Management and Administration) Rules, 2014.

3. Annual Report for the financial year 2017-18 as required under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, duly approved and adopted by the members at the Annual General Meeting.

This is for your information and further dissemination.

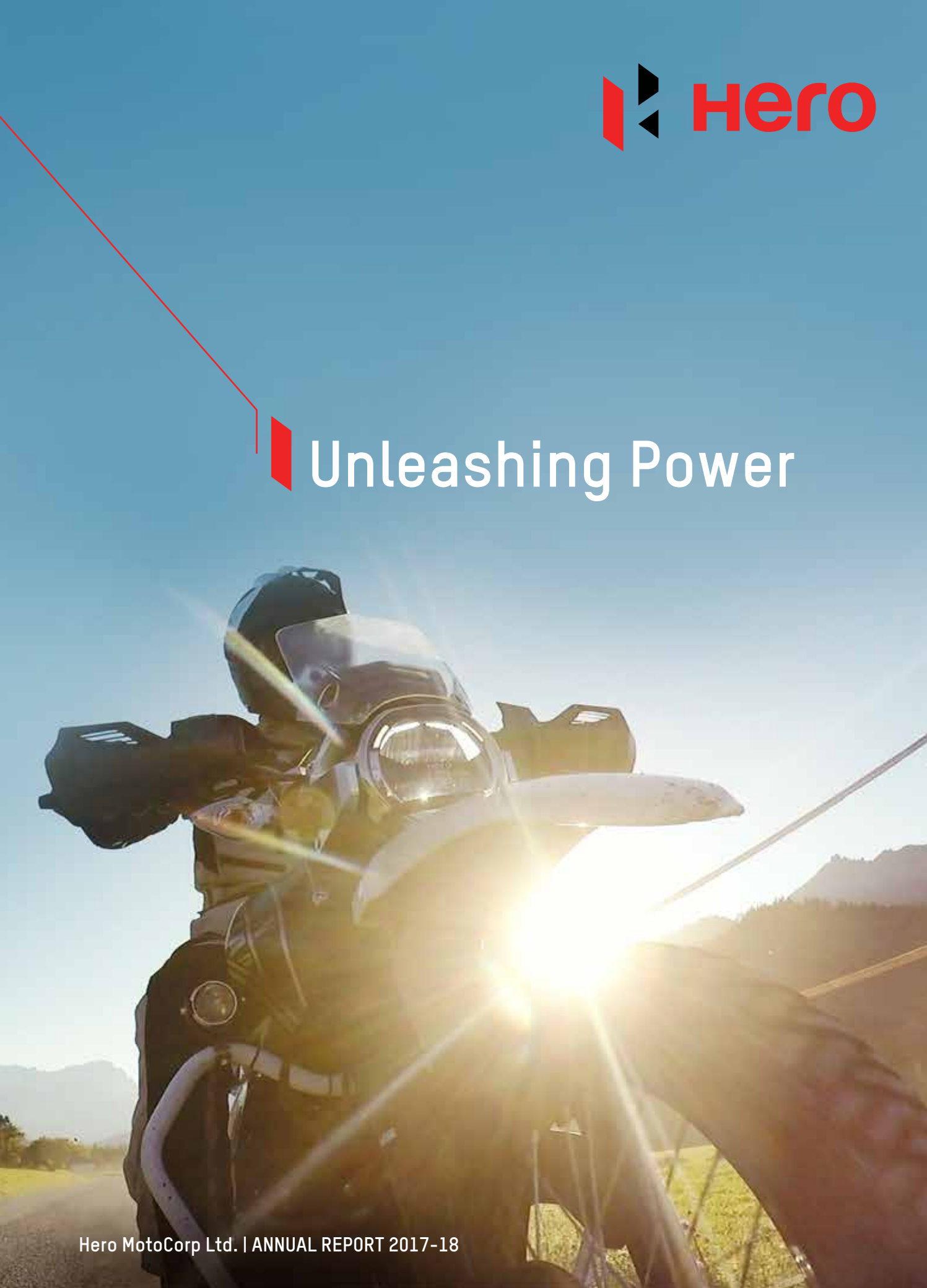
Thanking you,

For Hero MotoCorp Ltd.

(Neerja Sharma)
Company Secretary

Encl.: As above

Unleashing Power



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Disclaimer

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements written and oral that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



Unleashing POWER



YOU
HAVE
POWER
OVER YOUR
MIND - NOT OUTSIDE
EVENTS. REALIZE THIS,
AND YOU WILL FIND
STRENGTH."

- Marcus Aurelius

It is about pushing beyond our limits - those set by ourselves and those by others.
It is about living and breathing to achieve a common vision
It is about making a positive impact on society
It is about transcending customer satisfaction and yielding customer delight
It is about sensing the need and giving the right product to the right market
It is about anticipating the future and driving the technology disruptions
It is about working as one team with missionary zeal
It is about realizing our enormous untapped performance potential.
It is about… Unleashing Power

The World of Hero



Vision

Provide world-class mobility solutions with a focus on expanding company's footprint in the global arena

Mission

- Global enterprise serving the needs and aspirations of mobility
- Value creation and establishing enduring relationships with partners
- Engaging environment to enable our people to perform to their true potential
- Turn customers into our brand advocates
- Offer best- in- class technology, styling and quality



True to our name, we at Hero, are a perfect amalgamation of passion and substance. Through our zeal to conquer the unconquered, we have single-handedly taken the two-wheeler industry in India to greater heights and have succeeded in putting its mobility solution segment on the global map. Our manufacturing expertise and technical know-how has made us breach geographical boundaries and today, we provide global mobility solutions to more than 37 countries across Asia, Africa and South and Central America. We manufacture products of high-quality and have five world-class plants in India, and one each in Colombia and Bangladesh. This year, we are coming up with the eighth plant in Andhra Pradesh. As on date, our state-of-the-art manufacturing plants have a production capacity of 91 lakh+ 2-wheelers, annually and we have an extensive network of sales and service with over 6,500 dealerships and service points across India.

Hero's Core Values

- Integrity
- Humility
- Respect
- Excellence through team work
- Speed

CHAIRMAN'S ADDRESS TO SHAREHOLDERS



Dear Shareholders,

We are living in a world of rapid socio-economic change, driven by technology and innovation. The critical drivers of growth, such as manufacturing, communication and transportation etc., are undergoing phenomenal transformation thanks to the advancement in modern science and technology.

Consequently, our world has virtually turned into a global village, driven by easy and convenient access to data and information, breaking down geographical barriers.

Over the past few years, all these have led to a growing awareness of air quality, sustainable environment, carbon emission, green house effects and similar concerns. With increasing need to reduce carbon footprint across the globe, electric transportation has, therefore, become an environment-friendly alternative.

Governments around the world are trying to bring down the pollution levels by enforcing stricter emission norms, levying heavier tax on the purchase of automobiles and providing special concessions or subsidies for the purchase of electric vehicles (EV). Continuous research and development by manufacturers is also driving advancement in battery technologies with longer life.

Amidst all the path-breaking changes across the globe, our company scaled new heights, with 'customer satisfaction' at the core of our philosophy and practice.

Thanks to the teeming millions of our satisfied customers, Hero MotoCorp set a new global benchmark - 7.59 million unit sales of motorcycles and scooters in FY'18 – thereby consolidating our strong market leadership.

It was a great year for us with positive developments across functions, which are aptly reflected in our profitability and topline growth during the year.

Future Ready

At Hero MotoCorp, we are cognizant of the latest trends and constantly equipping ourselves with new technologies to be able to stay ahead of the curve.

Deeply embedded in our culture is an intense desire to make a difference in the lives of our customers by staying sensitive towards their ever-changing needs. Our engineers at the Centre of Innovation and Technology (CIT) – the R&D centre at Jaipur in the northern Indian state of Rajasthan – are, accordingly, working on multiple projects of future mobility solutions, including a range of motorcycles with higher engine capacities, scooters and Electric Vehicles (EVs).

In FY'18, we continued to augment our product portfolio with the introduction of various new models across segments. We also showcased a range of new products – including motorcycles with higher engine capacities and new 125cc scooters, at the Auto Expo – the Motor Show in Greater Noida, near Delhi in the month of February. Some of these products have already been introduced in the market and the others will be launched in the coming months in FY'19.

As you may be aware, we have made a substantial investment in a Bangalore-based tech start-up called Ather Energy, an e-vehicle manufacturing company, which launched its first smart electric scooters and a public commercial charging infrastructure.

Simultaneously, our engineers at CIT are also working on electric two-wheelers and we would be ready to introduce these products at an appropriate time.

"At Hero MotoCorp, we are cognizant of the latest trends and continue to equip ourselves with New Technologies to be able to stay ahead of the curve."

With Innovation and New-Technology as two pillars of our vision at Hero MotoCorp, we have recently created an incubation center within our eco-system which functions like a start-up with mentors from within and outside of Hero. Aptly named 'HeroHatch', the incubation centre aims to foster innovation from within the organization.

The objective of creating an eco-system of innovative and disruptive thinking has been promoted throughout the organization with the 'Idea Contest' - an open for all, multi-tiered in-house competition, allowing employees to think out of the box, beyond their routine tasks.

Our effort to drive a culture of innovation is not limited to our internal stakeholders. With an aim to stay ahead of the curve and advance our technology, we have adopted the concept of Open Innovation to tap into the global expertise network.

In addition to it, the Hero Campus Challenge - an annual college competition organized across the top engineering and management colleges of India - aims to crowd-source solutions to real-time challenges from the best brains of India following the approach of Open Innovation.

An Expanding Global Footprint

This year, Hero MotoCorp has expanded its global presence to 37 countries across Asia, Africa and South and Central America, and is now gearing up to ride the wave of ever-evolving global political dynamics, as it continues to expand its footprint.

Amidst all the global political and economic upheavals, we have chosen to stay the course and kept our commitment to all our global markets. Our sustained brand building across markets during the economic downturn has now begun to yield results, with double-digit growth in our Global Business in FY'18.

We initiated a series of programs in the global sales and marketing operations during FY'18, which included dealer sales processes, sales-person training and channel restructuring, in our global markets and we will continue to work on these.

I would like to acknowledge the efforts, commitment and loyalty of our global distributors who have stood by us and helped our Company wade through the challenging times.

Building Capacity With Fiscal Prudence

It was over 30 years ago when we set up our first manufacturing facility – at Dharuhera in the northern Indian state of Haryana.

We have recently commenced work at our eighth, effectively averaging a new Hero plant every four years!!
We recently commenced construction of our new manufacturing facility - at Chitoor in the southern Indian state of Andhra Pradesh – that is our sixth plant in India, in addition to the two facilities in global locations – in Colombia and Bangladesh.

Once operational, the Chitoor plant will take our overall installed capacity to about 11 million units in the next two years. The new plant - our first manufacturing facility in South India - will enable us to enhance our operational efficiencies in servicing the markets in the region.

This gives you a fair idea of the speed with which our organisaiton has grown! It goes to demonstrate how Hero MotoCorp has consistently driven the growth of the two-wheeler industry for the past three decades.

We are also venturing into new verticals of business to expand the brand's operational and aspirational canvas. One such initiative in this direction is the setting-up of a new line of merchandise and accessories. The development of these

> "We are also including more automation in our processes and encouraging our vendors, and suppliers to move to full automation wherever appropriate to ensure world-class quality."

began during the latter half of the year and we are working aggressively towards bringing them into the market soon.

We have also been constantly rationalizing our costs. Our innovative LEAP initiative completed five years of journey and over the years was able to achieve substantial savings. LEAP has enabled our company to improve the gross margin to partially mitigate the headwind effect of higher commodity costs.

Regulatory Changes

Even as we make our processes more robust, efficient and digital, the external environment continues to bring new challenges. The next two years will witness numerous changes being brought into effect by either regulations or technology up-gradation. As a responsible OEM, we have taken numerous steps to build capability in our entire ecosystem, including our vendors and supply chain partners, so that they are also ready to meet these changes.

We are also including more automation in our processes and encouraging our vendors and suppliers to move to automation wherever appropriate, to ensure world-class quality and productivity.

The implementation of the stricter exhaust emission norms in India - Bharat Stage (BS) VI - in 2020 is a major milestone ahead for the entire industry. I am quite sure everyone within the Industry is seized of this and putting in the best of efforts to deal with this challenge. At Hero MotoCorp, we have been proactively preparing for this major transition and will be ready with our BS VI vehicles before the due date of implementation - April 1, 2020.

The implementation of Goods and Services Tax (GST) in the year gone by was a landmark development – indeed, one of the biggest transformations in the field of taxation ever undertaken anywhere in the world. It meant overhauling of the entire nation's bookkeeping. However, we coped with it very well and ensured that there was seamless transition to the new system without any hindrances to business. We also supported our entire value chain and partners for a smooth transition. This was truly an example of our sound financial preparedness, planning and on-ground execution.

An Inclusive & Diverse Family

During the year, we continued to focus on diversification and inclusion in our work force, which is rapidly transforming our Company into a truly global entity with employees drawn from around the world. The Hero MotoCorp family today comprises of people from various countries, including Germany, France, Italy, Austria, Japan, UK, US, Colombia and Bangladesh.

I am personally driving the agenda of gender diversity and empowerment at Hero MotoCorp and consequently, the number of women staff – including on our shop floors - has gone up considerably over the past few years.

A Responsible Citizen

We have always believed in giving back to the society, and our Corporate Social Responsibility (CSR) initiatives are built on this very principle. In FY'18, our CSR efforts continued to bring about noticeable improvements in the lives of hundreds of thousands of people across the country. We also launched many new initiatives and built on the existing platforms to further our goals in the field of women empowerment.

For example, we partnered with police departments of eight states in India and provided them with scooters for their women police officers, thereby enabling them to discharge their duties more efficiently. We also started several traffic training parks and centres, some of them in women ITIs, which are again empowering women by providing them mobility.

Protection of the environment and sustainability are the other focus areas of our CSR outreach. We also follow the same principles at our manufacturing facilities, where we maintain the highest ecological standards.

All of the Company's seven state-of-the-art manufacturing facilities, the CIT at Jaipur and the Global Parts Center (GPC) at Neemrana - in the state of Rajasthan - demonstrate Hero's environmental aspirations.

The Company's manufacturing facility at Neemrana has been aptly called the 'Garden Factory', for its various measures, which have redefined green manufacturing. Home to one of the largest roof-top solar projects in the country, the Garden Factory offsets 1600 tons of carbon dioxide per annum by producing 1460 KW green energy through solar panels spread across 60,000 sq. meters.

The Garden Factory and the GPC, the CIT, and the manufacturing facility at Halol in the western Indian state of Gujarat also produce their own organic fruits and vegetables using advanced 'hydroponic' technique, which are used for internal consumption at the canteens.

Other key measures spread across the facilities for Water and Energy Optimization are - 'Big Foot' air handlers, which provide an optimal energy efficient operation, Efficient Building envelope and orientation that ensures reduced load on cooling systems, rainwater harvesting, and above all, a 'Green wall' to generate oxygen equivalent to the daily requirement of 3700 people.

> A mobile and an empowered India, powered by two-wheelers. Across the organization, people continued to unleash the power with exhilaration and enthusiasm.

We have shared more details about our CSR initiatives in the relevant chapter in this Annual Report.

A 'Sporting' Hero

In keeping with the larger objective of nation building, our Company remains committed to support and nurture multiple disciplines of sports around the world.

While our contribution to the growth of Football, Golf, Hockey and Cricket is well documented, our new association with Motor Sports is scripting a glorious chapter.

In only our second year of participation at the famed Dakar Rally, the Hero MotoSports Team Rally made the entire country proud with a top-7 finish in the 2018 edition. The Team has truly become the flag-bearer of Indian motor sports in the global arena.

We will continue to keep scaling new heights of excellence in the coming years.

The Year Ahead

As we move into FY'19, our clear focus will remain on growth, especially in segments such as scooters and premium motorcycles. A slew of new product launches in these segments will help us to meet that objective.

Simultaneously we will also focus on growing our market share in existing global markets, apart from further expanding our presence.

With our current installed capacity and expansion plans in place, the company will continue to remain on sure footing and continue to lead the industry.

As the Indian auto industry continues to grow and its contribution to the country's GDP expected to significantly go up to 12% by 2026, it finds itself at an inflection point. The industry will have to redefine itself with the next generations of automotive technologies. This will hold the key to being future ready!

India will need to identify the next set of reforms that would push the growth agenda and hopefully leapfrog its growth, especially beyond the auto and IT sectors. The environment is ripe for a constructive synergy between the existing industrial set-ups and new age technology start-ups, which can drive economic growth in the future.

However, there are several geo-political issues that can potentially throw the world economy into a tailspin - be it the deadlock over the Paris Climate treaty and the protectionist policies of global super economies or the ongoing upheavals in the Middle East & North Africa.

The protection of environment will also remain a crucial concern area, which will need a resolute stance from a united world. The industry will need to play a conscious and effective role in this process to ensure an equitable and hospitable future.

In these scenarios, as we embark on our onwards journey, we seek the blessings and support of our large and diverse Hero family. We will continue to work with fortitude towards our targets, with our core value system firmly in place and pursuing the larger agenda of a greener, peaceful and economically stable society.

I thank all our stakeholders, including all the channel partners, vendors and suppliers, tech partners, investors, all associates and above all, our customers for their unwavering support.



Pawan Munjal

CORPORATE INFORMATION

COMPANY SECRETARY & CHIEF COMPLIANCE OFFICER

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HEAD OF INTERNAL AUDIT

MR. SOHRAB PRAKASH

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Haryana, India
Tel: Office: +91 124 6714000
Web: www.ey.com

PRINCIPAL BANKERS

Bank of America N.A.
Citibank N.A.
HDFC Bank Ltd.
The Hong Kong and Shanghai Banking Corporation Ltd.
ICICI Bank Ltd.
Kotak Mahindra Bank Limited
Standard Chartered Bank
MUFG Bank, Ltd.

REGISTERED AND CORPORATE OFFICE

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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

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Karvy Selenium Tower B,
Plot No. 31 & 32, Gachibowli,
Financial District, Nanakramguda,
Serilingampally, Hyderabad - 500 032
Tel. : 040-2342 0818, 6716 2222
Fax: 040-2342 0814, 2300 1153
Email: einward.ris@karvy.com
www.karvycomputershare.com
Toll Free No: 1-800-3454-001

PLANT LOCATIONS

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-301 705, Rajasthan, India
Tel: 01494-2673000

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

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

COLOMBIA PLANT
HMCL Colombia SAS
KM 24, via Cali - Santender De Quilichao
Zona Franca Permanente Conjunto
Industrial Parque Sur, Villa Rica,
Cauca Lote 6A, Colombia
Tel: +572 3120662

BANGLADESH PLANT
HMCL Niloy Bangladesh Ltd.
Padmabilla, Shakharigati,
Kotwali, Jessore, Bangladesh
Tel: +8809601505541

75 Million and COUNTING











75 MILLION - 2017
25 MILLION - 2009



For us, Brand is not only restricted to an impressive logo, but also extraordinary product, good campaign, committed people, satisfied customer and a constructive contribution to the society. To all at HMCL, our brand is a sum of many parts with the only objective of fulfilling our vision – 'A mobile and an empowered India, powered by two-wheelers'. As you read through the next few pages, you will catch a glimpse of the various dimensions of the Company. Here we look at our products, campaigns and sponsorships.



UNLEASHING the POWER of BRAND


Xtreme
200R
Hero

Product Launches

Xtreme 200R:
Catering to the rapidly growing premium motorcycle segment, the all new roadster Xtreme 200R delivers unmatched real world performance and premium features. Designed and developed by the Company's in-house R&D team, based at the Hero Centre of Innovation and Technology in Jaipur, the Xtreme 200R is a real head-turner with its muscular stance and aggressive styling.

XPulse:
Developed to cater to a global customer profile, XPulse is India's first 200CC adventure motorcycle targeted at the young and thrill-seeking riding enthusiasts who seek a comfortable and capable riding companion for leisure as well as adventure excursions. It further strengthened the Company's resolve to aggressively gain market share in the higher engine capacity premium segment.

Campaigns

Style Hatke
Maestro Edge, Hero's exclusive men's 110cc scooter, was launched with a new brand narrative - 'Style Hatke'. The launch saw a 360^0 marketing campaign roll-out spanning all categories – print, OOH, broadcast and digital. The ad featuring Ranbir Kapoor, showcased the 'stylish' and 'hatke' personality of the scooter in a light-hearted, yet visually rich commercial. The campaign was a success with Print media reaching out to over 60 million+, TV covering 73 million views and digital saw 232 million impressions with 61 million unique impressions.

Ek Soch Nayi
The latest campaign for Hero Duet continued to challenge the status quo and motivated people to look beyond the established, and encouraged them to think anew – 'Ek Soch Nayi'. The 360^0 marketing campaign reached out to a large audience across different platform. While Print media delivered a 67 million reach, the TV campaign reached out to 136 million viewers. On the Digital media, Duet gained 172 million impressions and 28 million unique reach, and has 20 million views on YouTube, highest on the Hero Channel. This was further supported by a nationwide mega OOH campaign in 50+ cities and 800+ sites.




Naya Duet
Ek Soch Nayi
Duet
Advanced Engine
Advanced Features
Accessories and features shown may not be a part of standard fitment.


Hero
STYLE HATKE
THE ALL NEW 2017
MAESTRO EDGE
Advanced Engine
Xtra Power Delivery
Xtra Pick-up
External Fuel Filling
Mobile Charging Port
Telescopic Front Suspension
TAKE A TEST RIDE TODAY


Duet
INDIA'S FIRST
5
YEAR
WARRANTY*
*Conditions apply.


NILOY
হিরোর দেশ
বাংলাদেশ
Hero





#AskWhy

The Company understood the importance of the digital media and launched a digital specific campaign leveragng the power of asking 'Why?' Hero Pleasure, a brand having resonated deeply with the audience for 10 years over the narrative of independence and mobility for women, and a popular tag line – Why Should Boys Have All the Fun? was also initiated. To celebrate the milestone decade, the Company also launched the #AskWhy campaign showing the incredible story of Bhakti Sharma, a world record holding swimmer, who knocked down every so-called gender rule. The Company did a unique content amplification plan and roped in different categories of celebrities and influencers who spoke about the film on twitter and other digital platforms.

As per afaqs.com, Bhakti Sharma's film was 'The Top 10 Most Watched Indian ads on YouTube in September 2017. The campaign also created an impact of 173 million impressions and 30 million unique reach.

Sponsorship

Indian National U-17 football team
Continuing its belief in promoting sports, Hero MotoCorp extended its support to the Indian U-17 football team, which was to be their first-ever participation in a FIFA tournament. The Company also organized a nationwide 'Trophy Experience' tour, where fans had the opportunity to witness the actual FIFA U-17 World Cup Winner's Trophy in person. The trophy was showcased at multiple Hero showrooms across all host cities - Goa, Mumbai, Guwahati, Kolkata, New Delhi and Kochi. The initiative garnered massive support from over one lakh football fans flocking to Hero dealerships to have a closer look at the trophy and cheer for the Indian team.

The Company is the biggest supporter of football in the country – being the main sponsor of both the men's and women's national teams across age-groups, and also through the title sponsorship of Hero ISL, Hero i-League and the Hero Super Cup.

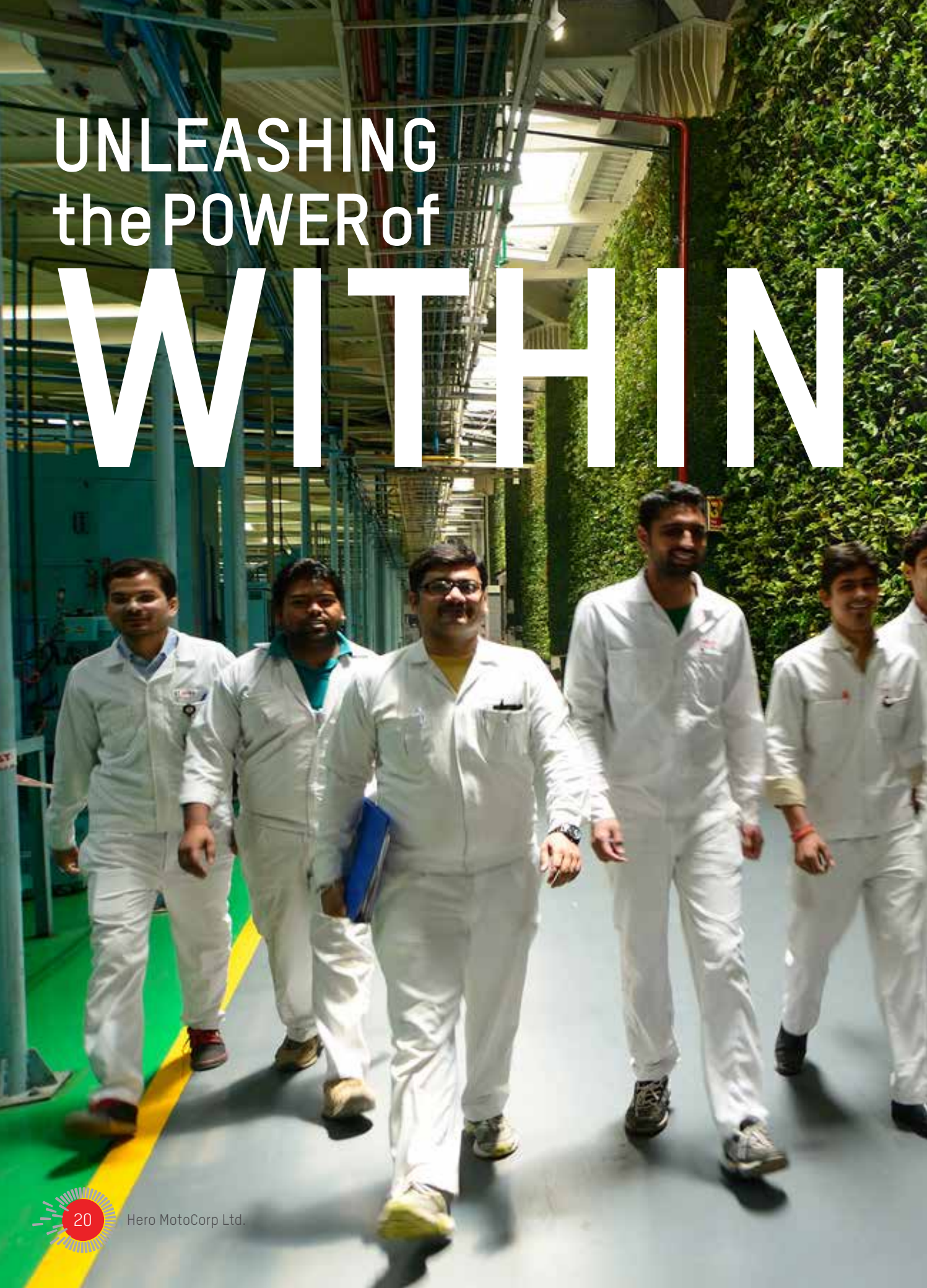
Hero Indian Open
The Company extended its more than a decade long support for the Hero Indian Open by signing a new agreement to remain as the tournament's Title Sponsor.

- Fourteen-time major winner Tiger Woods is Hero's Global Corporate Partner
- Atletico Madrid Coach Diego Simeone is Hero's Brand Ambassador.

YouTube Fanfest 2018
The Xtreme 200R was the official sponsor for YouTube Fanfest 2018 (YTFF), a popular youth-based fest across the country where fans meet their online YouTube idols in person.
The Company collaborated with the rapper, Divine, and multiple local rappers across the cities where YTFF was conducted to create an anthem for Xtreme 200R, reciting the brand story. The final anthem was performed by the artists at YTFF Mumbai.



UNLEASHING the POWER of WITHIN





People are at the core of everything, people are the reason we win; it is because of our people that we unleash our power. To unleash the power at HMCL, we use our Human Resources' strategy of 'One Hero' to drive standardization, performance, agility, transparency and fairness in all our initiatives.

Global Employer of Choice

The Company has an ambitious plan to be a Global Employer of Choice. In this journey, it has engaged with Great Place to Work Research & Consultancy Services to design and implement the roadmap.

Future Ready Organisation

With a focus on strengthening the leadership pipeline and succession planning, the year saw the Company focus on talent rotations and development. The Company continued to drive multiple programs like iLEAD, Emerging Leaders Program, Future Leaders Program, Women in Leadership for building leaders and professionals. These were in partnership with several Ivy League Business schools across the globe including Wharton, Harvard, Colombia, MIT, ISB, etc.

Culture of Recognition

The year saw the launch of a digital recognition platform. As an inclusive platform, it helped every achievement to be celebrated across the organization.

Employee Engagement Initiatives

Hero Quiz Club, Gyanotsav, Quiz, Learning sessions focused on women employees were some of the initiatives rolled-out by the Company to further create a stronger engagement. These were supplemented by multiple sports related activities, including a participation in marathon run as well. As a major sponsor for a number of international sports events, the Company encouraged its employees to be a part of such events.



Hero Cares

For the past few years, Hero MotoCorp has encouraged its employees to run for a cause as far as running in Marathon is concerned. The year saw over 500 Hero Marathoners participating in the Airtel Delhi Half Marathon. The fund raised from this marathon helped around 5000 children to go back to school. The Company was recognized as the highest contributing corporate at the Airtel Delhi Half Marathon' 2017.

Building strong teams

FY 2017-18 saw several functional and cross functional teams connecting in several outbound training programs. The focus of the training programs was on building stronger teams on the foundation of collaboration, communication, respect, innovation, trust and shared ownership.

Communicating Effectively

With a belief of participative communication, the Company continued to roll-out its multiple initiatives like the CMD address, Functional Town Halls, Thoughts and Conversation Series and Fire Side chats to ensure seamless communication across the organization. The Company's anonymous employee engagement App, 'Hyphen - Be Heard at Work', continued to be a popular medium to stay connected with the people across the organization at all levels. The leadership and HR teams travelled to various offices and locations and established a face to face dialogue. Furthermore, an open door policy continued to encourage free flowing communication.

Awards and Recognition (HR)

- World HRD Congress' Best Sales Development Program for Hero selling skills certification program.
- World HRD Congress' Best Training Initiative for Automobile for Hero Sales Academy
- The Saksham Sathi Award to the Gurugram Plant's Skill Development initiative as per Apprentices Act, 1961
- Telecast by DD National about the Company's tie-up with Haryana Vishwakarma Skill University (HVSU) and its Gurukul initiative to empower the youth including the female student





World's # 1 two-wheeler manufacturer, products available in 37 countries, manufacturing presence in two continents, ambition to become global employer of choice. Hero MotoCorp is truly a global corporation with an Indian heart.



UNLEASHING the POWER of ONE WORLD, ONE HERO



Global Sales

Riding on market-specific new launches in geographies across Asia, Africa and South and Central America, Hero MotoCorp grew its volume sales by 12% in its Global Business (GB) in fiscal 2017-18.

With robust market demand driving growth in the Central American Cluster (CAC) and Bangladesh, Hero MotoCorp clocked total sales of 204,484 units of motorcycles and scooters in its global markets during the year, compared to 182,117 units in fiscal 2017.

Hero MotoCorp, which has rapidly expanded its global footprint to 37 countries around the world, also clocked 27% growth in its global motorcycle sales during FY'18.

Manufacturing Excellence

In FY18, the Company commenced commercial production in Bangladesh, its second manufacturing facility at a global location. The plant has an installed capacity of 150,000 units per annum. Our first manufacturing facility at a global location – at Villa Rica, Colombia – has a capacity of 80,000 units per annum.

During FY '18, Hero MotoCorp also commenced exports of motorcycles and scooters from the plant in Colombia, to Guatemala, El Salvador and Bolivia. This is in keeping with our strategic plan to make this facility an export hub to cater to the neighboring Andean countries in the region.

New Product Launches

We continued to introduce youthful and technologically advanced new motorcycles and scooters in our international markets. In the Asian market, in Sri Lanka and Nepal, the company launched the new Maestro Edge and Pleasure scooters, while the new HF Dawn was launched in Bangladesh. In our South American markets, we launched the new Ignitor 125 and Eco 100.

Global Brand

We continued to engage in strategic brand building in our key global markets. An important initiative to achieve this was participation in auto shows in key markets like the Nada Auto Show in Nepal and the Istanbul Motor Show in Turkey.

In Bangladesh, a new corporate campaign was launched to establish Hero as a global brand in the country. We also launched 'Hero de Owner' - the first organized finance initiative in Nigeria. The 'No Wahala No Kobo' campaign increased the adoption of Hero genuine parts amongst Okada (taxi) riders in that country.

Product specific campaigns for Pleasure, Maestro Edge, Achiever, HF Deluxe, Dawn 205 and Ignitor were rolled out in various priority markets such as Sri Lanka, Nepal, Nigeria, Kenya, Colombia, Central America and the Caribbean.

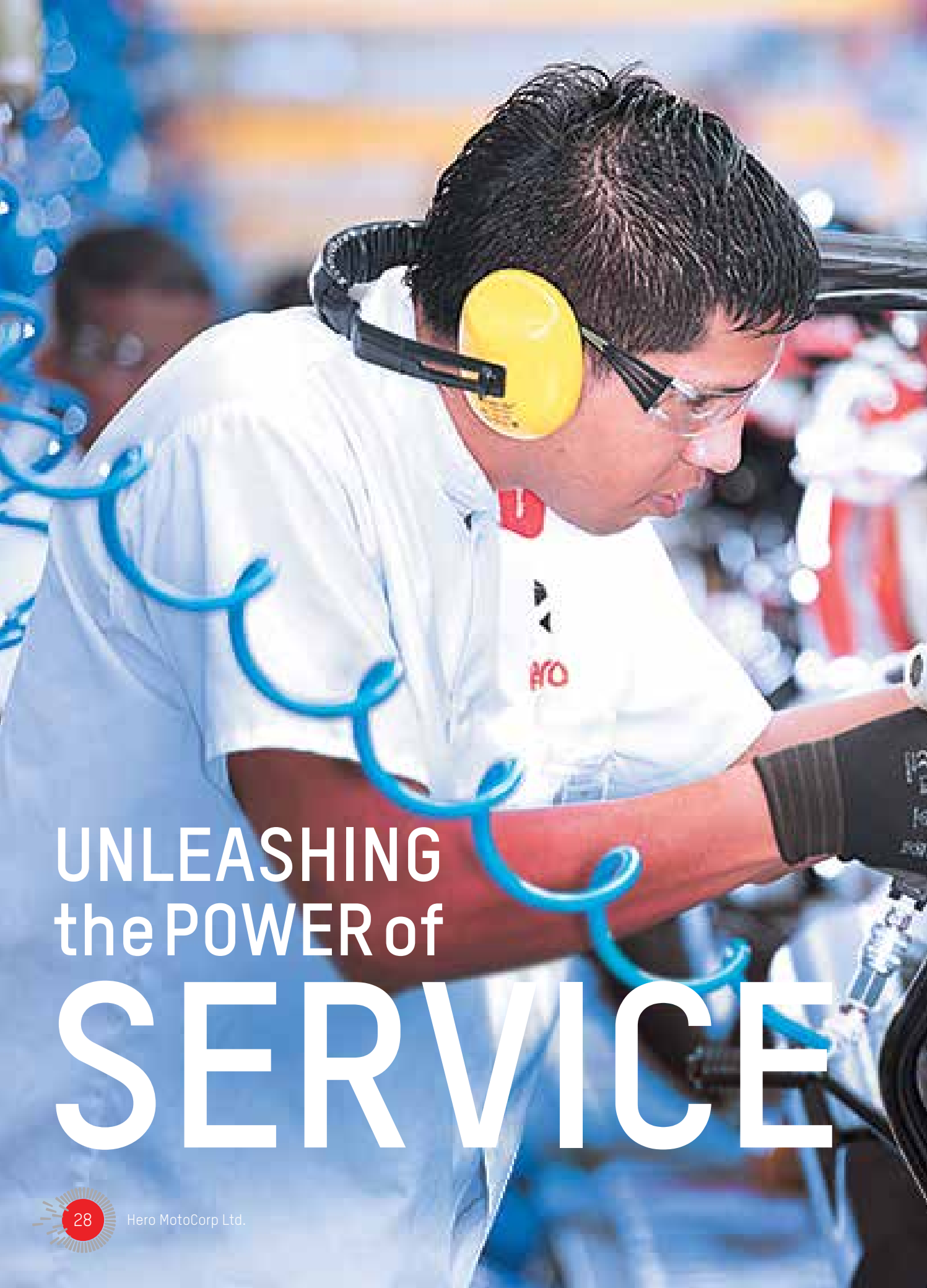
Building Strong partnerships

To enhance the brand entrenchment among global partners, dealers from Nepal and Sri Lanka were invited for a visit to Hero's state-of-the-art manufacturing plant, the 'Garden Factory' in Neemrana, India.

Similarly, select dealers, customers and media persons got an opportunity to travel to Madrid to see Atletico Madrid play Villa Real. The participants also met with the players and their coach Diego Simeone – the legendary Argentinian footballer and Hero MotoCorp's brand ambassador.

The Company's Annual Global Distributors Convention was held in February 2018 in New Delhi to coincide with the Auto Expo 2018, enabling the partners to attend India's flagship automotive expo and also share best practices.





UNLEASHING the POWER of SERVICE



At HMCL, customer service is about day-in, day-out, ongoing, never-ending, persevering activity to ensure that our customers are treated as guests. It is etched in our belief that people never forget how you make them feel and each employee at HMCL is committed to go the extra mile to make the customer feel special.

Hero Joyride

True to its name – The Hero Joyride Program is a unique first-of-its-kind after-sales service program. It is a Pan-India smartcard-based Annual Maintenance Program offered for all Hero Vehicles by 6500+ Hero Authorised Service Centers. Hero has successfully served over 1 million joyful customers with this program. This offer entitles the members to enjoy vast savings, while maintaining their Hero two-wheelers at authorised service centers.

Cloud Telephony

As one of the first touch points for the customer is usually the phone, the Company implemented a cloud telephony system across 900 dealerships to standardize telephonic interaction. It enables recording of 100% calls at dealership and helps understand the nuances of the customer conversations. Accordingly, training programs are created for the dealer network and this has led to an improvement in telephonic interactions between the dealership staff and consumers.

Joyride Carnival

To further up the customer satisfaction benchmark and celebrate the success of Hero Joyride, HMCL launched the 'Joyride Carnival' from February 25 to March 31 2018. The customers enrolled under the program were offered complementary washing and cleaning of their two-wheelers at Hero authorized service centres.

Hero Happiness Score

The Company understands the importance of monitoring and measuring as key to improve its decision making and further improve customer satisfaction. The initiative captures feedback from over 90,000 customers every month to calculate the Happiness Score of all the dealerships. Based on the score, the Company takes corrective measures and implements them to ensure that the customers are happy.



Over 1 million joyride members



Service in 60 minutes

Express Service

'Service in 60 minutes' – honouring the consumer's time, the Express Service ensures that a customer gets his/her vehicle serviced within 60 minutes. To implement this, the Company has specially designed a service process ensuring high-quality servicing within a minimum time limit and at a nominal rate, thus giving the customer a joyful experience. Currently, over 30,000 Hero customers are availing this service on a monthly basis. These numbers are a testimony to the success of the scheme.

Hero Consumer App

In a digital world, 'Hero Consumer App' is helping to bring convenience on the fingertips of the customer. With over 5 lakh downloads, the Application enables the consumers to see Hero products, navigate channel partners, redeem Good Life benefits, reach out to Hero team and book service facilities. Over 1.6 Lakh consumers have availed service booking facility using the Application.

Hero SURE

Supporting Hero and non-Hero customers to find the right value for their products, the Company's over 100 plus Hero SURE counters provide a transparent process to create the best exchange value for the customer.

UNLEASHING the POWER of SHARING





CSR is an integral element of HMCL's corporate strategy. The CSR strategy is not an afterthought but an intrinsic process in all planning across the Company. With a clearly defined vision, all CSR activities aim to bring a positive impact on its three key themes – Greener (environment conservation), Safer (promoting and inculcating road safety practices) and Equitable (empowerment of young girls and women, specially-abled individuals and other under privileged sections of society). The Company encourages its employees and their families to serve as volunteers at many of its initiatives.



Greener

Happy Earth, a flagship programme under the Greener theme has a larger objective to bring about positive environmental changes to the planet and fight the twin global threats - climate change and global warming. The key projects under this programme include…

Project Hero Green Drive
During the year, the Company planted over 4.4 Lakh saplings in Delhi, Gurugram, Indore, Chandigarh, Palwal and many other locations. The initiative focuses on survival of saplings and trees and with almost 90% survival rate, it has brought a significant increase in green cover in the above mentioned locations.
Impact
4.4 lakh saplings for FY18 and over 7 Lakh trees planted so far.

Project Ankur
The initiative aims to inculcate environmentally conscious behaviour at a young age and encourage students to join the initiative. Apart from being involved in planting trees, the students are also encouraged to engage in creating awareness about the benefits of plantation in their respective network, thus starting a conscious thinking process.
Impact
A student army of 10,000 Green Corps in 100 schools

Project Aarush
The initiative is aimed at encouraging alternative and eco-friendly energy resources like LED lamps and solar energy.

- The Company supported 20,727 households in 28 villages in Dehradun district in Uttarakhand to replace incandescent light bulbs with LED lights. The village, Misraas Patti, has the distinction of becoming India's first gram panchayat to be fully LED-powered with all houses having only LED Lamps. Through an all-inclusive program, the Company has trained women and youth from each village to make and repair LED lamps, hence making the effort sustainable.
  Impact
  Saving of 1.03 crore electricity units, annually besides appreciation from Uttarakhand Government

- The Company set-up 6,265 solar street lights in more than 200 villages across the country. These street lights have created a safe environment for the women and children.
  Impact
  Benefits 3.9 lakh people; producing more than 220 MW of green energy, annually

Swachh Vidyalaya Abhiyan
During the year, the Company built around 387 toilets in 42 Government schools. With over 903 toilets in more than 105 government schools, the Company also focuses on regular upkeep and maintenance.

Safer

Ride Safe India (RSI) is the flagship programme under the Safer theme. The key goal under the theme is to make India's roads safer and bring down the number of fatalities. Key initiatives under RSI include…

Project Safe Ride

The Company manages seven traffic training parks across the country that undertake two-wheeler riding training for school and college students besides general public. The objective of these parks is primarily to address one of the root causes of road fatalities — which is driver's error.

Impact

Benefit to 50,000 people in FY18 and over 300,000 so far

Project Catch Them Young

With Road Safety Clubs (RSC) in over 1,150 schools, the Company has created a platform for constant engagement with children to sensitize them about road safety. Furthermore, to create influencers who can inspire their peers to be conscious and responsible citizens, it supports 2,200 Student Police Cadets (SPC), who propagate road safety message and help in overall personality development and leadership building exercises. The Company has a Mobile Safety Van, which supports road-safety awareness activities of the clubs as well as the SPCs.

Impact

RSC in 1,150 schools; 2,200 SPCs

Equitable

Hamari Pari, Educate to Empower (E^2) and Enable are the Company's programmes to empower girls/young women from the marginalized and underprivileged sections of the society.

The 'Hamari Pari' programme recognises and celebrates the enormous potential of each young girl to fulfil her dreams of a brighter future. E^2 aims at finding long-term solutions to educate girls. During the year, the Company continued its established initiatives to make a difference to its stakeholders and included..

Project Shiksha

The initiative aims to establish an enabling, encouraging and motivating educational environment at schools. It is a ground-up approach and seek to create the right infrastructure to make learning an enjoyable process. The Company looks at various aspects like improving the building itself, renovating classrooms and playgrounds, providing necessary furniture as well as basic resources like schoolbags, stationery and books, setting solar units within school premises, building libraries, science and computer laboratories, etc. Beyond the brick-and-mortar infrastructure, the Company ensures that teams of professionals constantly engage with these schools to support weak children, provide career guidance and conduct motivational workshops. The Company's Samarth centres ensure that girls do not drop out of schools due to community pressure and other socio-economic challenges that they face on an everyday basis.

Impact

Over 1.32 lakh students benefitted across six states in FY18.

1.32 lakh students benefited





Project Jeevika
A livelihood initiative, Jeevika focuses on providing livelihood and skills training to youth, mainly girls and women from marginalized socio-economic backgrounds. The Company trains the youth to make them job ready as auto mechanics, computer operators, tailors, beauticians and so on.
Impact
Trained over 1,000 youth during the year; over 600 got employed or became entrepreneurs

Other Initiatives
During the year, the Company started two-wheeler technician courses with Swarna Bharat trust, CII and other prestigious institutions to train people in world-class training facilities.

Honorable Vice President of India, Shri M. Venkaiah Naidu, had inaugurated our skill centre at Hyderabad and Mr. Kamal Nath (former Union Cabinet Minister) inaugurated our centre at Chhindwara.

Project Sakhi
Project Sakhi, a unique initiative by HMCL to empower women in India was launched in association with the police departments of seven states. The project empowers women cops by providing them two-wheelers in order to increase their independent mobility. Now empowered with 916 scooters and motorcycles of their own, the women cops are confident about responding to more calls from women. This is also making the women in the area feel safe with the presence of uniformed women officers, riding through the city. In due course, the project is also expected to encourage more women to join the police services.

Project Ek Pahal
The initiative envisages training women in riding two-wheelers and enabling independent mobility of women. The first training school for women was set-up in Sonipat,Haryana and now the training is available at nine women ITIs in Haryana.

With the aim to create an inclusive environment, the Ek Pahal programme encourages differently abled individuals and attempts to achieve the idea of an equitable world. The Company believes that one motivating story can create a ripple effect of hope in thousands of others who might have lost confidence or have low self-esteem. A number of initiatives under this theme included…

Support to Para Athletes
The Company has been lending its support to para athletes. This little support has gone a long way – it has ensured that the country has had its largest-ever medal hauls at Rio Paralympics 2016, World Para Athletics Championships London 2017 and the Asian Youth Para Games 2017 in Dubai.

Other initiative
The Company provides prosthetic limbs to the needy ones along with job-oriented livelihood training.
Impact
Over 1,800 poor disabled individuals benefitted through surgery, artificial limbs and crutches.

Community Initiatives

Beyond the key programmes of Greener, Safer and Equitable world, Team Hero befriends an entire village community under this project and assists them in all possible ways like health and hygiene, making them self-reliant, skilling etc. Some of the initiatives include:

Project Arogya
The Company's Mobile Medical Vans in four locations – Delhi, Dharuhera in Haryana, Neemrana in Rajasthan and Halol in Gujarat – and the Mobile Eye Check-up Van in Delhi , benefitted more than 54,000 poor people. Supported by AIIMS, Delhi, the Company set-up a Satellite Vision centre near its Dharuhera unit which is accessible to over 30 villages in the vicinity. Additionally, medical camps were organized for over 5,000 students in various government schools.

Winter Night Rescue Van
The van runs across Delhi in winter and provide homeless people a warm and comfortable shelter at night.

Towards making a model village
The Company's positive interventions in education, healthcare, environment and skilling of the inhabitants are being consolidated in a rural village in Rewari district of Haryana to make a prototype of a model village and a smart village. The Company hopes to showcase how to create an ecosystem in a village that can become a trailblazer for the country in the future.



Outcomes, Impact And SRoI

The Company believes in measuring its CSR outreach programmes to assess the value-addition made by every rupee invested in CSR. This helps the Company to not only understand the success of the programme but further refine and fine-tune the programme for maximum impact.
During the year, the Company conducted a study to get an approximate measure of the Social Return on Investments (SRoI).

What the Company measures

- Direct economic and social value to beneficiary
- Value-addition to state and central Government's objectives and programmes/schemes
- Increased productivity of beneficiaries
- Contribution towards sustainable development goals (SDGs)
- Increased trust and loyalty of employees
- Establishment of Hero MotoCorp as a socially and environmentally conscious brand

The result

- All programmes are promising and meeting their respective objectives quite well.
- Rated almost all projects above average
- Hamari Pari

- Have helped improving life skills of over 1,50,000 girls; they shall fare better in personal as well as professional lives as compared to the counterparts who have not been part of such programme/s
- Commend investments towards building /upgrading the permanent infrastructure of schools along with softer interventions around health and hygiene, environment consciousness
- Rise in attendance percentage of all students, especially young girls, at most of the beneficiary schools.
- Withdrawal of kids from private schools and then admitted to Hero WeCare supported government schools in some locations.

- Enable

- Support to para athletes have brought in national and international laurels to the country.

- Environment

- More than 90% of the saplings planted in FY16 have established strong roots and now can sustain themselves with minimal care.
- Over 25 villages have become 100% LED-lit villages and almost 200 villages have solar street lights - a significant contribution towards national energy conservation mission.



Awards and Recognition in FY18

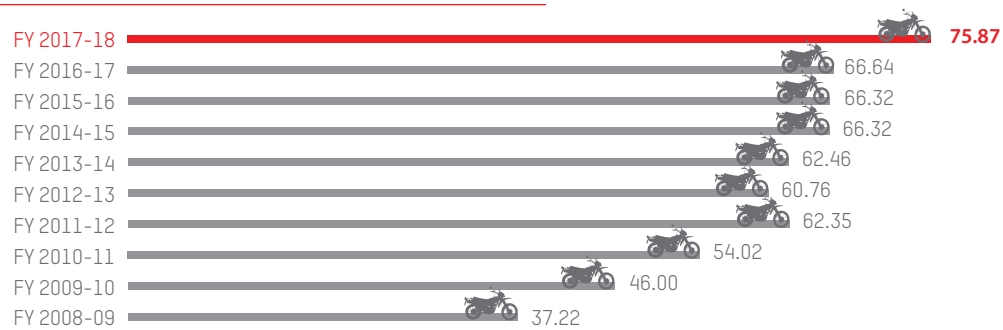
- Appreciation by Government of Uttarakhand for LED project
- Appreciation by Government of Uttarakhand for promoting grass root level sports in Uttarakhand
- Appreciation by Paralympic Committee of India for promoting para-athletes in the country
- CSR Best Practices in Gurugram, an award by Education Department, Government of Haryana
- Bhamashah Samman 2016-17 – an award by Education Department, Government of Rajasthan
- Appreciation by Paralympic Committee of India for promoting para-athletes in the country
- Economic Times ET 2Good4Good certification for corporate governance, stakeholder management, strategy and monitoring and evaluation in CSR
- Award by Navbharat - Best CSR Practices in Private Sector
- Manorama Dobriyal Sharma Award for contribution towards Women Health and Sanitation in Uttarakhand
- ET Now CSR Leadership Award – Hall of Fame
- ET Now CSR Leadership Award – Road Safety
- ET Now CSR Leadership Award – Women Empowerment
- ET Now CSR Leadership Award – CSR professional of the Year
- Award for highest contributing company in Airtel Delhi Half Marathon 2018


Hero

FINANCIAL HIGHLIGHTS

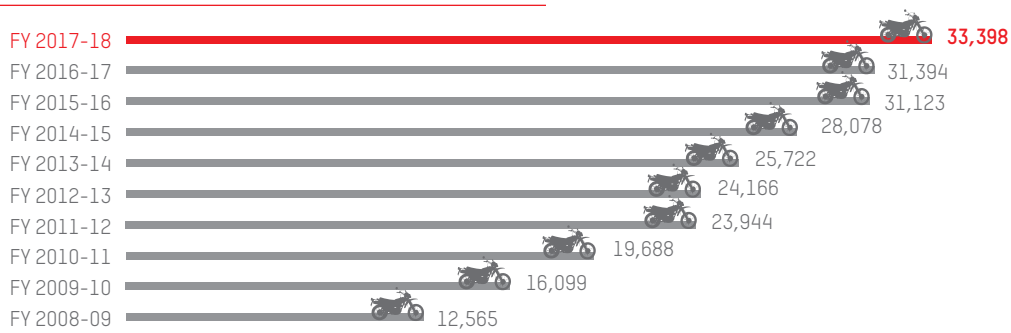
Sales

(Nos. in lacs)



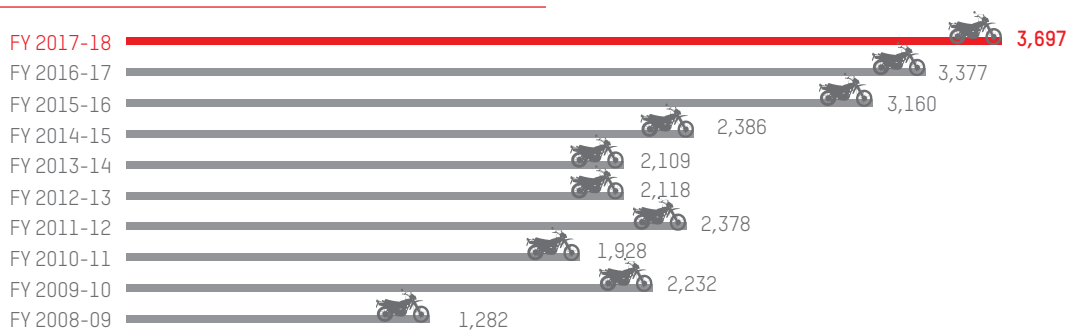
Total Net Income

(₹ in crores)



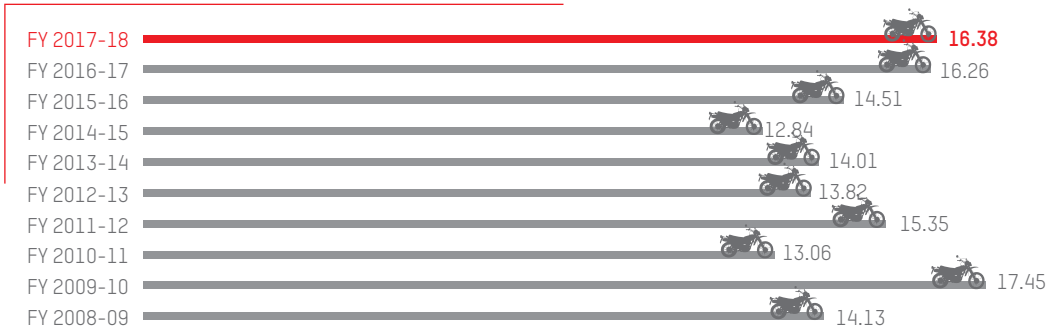
Profit After Tax

(₹ in crores)



EBITDA Margin

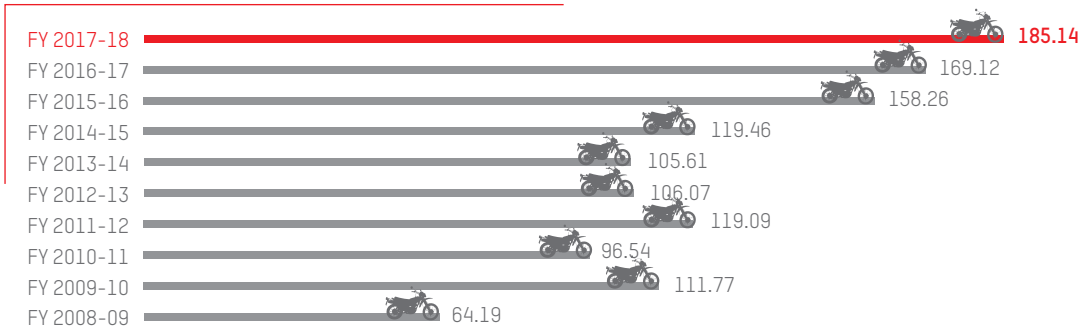
(in %)



Prior to FY 2016-17 margins are calculated based on gross revenue (inclusive of excise duty on sale of goods)

Earning Per Share

(in ₹)



Dividend Per Share

(in ₹)



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 2017-18	FY 2016-17
Return On Average Capital Employed	**47.94**	49.18
Return On Average Equity	**33.80**	35.65
Profit after Tax / Income from Operations	**11.47**	11.85
Profit before Tax/ Income from Operations	**16.27**	16.35
Operating Profit before Interest and Tax / Income from Operations	**16.38**	16.26
Operating Profit before Tax / Income from Operations	**14.66**	14.53

Ratios	FY 2017-18	FY 2016-17
Inventory Period (in days)	**10.14**	10.18
Inventory and Receivable Conversion Period (in days)	**24.65**	26.97
Cash Cycle	**(18.76)**	(20.92)
Current Ratio	**0.75**	0.71
Acid Test Ratio	**0.56**	0.55

BOARD OF DIRECTORS



MR. PAWAN MUNJAL

Chairman, Managing Director & CEO

Mr. Pawan Munjal has consistently demonstrated a visionary leadership skill and has emerged as one of India's highly-respected business leaders. Even in a highly-competitive and volatile market, he has not only guided Hero MotoCorp in consolidating its leadership status, but also helped expand its global footprint across continents. Under his able leadership, Hero MotoCorp achieved the coveted title of world's No. 1 two-wheeler Company (in terms of volume of sales by a single company in a calendar year) in 2001 and has successfully retained this position till date. The Company was awarded the title of 'Indian MNC of the Year' by the All India Management Association (AIMA) in 2017.

Mr. Munjal has led Hero MotoCorp to command a dominant share in the domestic motorcycle market in India and under his leadership, the Company has expanded its presence in 37 countries across Asia, Africa, Central and South America.

MR. SUMAN KANT MUNJAL

Non-Executive Director

Mr. Suman Kant Munjal was appointed as an Additional Director on the Board on July 29, 2010. At present, he is the Managing Director of Rockman Industries Ltd., one of the leading suppliers of aluminium die casting, machined and painted assemblies to Hero Moto Corp 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 at the Boards of various companies.





MS. SHOBANA KAMINENI

Non-Executive and Independent Director

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

She heads the Apollo Pharmacy, India's largest pharmacy chain and is the founder and Whole time Director on the Board of Apollo Munich Health Insurance. Ms. Kamineni championed the creation and Incubation of a Biobank – a catalogued library of ethically consented, anonymised bio-samples.

An Independent Director on the boards of Blue Star Limited and Hero MotoCorp, she serves as Vice-Chairperson of the KEI Group. Getting elected as the first woman President of CII for the year 2017-18, has been another major feather in her cap. In 2018, she was invited by the Indian Ministry of Corporate Affairs to become one of the members of the National Foundation for Corporate Governance (NGFC) Trust. Ms. Kamineni has been a recipient of prestigious national awards for Entrepreneurship and Leadership. The Women Economic Forum has conferred upon her, the award of 'Businesswomen of the Decade' in recognition of her work in the healthcare domain and empowerment of women. She has also been conferred an Honorary Doctorate Degree of Science by the prestigious Bryant University, USA, in recognition of her life's work in healthcare & pharmaceuticals, and her leadership role in business expansion in India.



MR. VIKRAM S. KASBEKAR

Executive Director-Operations (Plants)

Mr. Vikram S. 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 introduced him to the copper business and the business turned profitable during his tenure. He is also an active member of CII northern region council.

MR. PRADEEP DINODIA

Non-Executive and Independent Director

Mr. Pradeep Dinodia was appointed as a Director on the Board on March 31, 2001 in the category of Non-Executive and Independent Director. Mr. Dinodia is a fellow member of the Institute of Chartered Accountants of India (ICAI). Chairman and Managing Partner in the Delhi-based Chartered Accountancy firm – M/s. S.R. Dinodia and Co. LLP. He has an extensive experience in corporate affairs, and allied legal and taxation matters.



MR. RAVI NATH

Non-Executive and Independent Director



Mr. Ravi 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 India's leading legal firms, Rajinder Narain & Co., also called RNC Legal. He studied B. Com. (Hons.) and LLB at Delhi University, International and Comparative Laws at King's College, London and PIL at Harvard. He apprenticed at Sinclair Rocheand Temperley Solicitors, London and brings with him a rich and specialised experience of more than 40 years in Corporate and Commercial law, Asset Finance and Cross-Border issues. Time and again, he has been recognised by Euro money and others as a leading Lawyer in Mergers & Acquisitions and Aviation Laws. He has also been listed in Who's Who and Legal 500. The Bar Association of India has conferred its highest honour on him.



MR. PAUL B. EDGERLEY

Non-Executive and Independent Director

Mr. Paul B. Edgerley was appointed as an Additional Director on the Board of the Company on May 4, 2011 in the category of Non-Executive Director. On the recommendation of the Nomination & Remuneration Committee, he was also appointed as Non-Executive and Independent Director of the Company, w.e.f., May 5, 2016. Mr. Edgerley is currently the Senior Advisor of Bain Capital and Managing Director of Vant Edge Partners, a private investment firm. Right from 1990 through March 2016, Mr. Edgerley was the Managing Director of Bain Capital. Prior to joining Bain Capital in1988, Mr. Edgerley spent five years at Bain & Company where he worked as consultant and a manager in the healthcare, information services, retail and automobile industries. Previously, he was a Certified Public Accountant with Peat Marwick Mitchell & Company. He is currently on the board of Sensata Technologies, APEX Tool Group, and TI Fluid Systems Plc. Mr. Edgerley is also a member of the Kansas State University Foundation, The Shamrock Foundation and serves on the board of Year Up. He did an MBA with distinction from Harvard Business School and a BS from Kansas State University. The gentleman brings with him a rich experience in the field of finance and administration.

DR. ANAND C. BURMAN

Non-Executive and Independent Director



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



MR. M. DAMODARAN

Non-Executive and Independent Director

Mr. M. 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 at 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 as the Chairman of the EMC of the International Organisation of Securities Commission (IOSCO). In the past, he has also led the Government of India (GoI) appointed task force for setting up the Resolution Corporation of India and chaired high-powered committees of the Government of India, Reserve Bank of India (RBI) and FICCI. He has won several awards for governance, leadership and transformation. Currently, he sits on the Boards of some of India's biggest companies and is on the Advisory Boards of some foreign entities. He is the founder Chairman of Indian Institute of Management (IIM), Tiruchirappalli. He graduated with distinction in Economics and 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. PRITAM SINGH

Non-Executive and Independent Director

Dr. Pritam Singh was appointed as an Additional Director in the category of Non-Executive and Independent director on the Board of the Company on September 28, 2004. In his career span, he has authored about ten academically reputed books and over 80 research papers. He is a globally sought after speaker and has addressed various Indian and global audiences including the Chambers of Commerce in various countries, notably Holland, France, Germany, Greece, Russia, UK, USA, Thailand, Mauritius, Egypt, etc. Dr. Singh is one of the pioneers of Management Education in India and has devoted his life to the development of Management Education in the country and abroad. For his immense contribution to the field, Dr. Singh was garnered the Padama Shri Award in 2003. In December 2006, MIRBIS the leading management school in Moscow, honoured him with the title 'Global Thought Leader' in 2006-2007. He is not only the first Indian, but also the first Asian to have walked on this global hall of fame. Dr. Singh has also graced several government committees as a distinguished member.

GEN (RETD) V.P. MALIK

Non-Executive and Independent Director

Gen. V.P. Malik was appointed as Non-Executive and Independent director on the Board of the company 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 a distinguished military service.



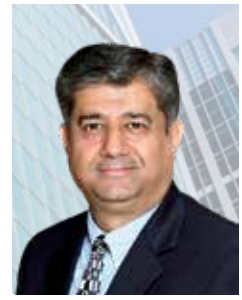
LEADERSHIP TEAM



SANJAY BHAN
Head - Sales & After Sales



RAJAT BHARGAVA
Head - Strategy & Performance Transformation And Global Business



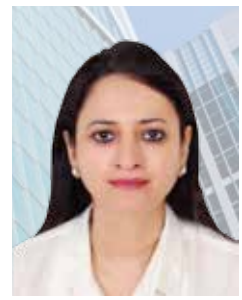
ASHOK BHASIN
Head of Digitization



MARKUS BRAUNSPERGER
Chief Technology Officer



NIRANJAN GUPTA
Chief Financial Officer



NEERJA SHARMA
Company Secretary & Chief Compliance Officer



MALO LE MASSON
Head - Global Product Planning



VIJAY SETHI
Chief Information Officer, Head CSR & Chief Human Resources Officer



NEERAJ MATHUR
Head - Strategic Sourcing & Supply Chain

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

Global Prominence AND SCALE

Asia


BANGLADESH


INDIA


MYANMAR


NEPAL


SRILANKA

Africa & The Middle East


ANGOLA


BURKINA FASO


DEMOCRATIC REPUBLIC OF CONGO


EGYPT


ETHIOPIA


GHANA


GUINEA


IRAN


IVORY COAST


KENYA


LIBERIA


MADAGASKAR


MOZAMBIQUE


NIGERIA


TANZANIA


TURKEY


UGANDA


UNITED ARAB EMIRATES

Americas


ARGENTINA


BOLIVIA


COLOMBIA


COSTA RICA


DOMINICAN REPUBLIC


ECUADOR


EL SALVADOR


GUATEMALA


GUYANA


HONDURAS


NICARAGUA


PANAMA


PERU


TRINIDAD AND TOBAGO

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^
Villa Rica, Colombia	0.08 mn units per annum
Jessore, Bangladesh	0.12 mn units per annum
Global Parts Centre (GPC), Neemrana, Rajasthan	
Centre of Innovation and Technology (CIT) Jaipur, Rajasthan	

^ Capacity to be ramped up to 1.2 Mn units per annum



MANAGEMENT DISCUSSION & ANALYSIS



Economic Overview

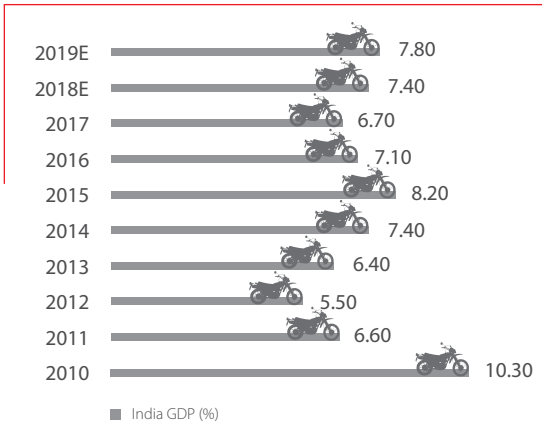
The global economy made robust strides in 2017. The International Monetary Fund (IMF) pegged the growth rate for Calendar Year 2017 (CY17) at 3.8% from 3.2% the year before. The fundamental factors continued to strengthen during the year, further building upon the momentum as witnessed towards the end of 2016. Importantly, the growth was widespread with almost two-thirds of countries world-wide posting better numbers for CY17. A marked recovery was also witnessed in commodities, with crude oil prices surging to about $70 mark from a sub-$50 mark at the beginning of 2017. The benchmark LME Index (reflecting the price movement of six base metals) on the London Metal Exchange moved from around 2,800 to over 3,200 during the year.



South East Asia including India

The region grew at a steady pace backed by strong performances from India, Bangladesh and Nepal. According to IMF estimates, India grew at a healthy pace of 6.7% in FY18, tad slow as compared to the 7.1% in FY17. Considering the transient impact of structural reforms and initiatives such as demonetisation, implementation of goods and services tax (GST), Real Estate (Regulation and Development) Act, Insolvency and Bankruptcy Code, etc., the country's GDP growth rate is slated to rebound and sustain over coming years. Government's recapitalisation of nationalised banks, increased push across infrastructure (road, power and financing etc.), forecast of a good monsoon, further strengthening of the rural economy aided by higher support price (MSP) on crops and increasing private investments – all these steps augur well for a broad-based recovery. IMF has predicted the country's growth to reach 7.4% in 2018 and 7.8% in 2019.

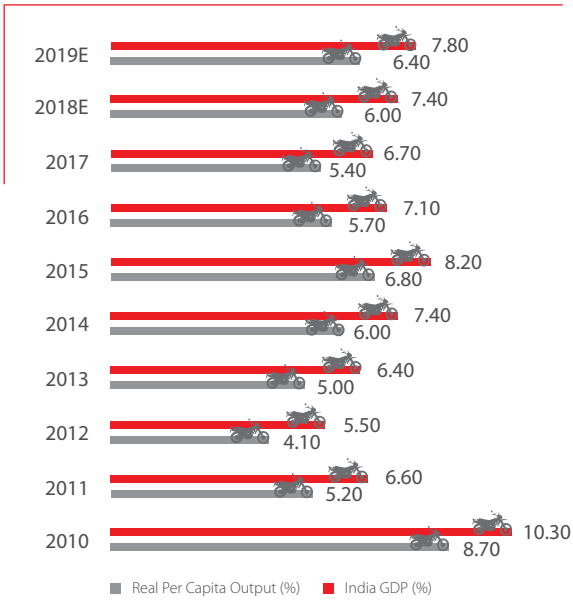
India GDP (%)



Source: IMF's World Economic Outlook, April 2018

The growth in real per capita output in 2017 was 5.40%, in comparison to 5.70% in 2016. However, these numbers are pegged to rise to 6.00% and 6.40% in years 2018 and 2019 respectively.

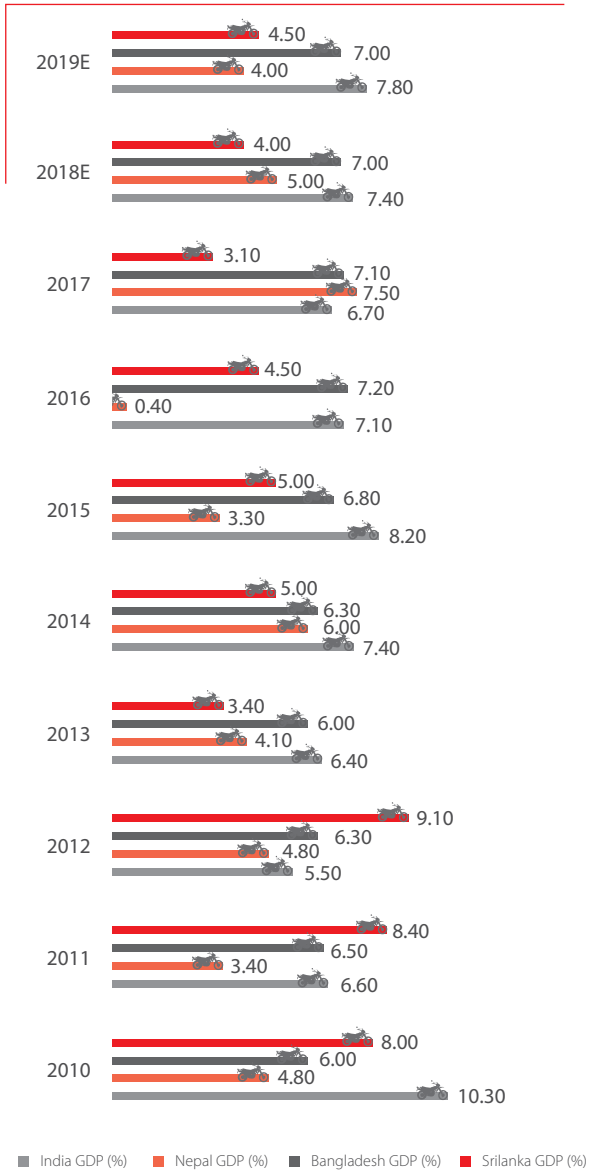
India Per Capita Output & GDP (%)



Source: IMF's World Economic Outlook, April 2018

Among other notable developments in South Asia, Nepal staged a strong recovery to post a growth rate of 7.5% as against 0.4% in the previous year while Bangladesh recorded a GDP growth rate of 7.1%. However, at 3.1%, Sri Lanka recorded its lowest growth since 2001 as agriculture took a major blow from repeated floods and droughts while tight monetary and fiscal policies crippled demand.

South East Asia GDP (%)

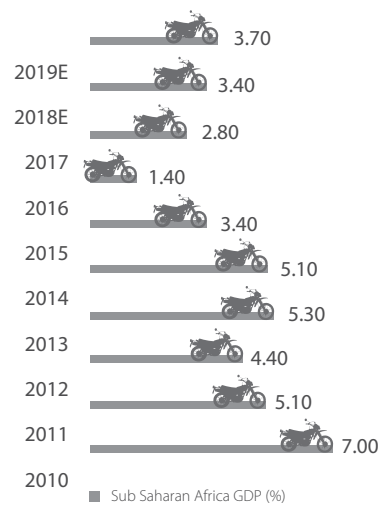


Source: IMF's World Economic Outlook, April 2018

Sub-Saharan Africa

The IMF pegged the growth rate of the Sub-Saharan Africa at 2.8% for CY17. The pickup in growth during the year was on back of a more supportive external environment including stronger global growth, higher commodity prices and favourable financing conditions. All these factors have helped economies including Kenya, Nigeria and Senegal to see a higher volume of capital inflows. The major economies of the region – Nigeria, Angola and South Africa, have shown modest recoveries. However, other mid-sized economies like Tanzania, Ghana and Ivory Coast, etc. are growing steadily at over 5%, helping the entire region post 2.8% growth.

Sub Saharan Africa GDP (%)

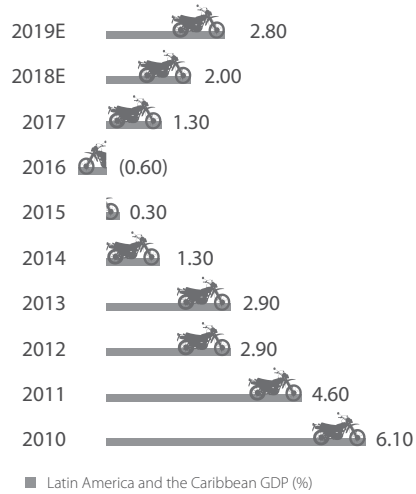


Source: IMF's World Economic Outlook, April 2018

Latin America

According to IMF's estimates, Latin America and the Caribbean raced to a positive growth rate of 1.3% for CY17 as compared to a decline of 0.7% in CY16. The recovery was broad based across the region. Mexico, Central America and parts of the Caribbean benefitted from stronger growth in the United States. In South America, growth was mainly driven by countries such as Brazil and Argentina. Also, rising crude oil prices helped oil dependent countries such as Venezuela recover from last year's negative economic growth territory.

Latin America and the Caribbean GDP (%)



Source: IMF's World Economic Outlook, April 2018



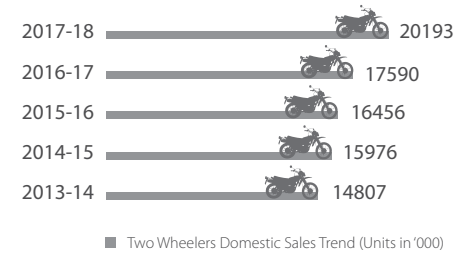
Industry Review

India

The Indian two-wheeler industry rallied back to showcase a stellar performance in FY18. Buoyed by a good monsoon season, continuing soft interest regime and government's continuous investment to ramp up infrastructure, the industry grew at a healthy clip of 15% while also crossing the 2 crore unit milestone, for the first time ever, in FY18.



Two-Wheelers Domestic Sales Trend (Units in '000)



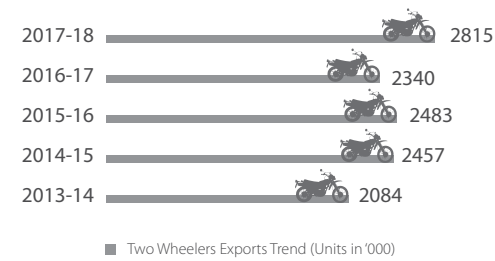
Source: SIAM

With sales of 1.26 crore units in FY18, the Motorcycle category dominated the two-wheeler industry, accounting for over 66% of the overall unit sales. The Scooter segment grew by a robust 21% and closed the year with sales of 67 lakh units, accounting for 33% of the two-wheeler industry.

Exports

Automobile exports from India increased at a healthy rate of 16.12%. The two and three wheeler exports however jumped over 20% in FY18. India exported over 28 lakh two-wheelers, recording a growth of 20.29% over FY17.

Two-Wheelers Exports Trend (Units in '000)



Source: SIAM



Operational Performance

As a market leader in the two-wheeler categories, Hero MotoCorp (HMCL) continued to innovate, showcase and launch new products and expand dealer network with the objective to increase overall market share. Further, it was a milestone year for the Company as it achieved 73.6 lakh two-wheeler despatches in domestic market, a growth of 14% over last year.



For HMCL, FY18 was a year of product launches, multiple initiatives, focus on digitalization for higher efficiencies and high energy marketing campaigns, both in the traditional and digital space.

To strengthen its presence in the Premium segment, the Company is all set to launch the Xtreme 200R, a premium commuter motorcycle, and XPulse, an adventure bike, showcased during the Auto Expo 2018. During the Expo, the Company also introduced products in the fast growing 125cc scooter segment - 'Maestro Edge 125' and 'Duet 125'. Beyond these, the Company launched multiple product extensions of its popular brands including the new Passion PRO, Passion XPRO and Super Splendor.

The Company launched multiple initiatives across all segments including 'Hero Sure' in the replacement market and 'Showroom on Wheels' for the Scooter category. The former will help to tap the huge potential in the replacement market by facilitating exchange of used-two wheelers through a transparent process that creates best exchange value for the customer. A unique initiative, the 'Showroom on Wheels' created stronger recall for the scooter brand as it brought the product to the customer's door-step. The experience was further aided with innovative technological experience like LED sling shot, Digital wall, etc.

For the end-customers and dealer community, the Company introduced various initiatives to actively engage with its stakeholders. These included the 'Hero Happiness Score', a unique initiative to capture feedback of over 90,000 customers on a monthly basis, 'Hero Joyride' program to provide quality service at reasonable cost and expanded its 'Hero Express Service' footprint across the country. These initiatives further upped the benchmark in customer engagement. Within 400 days, the Hero Joyride program has seen enrolment of over 1.1 million customers.The Hero Express Service which commits to service the customer's vehicle within 60 minutes, has seen over 30,000 customers availing the service every month and helped the Company to garner incremental revenue.

Beyond the product, the Company continued its corporate brand building exercise through sponsorship and promoting sports. The Company is now the biggest supporter of football in the country, being the main sponsor of both the men's and women's national teams across age-groups and also through the title sponsorship of Hero ISL, Hero i-League and the Hero Super Cup. Football is a rapidly growing sport in India, particularly among the youth population and the Company believes that it is a matter of just a few years before the game becomes the chosen sport for millions of young Indians. Beyond football, the Company continued to support other sports like Golf where it extended the title sponsorship of the Hero India Open.

Sustainable Sourcing

With the paradigm shift expected in the auto industry including electric vehicles, digitization, focus sustainability, shift to more efficient engines and changing regulations, the Company expects a transformation in the industry. Hence, there was an immediate need to support and build a strong and robust eco-system across the entire supply chain. This will help the Company's supply chain partners to be ready to meet these challenges and help the Company in its objective to deliver the best in class products to the customers

In the entire supply chain, the Company understands the vital role played by the Tier 2 suppliers and also recognizes the low support given to these important stakeholders by Tier 1 and the OEMs. To correct this misalignment, the year saw a program to upgrade the Tier 2 partners with 52 suppliers in phase 1 along with ACMA and engaged both Tier 1 and Tier 2 to set the foundation right and create an inclusive culture. Further, the Company continued to engage with its key suppliers to strengthen their new product development organization and capability using APQP (Advance Product Quality Planning). More than 300 people have been trained on these methodologies.

Automation is the need of the hour and the Company is encouraging and supporting its suppliers to move to full automation, wherever appropriate. With manufacturing plants in Bangladesh and Colombia, it is expanding its international supplier base and yet retaining the glocal flavour of its supply chain. The Company undertook multiple initiatives in this area including Zero Defect incoming Quality initiatives, IPQS and MQS surveys and various quality initiatives. The Company's cost optimization program, LEAP has completed over 5 years. Other than controlling costs, the initiative enabled enhancing design optimization, cost optimization, operations, logistics and the global part centre operations.

Spare Parts

The Company believes strongly that the Hero Genuine Parts (HGP) business helps in increasing the overall customer experience and more importantly reduce the total cost of ownership of a two-wheeler.



GST will be favourable for the Company as its implementation is expected to weed out the spurious and unscrupulous vendors in the largely unorganized spare parts market. The Company has been relentless in its initiatives to build the HGP brand via offline and digital medium, connect with its key stakeholders, increase its distribution network, offer innovative marketing schemes and influencer management program called - Asli Hero, expand the Global Parts Centre and introduce a priority supply system to arrest Vehicle off Roads at the point of origination.

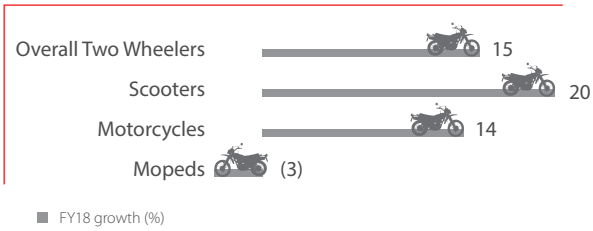
Other Initiatives

The Company continued its brand building strategy and FY18 saw the Company associating with various important sporting events across the globe including Hockey World League, London; AAMSO Golf Tournament, Scotland; Hero Cup (Sri Lanka vs Zimbabwe); Caribbean Premier League; India's tour of Sri Lanka; Hero World Challenge, Bahamas; Hero Asia Cup, Bangladesh; British Masters and the Nidahas Trophy… to name a few.

Sales Volume Growth – India

The Motorcycle segment delivered sales volume at 65 lakh units, a growth of 14% over FY17. The Company saw its market share further strengthen to z51.50%, a gain of 40 bps on its already strong position over last year. In the Entry segment, the Company volumes grew a robust 33%, further increasing its market share by 5% to fortify its segment

FY18 growth (%)



Source: SIAM

leadership with a total market share of 60%. Volumes in the Deluxe segment grew by 9% and the Company continued to stand tall with a 69% market share in that segment. In the Premium segment, however, the Company lost market share. To address the situation in this segment, Company has planned new launches for the coming year.

The Scooter business saw a volume growth of 12% and clocked 8.8 lakh units for FY18. While the Company grew its volume, it saw its market share slip in the segment to 13.2%. The new launches of the 125cc scooters and growth in the market share after the launch of the refreshes should help HMCL grow its market share in the segment. Some of this strength was visible in the performance in the segment in H2 when HMCL's scooter performance grew ahead of the market on the back of 360º activation, advertisements and management focus·

Global Business

The Company's products are available in over 37 countries across the globe. With a plant each in Bangladesh and Colombia, the Company is steadily strengthening its global presence. FY18 was a further step ahead in creating what will be a true Indian MNC. The year saw the Company commencing commercial production in Bangladesh and was ready to offer more options to all the markets in the region. The Colombian plant is currently operating at a production capacity of 80,000 units per annum and will be expanded to produce to 150,000 units annually in the next phase.

South Asia

The Company has a presence in key South Asian markets including Bangladesh, Nepal and Sri Lanka. The markets witnessed structural changes like a trend towards premium models in all the three markets and Scooters becoming the favoured mode of transport in the markets of Sri Lanka and Nepal. FY18 was a mixed bag for the Company as sales volumes grew by a whopping 70% in Bangladesh aided by local manufacture, posted a flat growth in Sri Lanka and declined in Nepal.

The Company created a campaign in the region to highlight its 5-year warranty and launched the new corporate campaign in Bangladesh to establish Hero as a global brand in the country. Also, the year saw the Company launching 2 new scooters– Maestro Edge and Pleasure during the Nada Auto Show in Nepal.

Africa

FY18 saw the Company continue its focus on improving customer reach, awareness and advocacy in its key markets in Africa. The Company now has a presence in Nigeria, the largest West African market and other African nations. While it saw a flat growth in Nigeria, it posted stable volume growth in other African markets.

The Company continued to ramp up its brand presence in various markets in the region and rolled out multiple campaign including the 'Hero de Owner' – the first organized finance campaign and 'No Wahala No Kobo' – a campaign to increase brand consideration and preference amongst Okada riders in Nigeria.

Middle East

Like in India, the year saw multiple markets in Middle East like Turkey and Iran moving to the stricter Euro IV emission norms. This impacted the Company's performance in key markets like Turkey and Iran.

Latin America

The year proved to be a mixed bag. While the business grew in excess of 20% in key markets like Argentina and Central American and Caribbean (CAC), it saw a decline of 13% in the Colombian market. Other Latam markets also saw either flat or marginal growth for FY18. The Company organized a visit to Madrid for select dealers, customers and media personnel from Latin America. The visitors not only watched Atletico de Madrid play Villa Real but also interacted with the players and their coach Diego Simeone, who is the HMCL's brand ambassador in Latin America.



Financial Review

During the year under review, the Company posted record sales numbers for the year and achieved the distinction of being the first ever global two-wheeler Company to record 7.59 million unit sales in a year. With a revenue from operations (net of excise duty) of ₹ 32,230.49 crores for FY18, the Company grew by 13.1% as compared to ₹ 28,500.46 crores for FY17. The Company posted a profit after tax (PAT) of ₹ 3,697.36 crores up by 8.7% as against ₹ 3377.12 crores for the previous year. EBIDTA margin at 16.4% for the year was marginally higher than 16.3% for the previous year. The details of internal control systems and their adequacy have been provided in the Board's Report.

Risk Management

In the dynamically evolving competitive landscape of today, companies that manage their risks effectively will grow sustainably. HMCL deploys a holistic Enterprise Risk Management (ERM) framework that seeks to identify, monitor and mitigate a host of risks.







The comprehensive ERM framework covers strategic, external, financial, regulatory and operational risks. The Company's Risk Management Committee undertakes periodic review of the risk landscape, efficacy of mitigation strategies and progress on implementation of various such measures.

Competitive Landscape

The two-wheeler market primarily comprises of motorcycle and scooter segments. In the motorcycle segment, the industry is further structured into the entry, deluxe, performance segments. Contributions of these varied segments keep altering with the evolving customer preferences and competitive market offerings. Entry of new players into the market or even a specific segment poses the risk of altering market share and/or profit margins.

The Company continues to sustain its market leadership with intensified customer connect, superior brand salience, frequent refresh and upgrade of existing products, launch of new products, superior customer service and extended warranty, etc. The Company endeavours to gain entry into



unrepresented or under-represented segments with a slew of technologically advanced products and perceptually differentiated service offerings. The Company continued its volume leadership by becoming the world's largest two-wheeler Company in FY18, a feat repeated for a record 16 times in a row.

Customer Preferences

Evolving customers' preferences, higher disposable incomes, increasing urbanisation and infrastructure turnaround may lead to structural and segmental shifts in the two-wheeler industry. Rapid growth of Scooter and Premium motorcycle in the industry are led by the emergence of women buyers and millennials.

HMCL is addressing these structural shifts with its new product pipeline. It is also making its processes, capacities and plants agile and lean to adapt to the changing scenario with swiftness, through closer inter-departmental collaboration.

Regulatory Changes

Regulatory changes, when countered unprepared or under-prepared, may adversely impact the Company's business prospects.

As an R&D focussed company with significant prowess and investments in technology, HMCL proactively addresses the concerns facing the industry. Passenger safety, vehicular emission, fuel efficiency and green vehicles are the broad themes that the Company continues to stay focussed on.

Economic Risks

Any adverse slide in the economic growth of the Company's operating markets may negatively impact its business.

HMCL continues to diversify its business offerings and presence across a wide segment of customer class as well as geographic regions globally.



Human Resource

HMCL treats human capital as the key enabler of its business objectives. As a people-centric Company, it deploys a 360 degree approach to attract, train, retain and upskill talent. The Company furthered its Human Resources strategy of 'One Hero' to drive standardization, performance, agility, transparency and fairness in all its initiatives. As on 31.03.2018, the Company employed over 8,000 people.



Succession and leadership Development

As HMCL entered the fourth year of its annual Talent review exercise, it saw focus on rotating talent across functions / verticals to provide a holistic organization view and to make them future ready. The Company successfully entered the second year of its flagship HR programs (iLEAD, Emerging Leaders Program, Future Leaders Program, Women in Leadership) in partnership with several Ivy League Business schools across the globe including the Wharton School, the Wharton, Harvard, Colombia, MIT, ISB, etc. The Company has created a number of developmental opportunities for building leaders and professionals under these initiatives.



Diversity and Inclusion

The Company's consistent focus, bold decisions and initiatives on diversity and inclusion over last three years has enabled a three-fold rise in women staff numbers. Journey under Project Tejaswani (introducing women@shopfloor) continued with present 160 women on shop floor at different locations. The year saw continuous engagement with women across different functions and this helped the Company to further improve its women employee friendly policies.



Turning on the Spotlight

During the year, the Company launched 'Achievers', a digital recognition platform to drive and sustain culture of recognition. An integrated platform covering the entire employee life cycle, it was driven by peers and supported by leaders at all levels. This ensured that every achievement was celebrated across the organization.

Engaging Future Talent

The Hero Campus Challenge (THCC) is our attempt to let the students get a peek into what goes on inside Hero and be a part of it by working on challenges we look at, on a day to day basis. The program has been growing year on year and has made a name for itself across the country. THCC is driven through an Open Innovation platform and offers a chance for the students to exhibit their problem solving abilities, business acumen, analytical skills, technical knowledge and creative thinking being put to use with the world's largest 2-wheeler manufacturer.

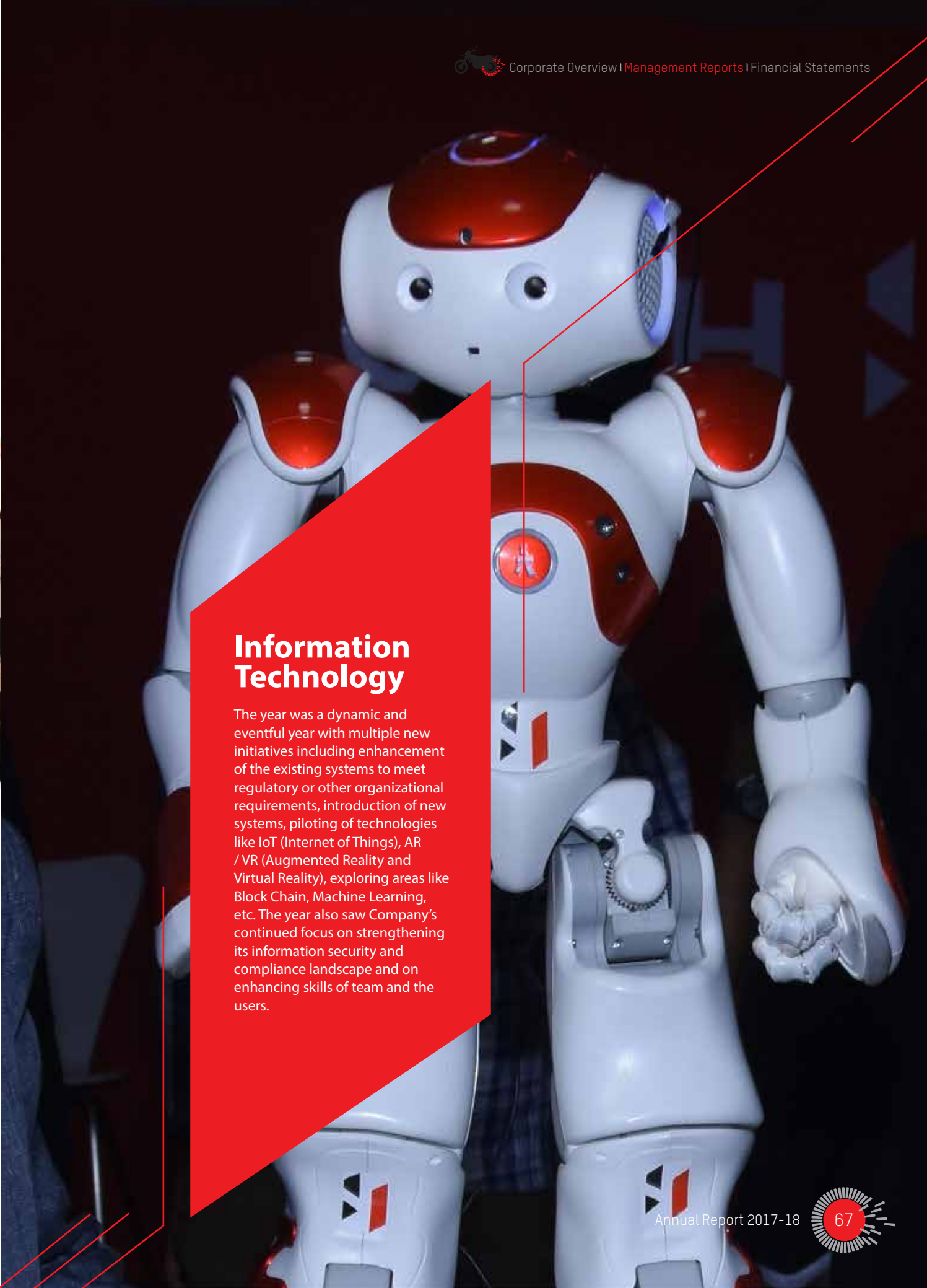
Season 3 of THCC received registration from 3000+ teams, 9000+ participants from 100 B Schools and Engineering colleges across the country this year. The participating students not only gained knowledge about Hero but also gained knowledge about the industry and the positive impact we have on so many consumers. The top students also got a chance to interview with Hero for relevant positions.





Digitization

Digitization efforts continued this year with enhancement of mySuccess platform, the Company's integrated talent management suite. The platform seeks to enable associates, managers/leaders and the organization to take people decisions driven by real time data. Most of the employee related activities are now available on Hero Employee App. To streamline the management of contingent workforce, a Contingent Workforce Management System was implemented and all the processes related to the management of workforce have now been automated.



Information Technology

The year was a dynamic and eventful year with multiple new initiatives including enhancement of the existing systems to meet regulatory or other organizational requirements, introduction of new systems, piloting of technologies like IoT (Internet of Things), AR / VR (Augmented Reality and Virtual Reality), exploring areas like Block Chain, Machine Learning, etc. The year also saw Company's continued focus on strengthening its information security and compliance landscape and on enhancing skills of team and the users.


Hero
FLAGGING OFF THE REVOLUTION


Hero
Hero
IDEA
CONTEST

Some of the key initiatives which were taken during the year are listed below:

Transition to GST
The Company implemented the GST and configured the system with the e-Way bill.

Hero Connect
The Company's Dealer Management System, an application used by its channel partners to ensure centralized processes, was extended during the year to around 500 Authorized Service Centres (ASCs).

Mobility solutions
The Company launched or revamped its existing mobile apps for various stakeholders including the mobile based catalogue for spare parts customers and channel partners, an app for sales executives of channel partners to help them manage their enquiries, bookings, inventory, etc. and also serve as a sales tool with the digital and interactive product catalogue.

Analytics
During the year, the Company set up a new analytics platform to enhance the real time dash-boarding, visualization capabilities and predictive analytics

EMF
The e-Material Flow, a concept for planning and controlling material flow across the supply chain based on JIT principle, was extended to Gurgaon plant. Apart from that, JIT helps achieve almost zero inventory and subsequently, reduced inventory carrying cost.

The Company got re-certified with the information security standard ISO 27001: 2013.

Setting up of COEs (Centre of Expertise): During the year, the Company set up 4 COEs - IoT (Internet of Things), Block Chain, Machine Learning and Cloud.

Exploring new technologies
The Company initiated many projects / Proof of Concepts in areas related to IOT (for connected vehicles, connected machines, datacentre monitoring among others), AR / VR (Augmented Reality and Virtual Reality), etc.





Business Outlook

FY18-19 has started on a bullish note. The IMF forecasts a global growth at 3.9% for the year and next, the strongest upswing since 2011. The Company's biggest market - India, is expected to blaze forward with an annual rate of 7.4% in 2018 and 7.8% in 2019, as per IMF's estimates. Normal monsoons and an upswing in the rural economy, continued implementation of structural reforms that raise productivity and incentivize private investment, strong private consumption, etc. is expected to help India bag the fastest growth economy honour in FY19. The Company's other key markets include Latin America, Sub - Sharan Africa, countries in South Asia, etc. are on a firm growth trajectory as well.



Even as the Company focuses on increasing its market share in India in the entry and deluxe segments, it has put in place a clear way forward to increasing its market share in the Scooter and Premium Motorcycle segments through a host of initiatives including Premium Experience zones and new product launches. This will indeed be the first time that HMCL will launch such products which have been developed at its R&D facility in Jaipur.

The other component in its strategy is the continued focus on digitization and big data and enhancing dealer performance. As the Company expands its reach in the international markets, it will use its manufacturing plant in Bangladesh, coupled with flexible manufacturing processes to improve its share in the 100cc entry and 125cc segments in Bangladesh, Sri Lanka and Nepal. Further, new product introductions in premium segments (scooters and motorcycles) should see the Company inch up its market share in Nepal and Sri Lanka in coming year.

In Africa, most of the countries do not have such stringent regulations such as BSIV. This poses a unique challenge as the markets have largely become highly price sensitive and not conducive to innovative and feature rich products that are part of the Company's portfolio. Nevertheless, the Company will continue to initiate activities which will build Brand Hero in the region. In the Middle East, the Company plans to launch new products in scooters and entry and premium bike segments in the regional market including Turkey and Iran. In the Latin American region, with the exception of Colombia, the markets continue to be geared towards 125-150cc bikes. Further, few countries in the region cluster do not have any regulations while some have moved to Euro-3 emission norms. Given the Company's technological prowess, it is confident to deliver safe, fuel efficient and cost effective transport to customers.

For Hero MotoSports, the third season kicked in with the Merzouga Rally. Apart from the rallies participated in the last year, the Company plans to participate in one or two new rallies as a part of its preparation for Dakar. With new and increased number of races, and an anticipation of a full strength 3-rider team participating in the Dakar 2019, the third season for Hero MotoSports Team Rally looks poised for high octane action.

BOARD'S REPORT 2017-18

Dear Members,

Your Directors are pleased to present the Thirty Fifth Annual Report, together with the Company's audited financial statements for the financial year ended March 31, 2018.

FINANCIAL RESULTS – STANDALONE & CONSOLIDATED

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

(₹ in crores)

Particulars	Standalone		Consolidated	
	Year ended		Year ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Total Income	**33,397.64**	**31,394.02**	**33,624.11**	**31,505.61**
Profit before Finance cost and Depreciation	5,806.01	5,157.24	5,848.22	5,097.92
Expenses				
Finance costs	6.25	6.05	30.80	27.28
Depreciation and amortisation expenses	555.60	492.73	574.98	502.25
Profit from ordinary activities before share of Profit / (Loss) of associates	**5,244.16**	**4,658.46**	**5,242.44**	**4,568.39**
Profit/ (Loss) of associates				
Share in net profit / (loss) of associates	-	-	49.66	54.92
Gain on dilution of interest in an associate	-	-	-	262.09
Profit from ordinary activities before tax	**5,244.16**	**4,658.46**	**5,292.10**	**4,885.40**
Tax expense				
Current tax	1,446.95	1,082.08	1,450.99	1,082.24
Deferred tax	99.85	199.26	118.94	256.86
	1,546.80	**1,281.34**	**1,569.93**	**1,339.10**
Net Profit from ordinary activities after tax	**3,697.36**	**3,377.12**	**3,722.17**	**3,546.30**
Other comprehensive income /(expense) (net of tax)	(4.71)	(14.08)	(7.26)	(18.71)
Total comprehensive income for the period	3,692.65	3,363.04	3,714.91	3,527.59
Net Profit / (Loss) attributable to				
a) Owners of the Company	3,697.36	3,377.12	3,720.40	3,584.27
b) Non-controlling interest	-	-	1.77	(37.97)
Other comprehensive income attributable to				
a) Owners of the Company	(4.71)	(14.08)	(5.89)	(16.71)
b) Non-controlling interest	-	-	(1.37)	(2.00)
Total comprehensive income attributable to				
a) Owners of the Company	3,692.65	3,363.04	3,714.51	3,567.56
b) Non-controlling interest	-	-	0.40	(39.97)
Balance of profit brought forward	7,418.53	6,146.52	7,597.60	6,118.53
Dividend				
- Interim - 2017-18	1,098.41	1,098.33	1,098.41	1,098.33
- Final - 2016-17	599.09	639.01	599.09	639.00
Corporate Dividend Tax	345.57	353.69	345.57	353.69
Adjustment on account of change in controlling interest	-	-	(23.50)	-
Transfer to Foreign Currency Translation Reserve	-	-	(4.42)	(14.17)
Balance carried to Balance Sheet	**9,068.11**	**7,418.53**	**9,247.01**	**7,597.60**
Earning per equity share on Net Profit from ordinary activities after tax (face value ₹ 2/- each) (In ₹)				
- Basic	185.14	169.12	186.30	179.49
- Diluted	185.13	169.12	186.29	179.49

FINANCIAL HIGHLIGHTS

During FY 2017-18 under review, your Company clocked sales of 7,587,154 units over 6,664,240 units in the previous FY.

During FY 2017-18, revenue from operations was ₹ 32,871.82 crores as compared to ₹ 30,871.59 crores in FY 2016-17, registering an increase of 6.48%.

Profit before tax (PBT) in FY 2017-18 was ₹ 5,244.16 crores as compared to ₹ 4,658.46 crores in FY 2016-17, reflecting an increase of 12.57%. Profit after tax (PAT) was ₹ 3,697.36 crores as against ₹ 3,377.12 crores in FY 2016-17, an increase of 9.48 % over the previous year.

Earnings before Interest, Depreciation and Taxes (EBIDTA) stood at 17.38 % in FY 2017-18, as compared to 16.42% in FY 2016-17.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the provisions of the Companies Act, 2013 ('the Act') and Indian Accounting Standard (Ind AS)-110 on Consolidated Financial Statements, read with Ind AS-28 on Investments in Associates and Joint Ventures, the Audited Consolidated Financial Statements for the FY ended March 31, 2018 are provided in this Annual Report.

CHANGES IN CAPITAL STRUCTURE

During the FY under review, 14,617 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 share capital of the Company as on March 31, 2018 was ₹ 399,422,910 divided into 199,711,455 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

Your Directors are pleased to recommend for your approval a final dividend of ₹ 40 per equity share (2000%) of face value of ₹ 2 each, in addition to an interim dividend of ₹ 55 per equity share (2750%) declared in the month of February 2018, aggregating a total dividend payout of ₹ 95 per equity share for FY 2017-18. In the previous FY, total dividend payout of ₹ 85 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. Dividend Distribution Policy of the Company as per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') is available at the following link: https://www.heromotocorp.com/en-in/about-us/key-policies/dividend-distribution-policy.html and is also provided as **Annexure - I**.

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 FY under review.

CHANGE IN NATURE OF BUSINESS

During FY 2017-18, there was no change in the nature of Company's business.

CAPACITY EXPANSION, NEW PROJECTS & STRATEGIC ALLIANCES

During FY 2017-18, construction of sixth manufacturing facility at Sricity in Chittoor District in the state of Andhra Pradesh has commenced with a proposed capacity of 1.8 million units per annum. Your Company will invest ₹ 1,600 crores in setting up this manufacturing facility. The plant is expected to be operational in FY 2019-20.

During FY 2017-18, the second overseas plant of your Company at Jessore in Bangladesh started commercial production during the first quarter.

Your Company is constantly expanding the boundaries on innovation – both internal and external. It has been running internal idea generation contests successfully involving employees for many years now. In FY 2017-18, your Company took important steps to tap into the external innovation ecosystem. It piloted 'crowd sourcing', where a few identified problems are thrown as challenges to the external innovation ecosystem to solve.

GLOBAL FORAYS

Your Company continues its march to strengthen the reach of Global Business. During FY 2017-18, your Company added two markets – Trinidad & Tobago and Guyana – to grow the countries in which HMCL is present in, to 37. More importantly, it strived to increase market share in the large markets across South Asia, Africa & Middle East and Latin America in which the Company is already present. The Company increased its despatches to Bangladesh by close to 200%, leveraging a 70% increase in the industry and substantially growing the market share. Your Company also commissioned a plant through a joint venture in Bangladesh.

Continuing with the past strategy, your Company works closely with strong, allied distributor partners, offering differentiated financing, vehicle models and after sales solutions. Your Company's focus is to enhance salesmen skills at the dealerships, optimize the channel coverage and execute targeted brand building and marketing campaigns.

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. 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 2017-18, HNBV has invested in operating companies in Colombia and Bangladesh and has reported Nil revenue (unadjusted) and a net loss of ₹ 0.48 crores.

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

HMCLC was incorporated in Colombia as a joint venture between HNBV and Woven Holdings LLC as a simplified stock corporation company. During the FY under review, HNBV increased its holding to 68% equity in HMCLC and 32% equity is now held by Woven Holdings LLC. The main business of HMCLC is to manufacture and sell two-wheelers in Colombia. It has a manufacturing facility with a production capacity of 60,000 per annum. During the year ended March 31, 2018, the Company has reported unadjusted revenue of ₹ 123.17 crores and a net loss of ₹ 60.58 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 is held by Nitol Niloy Group, Bangladesh. HNBL has set up a manufacturing plant at Jessore in Bangladesh and started commercial operations on June 01, 2017. The main business of HNBL is to manufacture and sell two-wheelers. During FY 2017-18, HNBL reported unadjusted revenue of ₹ 541.80 crores and a net profit of ₹ 77.16 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, 2018, HMCL (NA) Inc. has reported Nil revenue (unadjusted) and a net 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, 2018, HMCLA has reported Nil revenue (unadjusted) and a net loss of ₹ 0.12 crores.

HMC MM Auto Limited ('HMCMMA')

Your Company has a joint venture with Magneti Marelli S.p.A Italy, named HMC MM Auto Limited in India, which is set up for the purpose of carrying out manufacturing, assembly, sale and distribution of two wheeler fuel injection systems and parts. Your Company holds 60% of the equity share capital in HMCMMA. During FY 2017-18, HMCMMA has reported unadjusted revenue of ₹ 34.64 crores and a net loss of ₹ 8.17 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 2017-18, HFCL's profit attributable to the Company is ₹ 55.75 crores.

Ather Energy Private Ltd. ('AEL')

AEL is a private limited company, focused on developing, designing and selling premium electric two-wheelers. During FY 2017-18, AEL's loss attributable to the Company is ₹ 11.84 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: https://www.heromotocorp.com/en-in/about-us/key-policies/policy-on-material.html.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

ensuing Annual General Meeting.

Key Managerial Personnel (KMP)

Mr. Pawan Munjal, Chairman, Managing Director & CEO, Mr. Niranjan Gupta, Chief Financial Officer and Ms. Neerja Sharma, Company Secretary are the KMP 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.

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.

BOARD MEETINGS

During FY 2017-18, five meetings of the Board of Directors were held. For details of these Board meetings, please refer to the section on Corporate Governance of this Annual Report.

ANNUAL EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

A formal evaluation of the performance of the Board, it's Committees, the Chairman and the individual Directors was carried out for FY 2017-18. 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 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, 2018, the applicable accounting standards were followed, along with proper explanation relating to material departures;
2. that appropriate accounting policies were selected and applied consistently and judgments and estimates that are reasonable and prudent were made so as to give a true and fair view of the state of affairs as at March 31, 2018 and of the profit and loss of your Company for the financial year ended March 31, 2018;
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, 2018 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 are 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 Nomination and Remuneration Committee ('NRC') 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 - II**.

The Remuneration Policy of your Company can be viewed at the following link: https://www.heromotocorp.com/en-in/about-us/key-policies/remuneration-policy.html and is also provided as **Annexure - III**.

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 October 31, 2017 granted 29,800 stock options under ESOP Plan 2017 to the eligible employees at an exercise option price of ₹ 2,818 per option. In addition, the NRC also approved grant of 15,769 Restricted Stock Units under RSU Plan, 2017 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 - IV** to this Report and is available on the Company's website, www.heromotocorp.com and can be viewed at the following link: https://www.heromotocorp.com/en-in/esop.php.

Your Company has received a certificate from M/s B S R & Co. LLP, Statutory Auditors (Firm Registration No. 101248W/W-100022) 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 and can be viewed at the following link: https://www.heromotocorp.com/en-in/about-us/code-of-conduct.html.

In terms of Listing Regulations, a report on Corporate Governance along with the certificate from M/s Sanjay Grover & Associates, Company Secretaries (Firm Registration No. P2001DE052900) confirming compliance of the conditions of Corporate Governance is annexed hereto and forms part of this Annual Report as **Annexure - V** and **Annexure - VI** respectively.

TRANSFER TO GENERAL RESERVE

During the FY under review, no amount has been transferred to 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 ₹ 13.43 crores for FY 2009-10 along with the relevant shares 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 has occurred between April 1, 2018 and the date of signing of this Report.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During FY 2017-18, 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:

(₹ in crores)

	Principal Amount (Shares)	Principal Amount (Bonds/Debentures)	Total
Opening	868.01	284.55	1,152.56
Addition *	163.53	-	163.53
Reduction **	-	(63.66)	(63.66)
Closing Balance	1,031.54	220.89	1,252.43

* HMC MM Auto Limited - ₹ 3.00 crores, HMCL(NA) Inc. - Nil, HMCL Netherlands BV - ₹ 70.44 crores, HMCL Americas Inc - Nil, Hero FinCorp Limited - ₹ 70.03 crores, Ather Energy Private Limited - ₹ 20.06 crores

** Maturity of bonds and amortization

DEPOSITS

Your Company has neither accepted nor renewed any deposits during FY 2017-18 in terms of Chapter V of the Act.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

During FY 2017-18, 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 2017-18, your Company has not entered into any contract/arrangement/transaction 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 2017-18, there were no materially significant related party transactions entered into by your Company with the Promoters, Directors, Key Managerial Personnel or other designated persons which might have potential conflict with the interest of the Company at large.

All related party transactions are placed before the Audit Committee for its approval. There was no related party transaction 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 and can be viewed at the following link: https://www.heromotocorp.com/en-in/about-us/key-policies/related-party-transactions.html.

RISK MANAGEMENT FRAMEWORK

Your Company follows an exhaustive risk identification exercise, backed by targeted risk mitigation plan. It enables your Company to identify the risks in advance and galvanize the appropriate stakeholders from the Company to blunt them.

FY 2017-18 saw a few new risks driven by the dynamic nature of the external environment. A few illustrative ones included the following:

a) Gearing up post demonetization

b) Preparing for the GST transition

Your Company deployed internal teams for creating and executing risk mitigation strategies. It also took advice from external agencies and engaged with the Company's stakeholders such as the suppliers and dealers. You will be pleased to learn that your Company was one of the very first ones to completely transition to the GST regime. For other identified risks, the Company took a number of measures including but not limited to, revisiting policies, developing new distribution models and expanding the risk realm to current non-competitors.

This FY, your Company also updated a Risk Management Framework. This framework is aimed at standardizing the risk management exercise across the organization. The Board continues to review the risk management practices at your Company and provides critical inputs.

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 Company's risks and their mitigation plans.

VIGIL MECHANISM/ WHISTLE BLOWER POLICY

Your Company is committed to the highest standards of ethical, moral and legal business conduct. Accordingly, the Board of Directors has formulated a 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, 14 complaints were received and processed. Out of these, 12 complaints have been investigated & acted upon and remaining 2 are under investigation.

During FY 2017-18, no individual was denied access to the Audit Committee for reporting concerns, if any.

The Vigil Mechanism/Whistle Blower Policy of the Company is available on the Company's website, www.heromotocorp.com and can be viewed at the following link: https://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 HMCL, who is also the Chairman of the CSR Committee. Other members of the Committee are Gen. (Retd.) V. P. Malik and Mr. Pradeep Dinodia, who are Non-Executive and Independent Directors of your Company.

Your Company has implemented the CSR Policy, duly formulated and recommended by the CSR Committee to the Board. The CSR policy lays down CSR activities to be undertaken by your Company. The CSR activities undertaken by your Company are based on the approved CSR Policy, which is available on the Company's website, www.heromotocorp.com and can be viewed at the following link: https://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 pre-requisites 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 ₹ 84.34 crores on its CSR activities, which amounts to 2.04% of the average net profits of previous three financial years. The CSR initiatives undertaken by your Company along with other details form part of the Annual Report on CSR activities for FY 2017-18, which is annexed as **Annexure - VIII**.

AUDIT COMMITTEE

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

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

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

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 BSR & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022) were appointed at the previous AGM as the Statutory Auditors of the Company until the conclusion of 39th Annual General Meeting of the Company. 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.

Cost Auditors

The Board, on the recommendation of Audit Committee, has approved the appointment of M/s Ramanath Iyer & Co., Cost Accountants, as Cost Auditors for the financial year ending March 31, 2019. The Cost Auditors will submit their report for the FY 2017-18 on or before the due date.

In accordance with the provisions of Section 148 of the Act read with Companies (Audit & Auditors) Rules, 2014, since the remuneration payable to the Cost Auditors is required to be ratified by the shareholders, the Board recommends the same for approval by Members at the ensuing AGM.

Secretarial Auditors

M/s Sanjay Grover & Associates, Company Secretaries (Firm Registration No. P2001DE052900) were appointed to conduct Secretarial Audit of your Company during FY 2017-18.

The Secretarial Audit Report for the said FY is annexed herewith and forms part of this Report as **Annexure - IX**. 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 has a comprehensive Code of Conduct for regulating, monitoring and reporting of trading by Insiders. The said Code lays down guidelines, which advise Insiders on the procedures to be followed and disclosures to be made in dealing with the shares of the Company and cautions them on consequences of non-compliances.

Your Company also has 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

As stipulated under the Listing Regulations, the Business Responsibility Report ('BRR') has been prepared and forms part of the Annual Report as **Annexure - X**. 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 ('BSE') and the National Stock Exchange of India Limited ('NSE').

PERSONNEL

As on March 31, 2018, total number of employees on the records of your Company were 8,266 as against 8,069 in the previous FY.

Your Directors place on record their appreciation for the significant contribution made by all employees, who through their competence, dedication, hard work, co-operation and support have enabled the Company to cross new milestones on a continual basis.

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 - II** 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(3) and 134(3)(a) of the Act and Rules made there under, extract of the Annual Return in Form No. MGT-9 is annexed to this Report as **Annexure - XI**.

COMPLIANCE WITH SECRETARIAL STANDARDS

The Company is fully compliant with the applicable Secretarial Standards (SS) viz. SS-1 & SS-2 on Meetings of the Board of Directors and General Meetings respectively.

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 - XII**.

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. Deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of your Company under any scheme, save and except ESOS referred to in this Report.
4. Neither the Managing Director nor the Whole-time Director of your Company receive any remuneration or commission from any of its subsidiaries.
5. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
6. Buy back of shares.

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

Your Company has in place a policy on Prevention of Sexual Harassment 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 off during FY under review:

No. of complaints received: 2
No. of complaints disposed off: 2

AWARDS AND RECOGNITION

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

1. State Level Bhamashah Respect Certificate by the Rajasthan Government.
2. Best CSR Practices in private sector by CSR Leadership Summit & Awards.
3. Energy Efficient Award by CII.
4. International Fire and Security Exhibition and Conference (IFSEC) Award for Excellence in Physical Security.
5. National Safety Award by Ministry of Labour & Employment.
6. Platinum Rating in GreenCo assessment (commensurate to world class manufacturing) by CII.

ACKNOWLEDGMENTS

The Board of Directors would like to express their sincere thanks to the shareholders & investors of the Company for the trust reposed on the Company 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 2, 2018
Place: New Delhi

ANNEXURE - I

DIVIDEND DISTRIBUTION POLICY

Section: I - An Introduction to the Policy

Rationale for the Policy

Hero MotoCorp Limited ("the Company") is in the business of development, manufacturing, marketing, sale and distribution of two-wheelers and its parts since 1984. The Company's strategy is to build a robust product portfolio of mobility solutions across categories, explore growth opportunities in both domestic market and globally, aggressively expand reach to customers and ensure customer satisfaction. The Company strives to make positive contribution to society it operates in, through its sustainable and green manufacturing initiatives and its active social responsibility programmes.

With respect to apportioning a share of profit to its shareholders, the Company endeavours to be fair and consistent with its strategy, approach and decision. The management draws the conclusion of distributing dividends after taking into account a multitude of legal and financial parameters including long-term earning capabilities, growth prospects, opportunity costs, applicable laws and statutory covenants.

Key considerations for dividend decision are the Company's historical financial performance, future financial outlook, strategic business needs including expansion plans, acquisitions plans, medium term investments, capital expenditure needs and dividend payout practice.

Objective of the Policy

The objective of the Dividend Distribution Policy ("the Policy") of the Company is to define the various factors affecting the dividend decision, i.e.:

a. Defining internal and external factors impacting the dividend decision;
b. Financial parameters affecting dividend decision;
c. Circumstances leading to declaration of dividend or the lack of it;
d. Defining dividend distribution payment form and method.

Section: II - Principles Guiding Dividend Decision

Internal Factors to be considered (if and when applicable)

Earnings' stability: The financial performance of the Company has an important bearing on the dividend policy. A stability of earnings builds our confidence in the Company and inclines the Company to formulate a more consistent dividend policy than in circumstances or years of an uneven flow of income.

Liquidity position: Availability of cash and sound financial position is also an important factor in dividend decisions. As dividend means huge cash outflow, the greater the funds and the liquidity of the firm, the better is its ability to pay dividend.

Future Funding Requirements: The Company believes in retaining a part of its profits for investing into business expansion and strengthening the Company's financial position in the future. A part of income is /may be reserved for investing in capital expenditure, research and development, expanding into new geographical markets or for increased requirements of working capital.

Fluctuations in Business Cycle: Business cycles exercise influence upon dividend policy. Dividend policy is adjusted according to the business oscillations. In peak seasons of performance (operationally and financially), management creates reserves for contingencies and pays out higher dividends. Adequate reserves help the Company through tough times / lean season / aggressive competition and expansion phases, guiding the Company's decision accordingly.

Regularity and stability in Dividend Payment: The Company believes that dividend payout practice should be stable and consistent over long periods of time, thus creating predictability and visibility of cash flows for the shareholders. In past several years, the Company has been consistently paying high dividend to its shareholders and shall endeavor to follow the same pattern, unless any exceptional circumstances occur.

Contractual Obligations / Debt Repayments, if any: The Company shall take into consideration any contractual obligations / debt, principal or interest payments, if and when they occur before distributing dividend to its shareholders.

External Factors to be considered

Legal Requirements: The Policy has been formed in keeping with the current framework / provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. While taking the dividend decision, any amendments in the same shall be taken into account as and when they occur, with respect to payment and distribution of dividend.

Government Policies: The earning capacity of an enterprise is hugely impacted by the changes in monetary, fiscal, industrial, labour and other government policies. The dividend policy has to be modified or formulated accordingly, if such events occur.

Taxation Policy: Various taxes, including dividend distribution tax, tax on dividend income or any other policy or amendments in prevailing rates and conditions can lead to reduction in the earnings of the Company or may affect its investors and accordingly shall be taken into account while taking the dividend decision.

Financial Parameters to be considered

The Company has been amongst the most consistent wealth creators rewarding its shareholders with high dividend payout over the last several years. The Company is debt-free and has a healthy level of reserves, a part of which is retained by the Company to provide for future projects and expansion.

The Company in all its future dividend decisions shall consider the below mentioned financial parameters:

a. Net Income attributable to shareholders;

b. Earnings growth;

c. Liquidity Ratios;

d. Financial Leverage Ratios (if and when debt occurs on the Company's financials);

e. Free cash flows;

f. Redeemable investments;

g. Free Reserves;

h. Cash flow projections;

i. Investment plans.

Section: III - Covenants of the Dividend Decision

a. The Company shall be consistent and stable in its dividend pay-out practice, smoothening out the stream of dividends paid to its shareholders.

b. The Company shall keep sufficient financial flexibility to fund future growth prospects and maximize corporate value in the long run.

c. The Company may declare/distribute dividend out of surplus in the profit and loss account and free reserves of the Company to its shareholders.

d. The Company may reward shareholders in a number of ways. Cash dividends may be distributed to shareholders through regular or through extra (also referred to as special or irregular) dividends. The Company may issue bonus shares or stock splits, if it considers prudent to do so.

e. The Company prefers to declare / distribute dividends at an annual frequency, along with extra dividend, if and when financials / internal/ external factors so permit.

f. If the financial position, internal and external factors and laws so permit, the Company may declare/distribute Interim Dividend. This may also be done after the Board has considered the Interim financial statements and at any time before the closure of the financial year.

g. The Company, may in future issue equity shares with differential rights or preference shares or any other class of shares, in which case, the Dividend or Interim Dividend so declared on all or anyone or more of the classes of such shares shall be consistent with covenants of the Dividend Policy and rights and privileges associated with such new issuances.

h. The Company shall use any of the electronic modes of payment approved by the Reserve Bank of India for the payment of dividends. Also, where it is not possible to use electronic mode of payment, 'payable-at-par' warrants or cheques may be issued.

i. The Management/Board of Directors can modify/amend the policy depending on business needs and external environment.

ANNEXURE - II

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

1. 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 2017-18 (₹ crores)	% increase in Remuneration in FY 2017-18	Ratio of the remuneration to the median employee's remuneration
Executive Directors			
Mr. Pawan Munjal - Chairman, Managing Director & CEO	75.44	26.45	838
Mr. Vikram S. Kasbekar - Executive Director - Operations (Plants) (effective from August 8, 2016)	6.25	Not comparable	69
Non-Executive Directors#			
Mr. Suman Kant Munjal	0.18	-	2
Non-Executive and Independent Directors#			
Dr. Anand C. Burman	0.20	62.50	2
Mr. M. Damodaran	0.79	(1.86)	9
Mr. Pradeep Dinodia	0.91	(1.63)	10
Dr. Pritam Singh	0.58	(17.14)	6
Mr. Ravi Nath	0.56	12.12	6
Ms. Shobana Kamineni	0.09	-	1
Gen. (Retd.) Ved Prakash Malik	0.76	(5.59)	8
Mr. Paul Edgerley	0.08	(54.55)	1
Employees & KMP			
Mr. Niranjan Kumar Gupta - Chief Financial Officer (effective April 1, 2017)	2.63	N.A.	29
Ms. Neerja Sharma - Company Secretary (effective August 8, 2016)	1.63	Not comparable	18

Includes sitting fees and commission

2. The median remuneration of employees of the Company during the FY was ₹ 9.00 lakhs.

3. Median salary of employees in current year has increased by 10.30% in comparison to the previous year.

4. The number of permanent employees on the rolls of Company as on March 31, 2018 was 8,266 (previous year 8,069) including workers defined under the Factories Act, 1948.

5. (a) Variations in market capitalization of the Company: The market capitalization as on March 31, 2018 was ₹ 70,754 crores (March 31, 2017 - ₹ 64,341 crores).

   (b) Price Earnings Ratio of the Company was 19.14 times as at March 31, 2018 and 19.05 times as at March 31, 2017.

6. Average percentage increase made in the salary of employees other than the managerial personnel in last FY i.e. 2017-18 was 10.39%.

   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 were paid in line with the best industry practices and applicable law.

7. 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 - III
REMUNERATION POLICY

1. Preamble

The purpose of this Policy is to establish principles, parameters and governance framework of remuneration for Directors, KMP, Senior Management Personnel and Employees. This Policy will assist the Board and Nomination and Remuneration Committee ('NR Committee') to fulfil its responsibility towards attracting, retaining and motivating Directors, KMP, 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:

a. To determine remuneration of Directors, KMP and other senior management personnel, keeping in view all relevant factors including industry trends and practices.

b. 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 NR Committee 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, 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 NR Committee 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 profits 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 NR Committee 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 and/ or Independent 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 NR Committee/ Board shall review and revise this limit, if there are any changes in the limits/provisions of law.

The Non-Executive and/ or 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 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 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.

The compensation will, inter-alia, include basic salary, allowances, perquisites, loans and/or advances as per relevant HR policies, retirement benefits, performance linked pay out, benefits under welfare schemes, etc.

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 organizational 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 that the organization 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 organizational 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 organization as determined by the management from time to time.

5. Review

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

ANNEXURE - IV

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, 2018.

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	4,990,000
3.	Vesting requirements	The Options/RSUs 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.
		Vesting of RSUs shall be subject to the condition that the Grantee is in continuous employment with the Company and is not serving any notice of resignation on the date of such vesting (except in the case of (i) death; (ii) permanent disability suffered by the Grantee; (iii) retirement; or (iv) transfer to an entity within the Group) and shall not be subject to any pending disciplinary proceeding and thus, the Options and/or RSUs would vest on passage of time.
		In addition to the above, the Nomination and Remuneration Committee may also specify certain performance parameters subject to which the Options and/or RSUs would vest. The specific vesting schedule and conditions, if any, subject to which vesting would take place would be outlined in the Letter of Grant given to the Grantee at the time of the grant of Options and/or RSUs.
4.	Exercise price or pricing formula	The Option and/ or RSU Exercise Price would be determined by the Nomination and Remuneration Committee, provided that the Exercise Price shall not be less than the face value of the equity shares of the Company on the date of grant of Options/ 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	Subject to applicable law, the Nomination and Remuneration Committee will at its absolute discretion have the right to modify/amend the Employee Incentive Scheme, 2014 in such manner and at such time or times as it may deem fit, subject however that any such modification/amendment shall not be detrimental to the interest of the Grantees/ Employees and approval wherever required for such modification/ amendment is obtained from the shareholders of the Company in terms of the SEBI Guidelines.
		During the year, no amendment/ modification/ variation has been introduced in terms of options granted by the Company.
8.	Method used to account for ESOS - Intrinsic or fair value	The employee compensation cost has been calculated using the fair value method for options using the Black-Scholes Options Pricing Model. The employee compensation cost as per the fair valuation method for the FY 2017 -18 is ₹ 5.35 crores.
9.	Where the Company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed.	Not applicable as the Company has calculated employee compensation cost using fair value method.

<table>
<tr><th>Sl. No.</th><th>Particulars</th><th>Employee Incentive Scheme, 2014</th></tr>
<tr><td>10.</td><td>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</td><td>Weighted-average exercise price under Employee Stock Option Plan, 2014 (ESOP 2014) – ₹ 2,159
Weighted-average exercise price under Employee Stock Option Plan, 2016 (ESOP 2016) – ₹ 2,469
Weighted-average exercise price under Employee Stock Option Plan, 2017 (ESOP 2017) – ₹ 2,818
Weighted-average exercise price under Restricted Stock Unit Plan, 2016 (RSU 2016) – ₹ 2 (Face value of share)
Weighted-average exercise price under Restricted Stock Unit Plan, 2017 (RSU 2017) – ₹ 2 (Face value of share)
Weighted-average option fair value under ESOP Plan, 2014 – ₹ 1,228.39
Weighted-average option fair value under ESOP Plan, 2016 –₹ 1,324.00
Weighted-average option fair value under ESOP Plan, 2017 – ₹ 1,615.00
Weighted-average option fair value under RSU Plan, 2016 – ₹ 3,290.00
Weighted-average option fair value under RSU Plan, 2017 – ₹ 3,663.00</td></tr>
<tr><td>11.</td><td>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</td><td>The fair value of options/RSUs granted under various plans is estimated using the Black-Scholes option pricing model after applying the following key assumptions:
<table>
<tr><th></th><th>ESOP 2014</th><th>ESOP 2016</th><th>ESOP 2017</th><th>RSU 2016</th><th>RSU 2017</th></tr>
<tr><td>Share Price</td><td>2,995.85</td><td>3,292</td><td>3,757</td><td>3,292</td><td>3,292</td></tr>
<tr><td>Exercise Price</td><td>2,159</td><td>2,469</td><td>2,818</td><td>2</td><td>2</td></tr>
<tr><td>Risk Free Interest Rate</td><td>8.45%</td><td>7.08%</td><td>6.42%</td><td>7.06%</td><td>6.42%</td></tr>
<tr><td>Expected Life (in years)</td><td>4.85</td><td>4.85</td><td>4.85</td><td>4.55</td><td>4.55</td></tr>
<tr><td>Expected annual volatility of shares</td><td>26.87%</td><td>27.39%</td><td>23.98%</td><td>113.57%</td><td>107.92%</td></tr>
<tr><td>Expected dividend yield</td><td>3.17%</td><td>2.87%</td><td>2.56%</td><td>2.87%</td><td>2.56%</td></tr>
</table>
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.</td></tr>
<tr><td>12.</td><td>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 or any other relevant Indian Accounting Standard as prescribed from time to time</td><td>₹ 185.13 per share</td></tr>
<tr><td>13.</td><td>Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI or any other relevant Indian Accounting Standard as prescribed from time to time</td><td>All relevant disclosures have been made in the financial statements.</td></tr>
</table>

Details of option movement during the year

S. No.	Particulars	ESOP 2014	ESOP 2016	ESOP 2017	RSU 2016	RSU 2017
1.	Number of options/RSUs outstanding at the beginning of the year	11,490	41,290	-	11,194	-
2.	Number of options/ RSUs granted during the year	-	-	29,800	-	15,769
3.	Number of options/ RSUs forfeited / lapsed during the year	3,198	400	-	752	1,439
4.	Number of options/ RSUs vested during the year	4,146	8,402	-	3,359	-
5.	Number of options/ RSUs exercised during the year	4,146	7,112	-	3,359	-
6.	Number of shares arising as a result of exercise of options/ RSUs	4,146	7,112	-	3,359	-
7.	Money realized by exercise of options/ RSUs (INR), if scheme is implemented directly by the Company	8,951,214	17,559,528	-	6,718	-
8.	Loan repaid by the Trust during the year from exercise price received	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
9.	Number of options/ RSUs outstanding at the end of the year	4,146	33,778	29,800	7,083	15,769
10.	Number of options/ RSUs exercisable at the end of the year	-	1,290	-	-	-
11.	Employee wise details (name of employee, designation, number of options/ RSUs granted during the year, exercise price) of options granted to -					
	(a) Key Managerial Personnel/ senior managerial personnel;	None	None	Refer Note 1 below	None	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/ RSUs granted during that year; and	None	None	Refer Note 1 below	None	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	None	None

Note 1

	Employee Name	Designation	No. of options to senior managerial personnel
ESOP 2016			
	Vikram Sitaram Kasbekar	Executive Director - Operations (Plants)	1,770*
	Rajat Bhargava	Head - Strategy & Performance Transformation and Global Business	3,550*
	Ashok Bhasin	Head - Digitization	1,770*
	Sanjay Bhan	Head - Sales & After Sales	1,060
	Vijay Sethi	Chief Information Officer, Head - CSR & CHRO	1,060
	Neeraj Mathur	Head - Strategic Sourcing & Supply Chain	1,060
	Surender Kumar Chhabra	Vice President - Corporate Finance	1,060
	Neerja Sharma	Company Secretary & Chief Compliance Officer	710

	Employee Name	Designation	No. of options to senior managerial personnel
	Rakesh Vasisht	Associate Vice President	710
	Malo Le Masson	Head - Global Product Planning	710
	Ravi Kumar Pisipaty	Plant Head - Dharuhera Plant	530
	Mukesh Goyal	Plant Head - Haridwar Plant	530
	Mahesh Kumar Kaikini	Plant Head - Gurgaon Plant	530
	Pankaj Agarwal	Associate Vice President - Strategic Sourcing & Supply Chain	530
	Ravi Sabharwal	General Counsel	530
	Gurinder Sandhu	Head - Marketing	530
	Markus Feichtner	Head - Engine Design and Development	530
	Bharatendu Kabi	Senior General Manager	430
		Total	**17,600**
RSU 2017			
	Markus Braunsperger	Chief Technology Officer	9,010
	Niranjan Gupta	Chief Financial Officer	5,320
	Sanjay Jorapur#	Chief Human Resources Officer	1,439
		Total	**15,769**

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

Resigned effective March 21, 2018

ANNEXURE - V
CORPORATE GOVERNANCE REPORT 2017-18

The Company's philosophy of Corporate Governance is strongly embedded on eternal principles of transparency, fairness, integrity, equity and accountability. The Corporate Governance at HMCL is about doing the 'right things' in the 'right manner'. It is a reflection of us - our value system, work culture & thought process.

The governance philosophy of the Company is all-encompassing and your Company believes that sound Corporate Governance is critical to enhance and retain investor trust. Your Company continues to strengthen its governance principles to generate long term value for its stakeholders on sustainable basis, thus ensuring ethical and responsible leadership both at the Board and at the management levels. The Company relentlessly strives to align its vision and business strategy with the welfare and best interest of all stakeholders. It is our strong belief that good Corporate Governance practices are powerful enablers, which infuse trust and confidence and are able to attract and retain financial and human capital. These resources, in turn, are leveraged to maximize long-term shareholder value, on a sustainable basis, while preserving the interests of multiple stakeholders, including the society at large.

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, 2018, the Company's Board comprised of eleven Directors, with two 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, 2018 is given in Table 1.

Table 1: Company's Board

Names of Directors	Category	Details of Directorships			Committee Memberships*	
		Indian Companies		Foreign Companies	Number of Committee Memberships held	Number of Committee Chairmanships held
		Public Companies	Others		(excluding Private, Foreign and Section 8 Companies)	
Mr. Pawan Munjal	Chairman, Managing Director & CEO	3	6	-	-	-
Mr. Pradeep Dinodia	Non-Executive & Independent	7	3	-	8	5
Dr. Pritam Singh	Non-Executive & Independent	3	-	-	4	1
Gen. (Retd.) V. P. Malik	Non-Executive & Independent	4	-	-	4	-
Mr. M. Damodaran	Non-Executive & Independent	5	3	-	8	2
Dr. Anand C. Burman	Non-Executive & Independent	7	13	4	-	-
Mr. Ravi Nath	Non-Executive & Independent	4	5	-	3	1
Ms. Shobana Kamineni	Non-Executive & Independent	10	4	1	-	-
Mr. Paul Edgerley	Non-Executive & Independent	1	4	5	-	-
Mr. Suman Kant Munjal	Non-Executive	3	12	-	1	-
Mr. Vikram Sitaram Kasbekar	Whole-time Director	2	-	1	-	-

* As required by Regulation 26 of Listing Regulations, the disclosure includes memberships/chairmanships of the Audit Committee and Stakeholders' Relationship Committee.

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 recommendations and takes appropriate decisions in appointment of the Independent Directors.

ROLE OF THE BOARD OF DIRECTORS

The primary role of the Board is that of trusteeship to protect and enhance shareholders' value through strategic direction to the Company. 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 (CFO), 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 road map 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 GOVERNANCE PROCESS

The Company Secretary plays a pivotal 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 is the Company Secretary and the Chief Compliance Officer of the Company.

BOARD MEETINGS

During FY 2017-18, the Board met five times viz. on May 10, 2017, July 25, 2017, November 1, 2017, February 6, 2018 and March 19, 2018. 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 (AGM) of the Company held during the year ended March 31, 2018 is given in Table 2.

Table 2: Directors' attendance record during FY 2017-18 at Board and previous Annual General Meeting

Names of Directors	Number of Board Meetings		Attendance at Previous AGM
	Held	Attended	
Executive Directors			
Mr. Pawan Munjal	5	5	Yes
Mr. Vikram Sitaram Kasbekar	5	5	Yes
Non-Executive Directors			
Mr. Suman Kant Munjal	5	4	Yes
Non-Executive and Independent Directors			
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	3	No
Mr. Ravi Nath	5	4	Yes
Ms. Shobana Kamineni	5	2	Yes
Mr. Paul Edgerley	5	1	No

Shareholding of Non-Executive Directors as on March 31, 2018

Names of Directors	Category	No. of shares held	Beneficiary
Mr. Suman Kant Munjal	Non-Executive Director	71,250	Self
		10,833	As Karta of HUF
		9,309,018	On behalf of Brijmohan Lal Om Parkash, Partnership Firm
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, 2018.

FAMILIARIZATION PROGRAMMES 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 programs. Such meetings/programs 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 familiarization with the Company's procedures and practices, from time to time.

The details of Company's familiarization programs for Directors are posted on the Company's website, www.heromotocorp.com and can be viewed at the following link: https://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 2017-18. An annual declaration signed by the Chairman, Managing Director & CEO to this effect forms part of this Report as **Annexure - VII.**

The Code is available on the website of the Company at the following link: https://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 agreements;
- 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 the 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 supplied 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 requirements stipulated under the Companies Act, 2013 ('Act'), Secretarial Standards on Meetings of the Board of Directors issued by The 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 meetings 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

Independent Directors of the Company had two meetings during FY 2017-18, i.e. on May 10, 2017 and November 1, 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, 2018, Audit Committee comprised of 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:

- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Review and monitor the auditors' independence and performance and effectiveness of audit process;
- Examination of the financial statements and the Auditors' Report thereon;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters;
- Operate the vigil mechanism in the Company.

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

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing with the management, the annual financial statements and Auditors' Report thereon before submission to the Board for approval, with particular reference to:
    - Matters required to be included in the Directors' Responsibility Statement forming part of the Board's Report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
    - Changes, if any, in accounting policies and practices and reasons for the same;
    - Major accounting entries involving estimates based on the exercise of judgment by management;
    - Significant adjustments made in the financial statements arising out of audit findings;
    - Compliance with listing and other legal requirements relating to financial statements;
    - Disclosure of any related party transactions;
    - Qualifications in the draft audit report.

- Reviewing with the management, the quarterly financial statements before submission to the Board for approval;
- Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization 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 and 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 investigation by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the whistle blower mechanism;
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee also mandatorily reviews the following information:

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

Upon invitation, the CFO, Internal Auditor, statutory auditors of the Company attend meetings of the Audit Committee. The Company Secretary acts as the Secretary of the Audit Committee.

During FY 2017-18, four meetings of the Audit Committee were held on May 09, 2017, July 24, 2017, October 31, 2017 and February 05, 2018 in due compliance with the provisions of the Act and Listing Regulations. In addition to the above Audit Committee meetings, a joint meeting of the members of Audit Committee and Risk Management Committee was held on January 12, 2018. The meeting was attended by Mr. Pradeep Dinodia, Mr. M. Damodaran, Mr. Ravi Nath and Gen. (Retd.) V. P. Malik.

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 2017-18*	No. of meetings attended*
Mr. Pradeep Dinodia	Chairman	5	5
Gen. (Retd.) V. P. Malik	Member	5	5
Dr. Pritam Singh	Member	5	4
Mr. M. Damodaran	Member	5	5

* Includes joint meeting of Audit Committee and Risk Management Committee held on January 12, 2018

Reporting of Internal Auditor

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

NOMINATION AND REMUNERATION COMMITTEE

The Company has a duly constituted Nomination and Remuneration Committee ('NRC') 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 finalizing 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 schemes.

The nomenclature, constitution and terms of reference of NRC 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, 2018, the NRC comprised of 3 Independent Directors viz. Gen. (Retd.) V. P. Malik as Chairman and Mr. Pradeep Dinodia and Mr. Ravi Nath as members.

During FY 2017-18, three meetings of the NRC were held on May 09, 2017, October 31, 2017 and February 07, 2018.

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 2017-18	No. of meetings attended
Gen. (Retd.) V. P. Malik	Chairman	3	3
Mr. Pradeep Dinodia	Member	3	3
Mr. Ravi Nath	Member	3	3

Remuneration Policy

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

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

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

The policy is annexed as **Annexure - III** 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#

(₹ in crores)

Names of Directors	Basic Salary	Perquisites, Allowances & Retirals	Commission (Fixed)	Total
Mr. Pawan Munjal	9.00	14.72	51.72	75.44
Mr. Vikram Sitaram Kasbekar*	2.07	4.18	-	6.25

No notice period and severance fee is payable to Executive Directors as on March 31, 2018.

* During the year under review, 1,770 stock options were granted to Mr. Kasbekar under the Employee Stock Option Plan.

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 upto 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 Directors	Sitting fees	Commission	Total
Mr. Suman Kant Munjal	0.04	0.14	0.18
Mr. Paul Edgerley	0.02	0.06	0.08
Mr. Pradeep Dinodia	0.21	0.70	0.91
Gen. (Retd.) V. P. Malik	0.17	0.59	0.76
Dr. Pritam Singh	0.12	0.46	0.58
Mr. M. Damodaran	0.18	0.61	0.79
Mr. Ravi Nath	0.16	0.40	0.56
Dr. Anand C. Burman	0.05	0.15	0.20
Ms. Shobana Kamineni	0.02	0.07	0.09

No stock options have been granted to any Non-Executive or Independent Directors.

During FY 2017-18, 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 for FY 2017-18, details of which are provided in the Board's Report.

STAKEHOLDERS' RELATIONSHIP COMMITTEE ('SRC')

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 SRC, 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, two meetings of the Stakeholders' Relationship Committee were held on July 25, 2017 and February 06, 2018. The Company Secretary acts as the Secretary of the Stakeholders' Relationship Committee.

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 2017-18	No. of meetings attended
Dr. Pritam Singh	Chairman	2	2
Mr. M. Damodaran	Member	2	2
Mr. Ravi Nath	Member	2	2

Investors' Grievances Redressal:

During FY 2017-18, the following complaints were received and resolved to the satisfaction of shareholders. As on March 31, 2018, 26 complaints were pending.

S. No.	Nature of Complaints	Opening	Received	Resolved	Closing (Pending)
1.	Non-receipt of shares	1	85	80	6
2.	Non-receipt of dividend	1	395	380	16
3.	Complaints lodged with Authorities	6	104	106	4
4.	Non-receipt of securities after transfer/transmission/duplicate/ remat/name correction etc.	0	3	3	0

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 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 CSR Committee were held on May 09, 2017 and October 31, 2017. The Company Secretary acts as the Secretary of the CSR Committee. The details of the CSR Committee are given in Table 8.

Table 8: Details of Corporate Social Responsibility Committee Members and Number of Meetings Attended

Names of Committee Members	Position held	No. of meetings held during FY 2017-18	No. of meetings attended
Mr. Pawan Munjal	Chairman	2	2
Mr. Pradeep Dinodia	Member	2	2
Gen. (Retd.) V. P. Malik	Member	2	2

RISK MANAGEMENT COMMITTEE ('RMC')

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 RMC, 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 risks 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 RMC may deem fit.

During the year under review, four meetings of the RMC were held on May 10, 2017, July 24, 2017, November 1, 2017 and February 05, 2018. In addition to the above Risk Management Committee meetings, a joint meeting of the members of Audit Committee and Risk Management Committee was held on January 12, 2018. The meeting was attended by Mr. Pradeep Dinodia, Mr. M. Damodaran, Mr. Ravi Nath and Gen. (Retd.) V. P. Malik. The Company Secretary acts as the Secretary of the Risk Management Committee. 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 2017-18	No. of meetings attended
Mr. M. Damodaran	Chairman	4	4
Mr. Pradeep Dinodia	Member	4	4
Mr. Ravi Nath	Member	4	4

COMMITTEE OF DIRECTORS

The Company has a Committee of Directors which presently comprises of 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, eleven meetings of the Committee of Directors 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 2017-18	No. of meetings attended
Mr. Pawan Munjal	Chairman	11	11
Mr. Vikram S Kasbekar	Member	11	10
Mr. Pradeep Dinodia	Member	11	11

SHARE TRANSFER COMMITTEE ('STC')

The role of the STC 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, thirteen meetings of the STC 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.

Related Party Transactions

In terms of Section 188(1) of the Act, all related party transactions entered into by the Company during FY 2017-18 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 24 were, however, disclosed to the Board.

There were no material significant related party transactions entered into 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 https://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 at the following link: https://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 AS 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 Regulations 17 to 27 and clause (b) to (i) of Regulation 46 (2) of the 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 https://www.heromotocorp.com/en-in/investors/corporate-governance.html.

Vigil Mechanism/Whistle Blower Policy

In compliance with the SEBI Regulations, the Company has a policy/ mechanism on dealing with whistle blowers, which is approved by the Audit Committee of the Company. 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 https://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 SEBI (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 owners of such shares claim the shares.

Table 11: Status of Unclaimed Equity Shares lying in the Demat Suspense Account

Particulars	No. of Shareholders	No. 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.	1	100
Number of shareholders to whom shares were transferred from suspense account during the year.	(1)	(100)
Number of shareholders whose shares were transferred to the Demat account of Investors Education and Protection Fund (IEPF) Authority.	(709)	(2,09,940)
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year.	5	2,570

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 the 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 02, 2018 and is annexed to this report as **Annexure - VII**.

RE-APPOINTMENT OF DIRECTORS

Mr. Suman Kant Munjal, Non-Executive Director of the Company shall retire by rotation at the ensuing AGM and being eligible, offers himself for re-appointment. Brief profile of Mr. Suman Kant Munjal is provided as part of the Notice of 35th AGM forming part of this Annual Report.

COMPLIANCE WITH SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

Mandatory Requirements

The Company is fully compliant with the applicable mandatory requirements under SEBI (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 sends 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 and in widely circulated newspapers.

Audit Qualifications

There are no audit qualifications in the financial statements of FY 2017-18. 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 meetings of Audit Committee on a 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 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 and corporate actions are filed electronically on NEAPS.

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

The Listing Centre of BSE Ltd. ('BSE') 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. NSE & BSE.

Quarterly and annual financial results are also published in English language national daily newspaper (like Indian Express) circulating in the whole of India and in daily newspaper published in the vernacular language (like Jansatta) 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.

ANNUAL REPORT

The Annual Report containing, inter-alia, the audited financial statements (standalone & consolidated), Board's Report, Auditors' Report, 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.

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 at www.heromotocorp.com.

GREEN INITIATIVE

Information is uploaded on Company's website for registering email ids of shareholders so that annual reports and other information may be sent to them in electronic form to save paper.

GENERAL BODY MEETINGS

Details of Extra-ordinary General Meeting (EGM)/ Annual General Meeting (AGM)

Location, date and time of general meetings held during the previous 3 (three) years and ordinary and special resolutions passed thereat are given in Table 12 as under:

Table 12: Details of AGMs held

Year	Time, Day, Date and Location	Summary of Special Resolution(s) Passed
2016-17	10:30 a.m., Friday, July 14, 2017, Air Force Auditorium, Subroto Park, New Delhi-110 010	No Special Resolution was passed at the meeting.
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.

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

POSTAL BALLOT

During the FY ended March 31, 2018, 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 requires passing of Special Resolution through postal ballot.

GENERAL SHAREHOLDERS' INFORMATION

Annual General Meeting

Date : July 24, 2018

Day : Tuesday

Time : 10:30 a.m.

Venue : Air Force Auditorium,
Subroto Park,
New Delhi – 110 010

Financial Calendar: Financial year: April 1, 2017 to March 31, 2018

For FY 2017–18	Results were announced on
First quarter ended June 30, 2017	Tuesday, July 25, 2017
Second quarter and half year ended September 30, 2017	Wednesday, November 1, 2017
Third quarter and nine months ended December 31, 2017	Tuesday, February 6, 2018
Fourth quarter and year ended March 31, 2018	Wednesday, May 2, 2018

For FY 2018–19	Results are likely to be announced by (tentative and subject to change)
First quarter ended June 30, 2018	Last week of July, 2018
Second quarter and half year ended September 30, 2018	Last week of October, 2018
Third quarter and nine months ended December 31, 2018	First week of February, 2019
Fourth quarter and year ended March 31, 2019	Second week of May, 2019

Book closure

The dates of book closure shall be from Friday, July 13, 2018 to Tuesday, July 24, 2018 (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 February 17, 2018 and payment was made on February 23, 2018.

The Board has recommended a final dividend @ 2000% i.e. ₹ 40 per share for FY 2017-18.

The dividend recommended by the Directors for the year ended March 31, 2018, if declared at the ensuing AGM, will be paid by August 23, 2018 to those members, whose names appear in the register of members/depository records as at the close of business hours on Thursday, July 12, 2018.

Listing on Stock Exchanges

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 2018-19 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 NSE and BSE are given in Table 13.

Table 13: Share Price Data for FY 2017-18

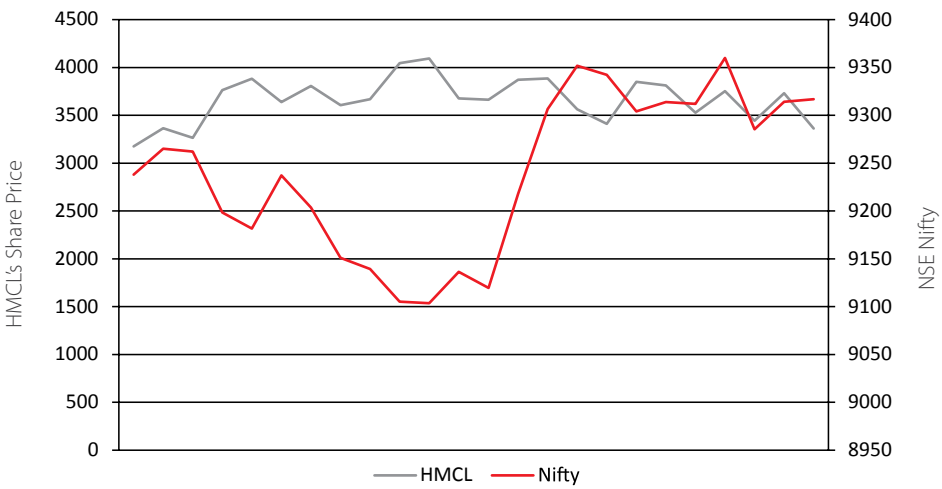
(Equity shares of ₹ 2 each fully paid-up)

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-17	5799175	3364.00	27-04-2017	823678	3175.00	06-04-2017	441769
May-17	7120072	3762.00	31-05-2017	424001	3265.00	10-05-2017	424465
Jun-17	6230715	3880.55	05-06-2017	181146	3636.60	27-06-2017	365879
Jul-17	6177500	3804.05	04-07-2017	474327	3605.00	31-07-2017	504658
Aug-17	8606628	4044.00	16-08-2017	475186	3668.05	01-08-2017	685598
Sep-17	7647278	4091.95	01-09-2017	388220	3674.50	28-09-2017	789127
Oct-17	6285161	3870.05	31-10-2017	307237	3661.20	10-10-2017	367529
Nov-17	6806408	3882.90	01-11-2017	338059	3560.75	10-11-2017	307029
Dec-17	7451095	3848.80	26-12-2017	320480	3410.00	13-12-2017	348709
Jan-18	7236236	3810.00	01-01-2018	201102	3526.30	17-01-2018	501484
Feb-18	6460853	3752.45	02-02-2018	469510	3442.00	19-02-2018	246616
Mar-18	6266573	3729.75	13-03-2018	233650	3361.05	23-03-2018	423299

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

HMCL's Share Price Movement Vis-a-Vis Nifty

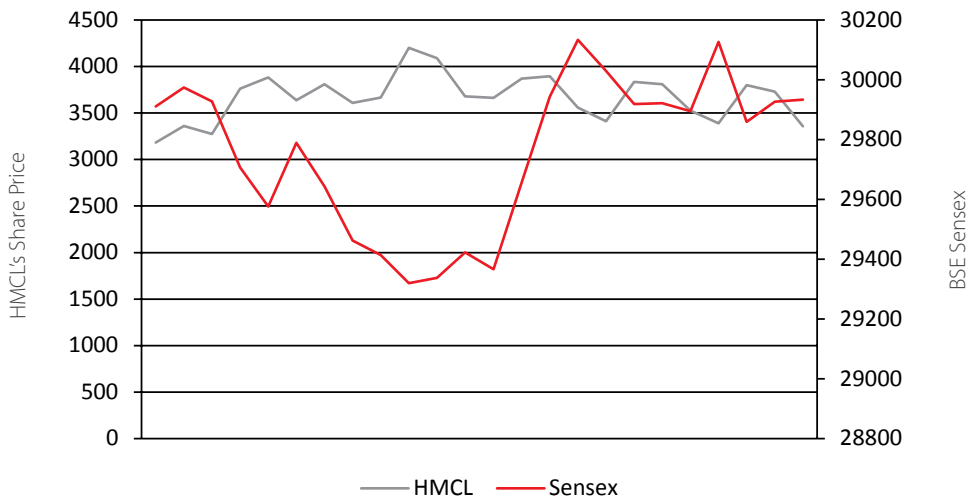


BSE Limited, Mumbai (BSE)

Month	Total Volume (No. of Shares)	High Price (₹)	Date	Volume on that day	Low Price (₹)	Date	Volume on that day
Apr-17	269033	3360.05	27-04-2017	14192	3180.00	06-04-2017	17469
May-17	667717	3760.00	31-05-2017	12807	3271.90	10-05-2017	34250
Jun-17	342907	3880.25	05-06-2017	25245	3636.55	27-06-2017	37906
Jul-17	3092917	3807.30	18-07-2017	10847	3607.00	31-07-2017	49097
Aug-17	941416	4200.00	23-08-2017	13927	3665.10	01-08-2017	156101
Sep-17	417447	4090.00	01-09-2017	24439	3677.95	28-09-2017	30639
Oct-17	466603	3868.95	31-10-2017	29398	3662.00	10-10-2017	11358
Nov-17	281587	3895.00	01-11-2017	24724	3555.00	10-11-2017	10278
Dec-17	528074	3833.95	22-12-2017	17526	3410.00	13-12-2017	12474
Jan-18	727825	3806.85	01-01-2018	11023	3523.95	29-01-2018	20736
Feb-18	331538	3799.90	07-02-2018	21246	3388.00	05-02-2018	29012
Mar-18	474656	3728.00	13-03-2018	9312	3353.75	23-03-2018	147091

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

HMCL's Share Price Movement Vis-a-Vis Sensex



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, 2018.

Table 14 : Distribution of Shareholding

No. of shares held (₹ 2 paid-up)	Shareholders		Shares of ₹ 2 paid-up	
	Numbers	%	Numbers	%
Upto 5000	99,471	99.21	11,279,916	5.65
5001 - 10000	222	0.22	1,598,867	0.80
10001 - 20000	134	0.13	1,874,992	0.94
20001 - 30000	63	0.06	1,558,344	0.78
30001 - 40000	44	0.04	1,504,403	0.75
40001 - 50000	30	0.03	1,345,525	0.67
50001 - 100000	101	0.10	7,381,791	3.70
100001 & Above	196	0.20	173,167,617	86.71
Total	**100,261#**	**100.00**	**199,711,455**	**100.00**

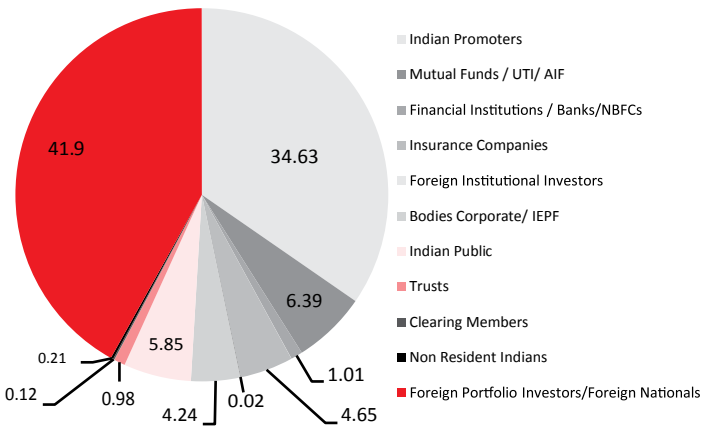
Shareholders grouped on the basis of PAN

Shareholding Pattern as on March 31, 2018

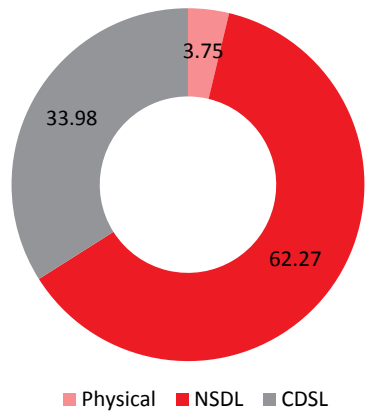
Category	No. of Holders	No. of Shares Held	% Total to No. of Shares	No. of Shares Dematerialised
Indian Promoters	16	69,166,082	34.63	69,166,082
Mutual Funds / UTI/ AIF	37	12,768,200	6.39	12,715,890
Financial Institutions / Banks/NBFCs	39	2,014,936	1.01	2,000,971
Insurance Companies	15	9,280,812	4.65	9,280,812
Foreign Institutional Investors	14	46,632	0.02	46,422
Bodies Corporate/ IEPF	1,103	8,458,869	4.24	8,442,248
Indian Public	95,007	11,676,820	5.85	9,737,661
Trusts	39	1,960,083	0.98	1,960,083
Clearing Members	135	246,321	0.12	246,321
Non Resident Indians	3,079	411,790	0.21	411,110
Foreign Portfolio Investors/Foreign Nationals	777	83,680,910	41.90	83,680,910
Grand Total	**100,261#**	**199,711,455**	**100.00**	**197,688,510**

Shareholders grouped on the basis of PAN

Shareholding Pattern as on March 31, 2018



Category of Shareholding as on March 31, 2018



Category of Shareholding as on March 31, 2018

Category	No. of Holders	% to Total Holders	Total Shares	% to Equity
Physical	3,908	3.75	2,022,945	1.01
NSDL	64,858	62.27	1,95,088,879	97.69
CDSL	35,385	33.98	2,599,631	1.30
Total	**104,151**	**100.00**	**199,711,455**	**100.00**

Corporate Benefits

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

Financial Year	Type	Dividend per share	Dividend Declared	Due Dates for Transfer to IEPF
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	₹ 30	1500%	September 18, 2024
2017-18	Interim	₹ 55	2750%	April 13, 2025
	Final (recommended)	₹ 40	2000%	September 28, 2025

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 (eligible till FY 2009-10) in respect of which dividend has remained unclaimed by the shareholders for seven consecutive years or more were transferred in the demat account of the Investor Education and Protection Fund (IEPF).

During the year, notices were sent to the concerned shareholders whose dividend and shares were liable to be transferred to IEPF under the said Rules for taking appropriate action and full details of such shareholders and shares due for transfer to IEPF Authority have also been uploaded on Company's website at https://www.heromotocorp.com/en-in/investors/unclaimed-dividends.html.

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 https://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 and at the website of IEPF authority at www.iepf.gov.in.

Dematerialisation of Shares and Liquidity

The shares of the Company are traded in compulsory demat segment. As on March 31, 2018, 98.99% 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 Agent ('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 Limited (Unit: Hero MotoCorp Ltd.)
Karvy Selenium Tower B, Plot No. 31 & 32, Gachibowli,
Financial District, Nanakramguda, Serilingampally,
Hyderabad-500 032
Tel: 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

Share Transfer System

All share transfer and other communications regarding share certificates, change of address, dividends, etc. should be addressed to the Company's RTA.

Share Transfer Committee is authorised to approve transfer of shares in the physical segment. Such transfers generally 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 Practicing Company Secretary, 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 Meetings of the Board of Directors 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-301 705, Rajasthan, India
Tel: 01494-2673000

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

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

Colombia Plant
HMCL Colombia SAS
KM 24, via Cali - Santender De Quilichao
Zona Franca Permanente Conjunto
Industrial Parque Sur, Villa Rica, Cauca
Lote 6A, Colombia
Tel: +572 3120662

Bangladesh Plant
HMCL Niloy Bangladesh Ltd.
Padmabilla, Shakharigati,
Kotwali, Jessore, Bangladesh
Tel: +8809601505541

COMPLIANCE CERTIFICATE OF THE AUDITORS

Certificate from Sanjay Grover & Associates, Company Secretaries (Firm Registration No. P2001DE052900) confirming compliance with conditions of Corporate Governance as stipulated under Listing Regulations is attached to this Report as **Annexure - VI**.

Retail Shareholder Correspondence may be addressed to:
Mr. Dhiraj Kapoor
Deputy General Manager – Secretarial
& Nodal Officer
34, Community Centre,
Basant Lok, Vasant Vihar, New Delhi - 110 057
E-mail: secretarialho@heromotocorp.com

or

Karvy Computershare Private Limited
(Unit: Hero MotoCorp Ltd.)
Karvy Selenium Tower B, Plot No. 31 & 32, Gachibowli,
Financial District, Nanakramguda,
Serilingampally, Hyderabad – 500 032
Tel. : 040-2342 0818, 6716 2222
Fax: 040-2342 0814, 2300 1153; 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. Niranjan Gupta
Chief Financial Officer
34, Community Centre,
Basant Lok, Vasant Vihar,
New Delhi - 110 057
E-mail: niranjan.gupta@heromotocorp.com

Queries/complaints relating to products, services or dealers etc. may be addressed to:
Customer Care
Hero MotoCorp Ltd.
34, Community Centre, Basant Lok, Vasant Vihar,
New Delhi – 110 057
E-mail: customercare@heromotocorp.com

ANNEXURE - VI

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, 2018 as stipulated under Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V to 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 substantially complied with the conditions of Corporate Governance as stipulated under Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V to the Listing Regulations, the compliances of which needs to be further strengthened.

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

Sanjay Grover
Managing Partner
CP No.: 3850

May 2, 2018
New Delhi

ANNEXURE - VII

COMPLIANCE CERTIFICATE

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

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

A. This is to certify that we have reviewed the financial statements and cash flow statement for the financial year ended March 31, 2018 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 systems over financial reporting.

May 2, 2018

Niranjan Kumar 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 2017-18.

For Hero MotoCorp Limited

Pawan Munjal
Chairman, Managing Director & CEO
DIN: 00004223

May 2, 2018
New Delhi

ANNEXURE - VIII

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FY 2017-18

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

The Board of Directors (the "Board") of Hero MotoCorp Limited (HMCL) have adopted the CSR policy which has following key points:

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 pre-requisites for social and economic development;

c. To engage in affirmative action/interventions such as skill building and vocational training, to enhance employability and generate livelihoods for persons including from disadvantaged sections of society;

d. To pursue CSR Programmes primarily in areas that fall within the economic vicinity of the Company's operations to enable close supervision and ensure maximum development impact;

e. To carry out CSR Programmes in relevant local areas to fulfil commitments arising from requests by government/regulatory authorities and to earmark amounts of monies and to spend such monies through such administrative bodies of the government and/or directly by way of developmental works in the local areas around which the Company operates;

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

g. To contribute to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Caste, the Scheduled Tribes, Other Backward Classes, minorities and women;

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

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

j. To promote sustainability in partnership with industry associations, like the Confederation of Indian Industry (CII), PHD, FICCI, etc. in order to have a multiplier impact.

The Company would implement the CSR Programmes through Company personnel or through external implementing agencies and ensure proper governance, monitoring and reporting thereof.

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

2. The Composition of the CSR Committee.

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

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

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

2014 – 15	₹ 3,326.66 crores
2015 – 16	₹ 4,399.82 crores
2016 – 17	₹ 4,663.26 crores

Average for last 3 years is ₹ 4,129.92 crores

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

2% of Average	₹ 82.60 crores

5. Details of CSR spent during the financial year.

a) Total amount to be spent for the financial year: ₹ 82.60 crores

b) Amount unspent, if any: NIL

c) Manner in which the amount spent during the financial year is detailed below:

Overall Spend

1	2	3	4	5	6	7	8
S. No.	**CSR Project or activity identified**	**Sector in which the Project is covered**	**Project or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project or program wise (in lakhs)**	**Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads**	**Cumulative expenditure up to the reporting period**	**Amount spent: Direct or through implementing agency**
1	Environment - Tree Plantation, Solar Lights, LED Lights	Schedule VII (iv) Ensuring Environment Sustainability	4.4 lakh tree plantation at Delhi NCR, Indore, Chandigarh, Uttrakhand and near to our Offices PAN India. 6,265 solar street lights and 50,770 LED lights installed	1,800	1,842.4	2,511.6	Direct and Agency: Sustainability Green Initiative. SPJ, Greenmax
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. Free Medical facility to 54,241 patients. 387 toilets in 42 Govt schools in Haryana, Rajasthan, Uttarakhand and Gujarat	680	677.1	1,213.5	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 at Haryana, Rajasthan, Uttrakhand and Gujarat. Education promotion program in Delhi, Haryana, Rajasthan, Uttrakhand and Gujarat. Road Safety Education- PAN India	4,800	4,811.8	12,223.0	Direct and Agency: FUEL, Magic Bus, CRY, HPPI, Agastya, Quota International, Pratham, Nabet, AIF, SETCO Foundation, RKMF and Dvnity Serves
4	Promoting Sports	Schedule VII (vii) Promoting Rural sports	Promoting Rural Sports and Olympic and Paralympic sports	600	603.3	660.3	Direct and Agency: Paralympic Committee, Mera Gaon Mera Desh, MKRBF
5	Women Empowerment and Community Development	Schedule VII (iii) Women empowerment	Women Empowerment, Community Development and Promoting socio-economic development awareness through all media	500	469.4	1,252.8	Direct, State Police and Agency: HPPI
6	Army Wives Welfare	Schedule VII (vi) Benefits for Army wives	Supporting Army Wives Welfare Association	30	30.0	41.8	Direct and Agency: Impact Run
7	PM Relief Fund	Schedule VII (viii) PM Relief Fund	Contribution to PM Relief Fund	0	0	550.8	Direct
	Total			**8,410**	**8,433.9**	**23,448.7**	

Note: Details in Annexure 1 below

6. In case the Company has failed to spend 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 1.

(Pawan Munjal)
Chairman, CSR Committee
Chairman, Managing Director & CEO
DIN: 00004223

Date: May 2, 2018
Place: New Delhi

ANNEXURE 1

Overview of CSR Activities 2017-18

The Company's Corporate Social Responsibility (CSR) vision is to contribute towards building a **Greener, Safer and Equitable World** gained significant momentum during the year. The focus of our programmes has primarily been environment conservation, promoting and inculcating road safety practices, and empowerment of young girls and women, specially-abled individuals and other under-privileged sections of society. Our flagship CSR programmes have been making impacting interventions in the areas of education, healthcare, sports, rural development and sustainable livelihoods.

WeCare is the CSR Umbrella of HMCL under which we have following flagship programmes:

- **GREENER**
  - Programmes on Environment protection under the umbrella **Happy Earth**
- **SAFER**
  - Programmes on Road Safety under the umbrella **Ride Safe India**
- **EQUITABLE**
  - Programmes on Girl Child Empowerment and Education under the umbrella **Hamari Pari and E² : Educate to Empower**
  - Program for specially-abled people in our society to get due care and recognition **Enable**
  - Programmes on **Community Development**

These are supported by focus on using Digital and other mass media for Awareness on Social Causes.

During the year, the Company has spent **₹ 84.34 crores** in CSR activities.

GREENER

One of the flagship programmes is **Happy Earth**, and as the name suggests, the larger objective is to bring about cumulative environmental changes and make our planet a happier place to inhabit-by the present as well as future generations. All projects undertaken under the programme are complementary in nature and help in mitigating environmental degradation as also the effects of climate change and global warming.

KEY PROJECTS UNDER HAPPY EARTH FOR FY 2017-18

Summary of beneficiaries and impact during the year is given below:

- **Project Hero Green Drive:** 4.4 lakh trees have been planted in the year and 7.01 lakhs cumulative till date with almost 90% survival till date.
- **Project Ankur:** 10,000 Green Corps working in 100 schools to spread awareness on environment and tree plantation.
- **Project Aarush:**
  a) 6,265 solar street lights put up in 120 villages helping 389,073 people.
  b) 50,770 LED lights in 28 villages saving 1.03 crore units of electricity per year for 12,727 households.
- **Swachh Vidyalaya Abhiyan:** 387 toilets built in 42 government schools.

Brief of the key projects is given below:

- **Project Hero Green Drive**: Focused at tree plantation, the project has brought about a significant increase in green cover with the plantation of over seven lakh trees with huge focus on survival of saplings and trees. The project is also helping in sustaining some species of plants that are on the verge of extinction. In FY 2017-18, we planted more than 4.4 lakh saplings in Delhi, Gurugram, Indore, Chandigarh, Palwal and many other locations. **Cumulative 7.01 lakh trees have been planted with almost 90% survival till date.**
- **Project Ankur:** Focused primarily at bringing about environmentally conscious behaviour at a young age, the project has created an army of **10,000 Green Corps in 100 schools**. These students have engaged not only in plantations but also in conversations around environment with their family and peers, helping start a conscious thinking process.
- **Project Aarush:** Aimed at encouraging alternative and ecofriendly energy resources, HMCL as part of this truly unique project took 2 key initiatives:

  A) **Converting the lamps in villages to LED to save electricity and empowering locals:** Misraas Patti village in Dehradun district in Uttarakhand became **India's first gram panchayat to be fully LED powered** with all houses having only LED lamps. Thereafter, we rolled out similar initiative to 27 more villages in Uttarakhand. In all the 12,727 households in 28 villages, incandescent light bulbs have been replaced with LED (50,770) lights. It is an all-inclusive program where some women and youth from each village have also been trained to make and repair LED lamps to make the effort sustainable. The unique initiative is estimated to save **1.03 crore** electricity units annually and got appreciation from Uttarakhand Government.

  B) **Solar street lights to save electricity and make villages safer:** We set up **6,265 solar street lights in more than 120 villages** benefitting **3.89 lakh** people by producing more than **220 MW** of green energy annually. Many of these villages are in remote parts of the country and have got street lights for the first time in their lives. The women folk and children now feel safer in the Dhanis and remote villages.

- **Swachh Vidyalaya Abhiyan:** So as to ensure that students across schools in and around our areas of operations have hygienic toilets, we have built a total of **903 toilets in more than 105 government schools** so far. The project is steadily scaling up and reaching out to all needy schools. In FY 2017-18, **387 toilets** were built in **42** Government schools. The focus is not just on building toilets but also on regular upkeep and maintenance thereof.

SAFER

Ride Safe India (RSI) is another flagship programme and is driven by the goal of making India's roads safer and bringing down the number of fatalities. Starting from helping people learn safe riding habits, to inculcating a mindset about safe practices on the road right from childhood as well as supporting the government's efforts and boosting mass awareness, a focused RSI team is constantly engaged in planning and execution of programmes in this domain.

KEY PROJECTS UNDER RIDE SAFE INDIA FOR FY 2017-18

Summary of beneficiaries and impact during the year is given below:

- **Project Safe Ride:** 50,634 people trained across our traffic training parks.
- **Project Catch Them Young (CTY):**
  a) Road Safety Clubs being supported in 1,150 schools.
  b) 2,200 Student Police Cadets (SPC) being trained as road safety ambassadors.
- **Project Be Aware, Be Safe:** Awareness campaigns all across.

Brief of the key projects is given below:

- **Project Safe Ride:** We manage seven traffic training parks across the country that undertake two-wheeler riding training for school and college students as well as the general public. The objective of these parks is primarily to address one of the root causes of road fatalities-which is driver error. More than **three lakh people have benefitted** through these parks till date including **more than 50,000 in FY 2017-18**.
- **Project Catch Them Young (CTY):** In the last few years, Team RSI has established **Road Safety Clubs in over 1,150 schools**, creating a platform for constant engagement with children to sensitize them about road safety. We also support **2,200 Student Police Cadets** (SPC), who not only propagate the road safety message but are also taking part in overall personality development and leadership building exercises, the idea being to create a band of influencers who inspire their peers to be conscious and responsible citizens.
- **Mobile Safety Van** which with its focused communication paraphernalia and dedicated team supports road safety awareness activities of the clubs as well as the SPCs.
- **Project Be Aware, Be Safe:** Multiple awareness campaigns with innovative and impacting content on road safety are being run regularly through both mainstream and various mediums and on-ground activities.

EQUITABLE

To do our bit towards creating a truly equitable world, we have few flagship programmes including **Hamari Pari, Educate to Empower (E^2)** and **Enable.** The primary emphasis of all projects under these programmes is on empowering girls/young women from the marginalized and underprivileged sections of society. While Hamari Pari recognises and celebrates the enormous potential that each young girl has to fulfil her dreams of a brighter future, Educate to Empower (E^2) is driven by the main objective of looking beyond the obvious symptoms and finding long-term solutions related to educating students – this, too, with primary focus on girls.

Enabling and encouraging differently-abled individuals is another area of focus as we believe that without having an inclusive environment for them, we cannot achieve the idea of an equitable world. In addition, a number of projects are undertaken for the community in general.

KEY PROJECTS UNDER HAMARI PARI AND E^2

Summary of beneficiaries and impact during the year is given below:

- **Project Shiksha:** Various initiatives related to aspects of education benefitting 1,32,907 students.
- **Project Jeevika:** 891 candidates given various kinds of training as part of skill development with 60% placement.
- **Project Sakhi:** 842 scooters and motorcycles given to women Police officers to promote women safety.
- **Project Ek Pahal:** Learn to Ride program benefitting more than 500 trainees running in 9 Women ITI and 1 Women University in Haryana.

Brief of the key projects is given below:

- **Project Shiksha:** The project is focused on creating an enabling, encouraging and motivating education environment at schools. The idea is to create a permanent infrastructure as well as an ecosystem to help improve the quality of education.

  It's all about starting from scratch – improving the building itself, renovating classrooms and playgrounds, strengthening the boundary walls, providing necessary furniture as well as basic resources like schoolbags, stationery and books, and so on. It goes on to setting up solar power plants within school premises, building libraries, science and computer laboratories and putting mobile science labs and career counselling.

  As soft interventions, teams of professionals constantly engage with these schools to provide career guidance and conduct motivational workshops and seminars. Our partner organizations also conduct remedial classes for students who cannot cope with the demands of the curriculum. Through our Samarth centers, we ensure that girls do not drop out of schools due to community pressure and other socio-economic challenges that they face on an everyday basis. The project has benefitted about 1.32 lakh students across six states in FY 2017-18.

- **Project Jeevika:** While we engage with younger children for their education, we also focus on skilling the older ones in the community to make them financially independent.

  The Project Jeevika focuses on providing livelihood and skills training to youth, mainly girls and women from marginalized socio-economic backgrounds. The training programmes equip them to become auto mechanics (very much a male bastion until recent times), computer operators, tailors, beauticians, and so on. As part of the program, focus is not just on skill enhancement but also on getting jobs for the trainees. We have trained 891 youth during the year and more than 60% of them have got jobs or become entrepreneurs with substantial monthly earnings.

  During the year, the Company has also started two-wheeler technician courses with Swarna Bharat trust, CII and other prestigious institutions where they will be trained on a two-wheeler in world class training facilities. Honorable Vice President of India, Shri M. Venkaiah Naidu had inaugurated our skill center at Hyderabad and Mr. Kamal Nath (former Union Cabinet Minister) inaugurated our center at Chhindwara.

- **Project Sakhi:** A unique initiative by HMCL to empower women in India, Project Sakhi was launched in association with the police departments of seven states. Project Sakhi empowers women cops by providing them two-wheelers in order to increase their independent mobility. Women cops are generally dependent on their male counterparts with vehicles if they have to reach incident/accident spots or when responding to distress calls. During the year, we gave 842 scooters and motorcycles to women police officers. They are now confident about responding to more calls from women and keeping their promises of providing safety and swift action.

  Another aspect of the programme is to make women feel safe and assured with the presence of uniformed women officers riding through the city. In due course, the project is also expected to encourage more women to join the police services.

- **Project Ek Pahal:** This is another unique project by HMCL to empower women in India. As the name suggests, it is our bit towards enabling independent mobility of women. The idea is to train women in riding two-wheelers so that they are not dependent on others for their commute. While the first two-wheeler training school for women was set up at Bhagat Phool Singh Mahila Vishwavidyalaya in Khanpur Kalan, Sonipat, Haryana, the project has expanded wings and there training centers are now operational at nine women ITIs in Haryana. More than 500 girls have already been trained on two-wheeler riding skills.

KEY PROJECTS UNDER ENABLE

Summary of beneficiaries and impact during the year is given below:

- **Project Enable:** Support to 1,798 specially-abled persons and support to our para athletes.

Brief of the key projects is given below:

- **Project Enable:** One motivating story is all that is needed to create a ripple effect. So it is that the success story of one specially-abled person ignites hope in thousands of others who might have lost confidence or have low self-esteem.

  Under Project Enable, we aim to create an inclusive and motivating environment for our specially-abled compatriots. As a first step, we have been lending our support to para athletes. As it turned out, our little support has gone a long way – it has ensured that the country has had its largest ever medal hauls at Rio Paralympics 2016, World Para-Athletics Championships London 2017 and the Asian Youth Para Games 2017 in Dubai. Each of our participating players has their own inspiring story of overcoming their physical and mental challenges and competing with the best in the world.

  In addition, we also provide prosthetic limbs to the needy ones along with job-oriented livelihood training. All this goes to show that a little help can bring about life-affirming changes for those who need nothing more than a leap of faith. This year, 1,798 poor disabled individuals benefitted through surgery, artificial limbs and crutches.

KEY PROJECTS UNDER COMMUNITY INITIATIVES

With a development approach, HMCL befriends an entire village community under this project and assists in all possible ways like health and hygiene, making them self-reliant, skilling etc.

Summary of beneficiaries and impact during the year is given below:

- **Project Arogya:** 4 mobile medical vans and 1 eye check-up van benefitting 54,241 patients; satellite vision center benefitting 411 people
- **Winter Night Rescue Van:** 771 people rescued from chilly nights in winter

Brief of the key projects is given below:

- **Project Arogya:** 4 mobile medical vans in Delhi, Dharuhera in Haryana, Neemrana in Rajasthan and Halol in Gujarat and 1 mobile eye check-up van in Delhi are benefitting more than 54,000 poor people by providing medical assistance, basic treatment as well as medication. In addition, it is benefitting the under privileged sections of society. Another initiative focused at eye care is a satellite vision center, set up with support from AIIMS, Delhi at village Malpura near to Dharuhera plant. The center is accessible to over 30 villages in the vicinity. In far off areas, we continue to conduct eye care camps and cataract surgeries. During the year, 411 people benefitted from the same.

  Additionally, medical camps were organized for over 5,000 students in various government schools. Adolescence

education for girls and Yoga for a health body and mind were also a part of this project.

- **Winter Night Rescue Van:** The van runs across Delhi in winters to transport homeless people who spend chilly nights on roads to warm night shelters. During the year, 711 people were rescued and moved to night shelter camps, while at night shelter camps, facilities like blankets and warm clothes were provided to help many more.

- **Towards making a model village:** Another first from HMCL is the consolidation of almost all major activities from our flagship programme at Gujar Ghatal, a rural village in Rewari district of Haryana. The village is on its way to becoming a prototype of a model village and a smart village. Our positive interventions in education, healthcare, environment and skilling of the inhabitants are mutually reinforcing and creating an ecosystem for a village that can become a trailblazer in the near future.

In addition, many other initiatives were taken at creating a Greener, Safer and Equitable World. Employees at HMCL and their families also served as volunteers at many of these initiatives. These included employees visiting old age homes, orphanages, blind schools to spend time with under privileged, distribute food items, clothes, books, teach kids etc. More than 1000 of them participated in Hero Impact League to support AWWA - Army Wives Welfare Association - a non-profit which works for the welfare of spouses, children and dependents of the army personnel.

HMCL has a dedicated set of partners, who work hand in hand and during the year, the 1st CSR partners meet was held where all partners shared their best practices with an aim to enhance collaboration among partners so that the projects can deliver more value to the society.

OUTCOMES, IMPACT AND SROI

Every year, all CSR programmes and each of their respective components go through a comprehensive evaluation by a team of third-party researchers with extensive development sector experiences. The fundamental objective of this evaluation is to measure the progress made by each project, assess if each project is meeting its objectives and hypothesis and identify challenges as also the ideas and solutions that may make the projects more impacting.

Considering FY 2017-18 which was the third year since HMCL started making comprehensive investments in CSR, a study was also conducted to get an approximate measure of the Social Return on Investments (SRoI). Interestingly, the programmes that were started just about three years ago are yielding very positive results. The researchers followed a strategic SRoI mechanism wherein they tried assessing the value addition made by every rupee invested in CSR.

The social outcomes included measuring:

a) Direct economic and social value to beneficiary;

b) Value addition to state and central government's objectives and programmes/schemes;

c) Increased productivity of beneficiaries;

d) Contribution towards sustainable development goals (SDGs);

e) Increased trust and loyalty of employees;

f) Perception of HMCL as a socially and environmentally conscious brand.

For overall impact measurement of each program, evaluators focused on progress made by each project since its launch/inception. Hence, some of the initiatives covered in the studies had nearly completed three years. Several projects focused at young marginalized girls and women under Hamari Pari, programmes focused at uplifting the standard of education under Educate to Empower (E^2), planting and environment awareness initiatives under Happy Earth and healthcare focused initiatives under Community Care programme were critically analyzed on various evaluation parameters.

The Company is happy to state that third-party evaluators mentioned that all our programmes are promising and are meeting their respective objectives quite well. For instance, interventions made under Hamari Pari have helped in improving life skills of all (over 150,000) girls and they shall surely fare better in personal as well as professional lives than their marginalized counterparts who are yet to get an opportunity to engage in such programme(s).

Likewise, this year's evaluation reports appreciate CSR investments made towards building or upgrading the permanent infrastructure of schools – in the form of toilets, water facilities, classrooms, laboratories, libraries, sports fields and play courts, furniture, books, school stationery as well as solar power plants in schools vulnerable to power outages – backed with soft interventions around health and hygiene, environment consciousness are strengthening the fundamental education base of the country. The attendance percentage of all students, especially young girls, at most of the beneficiary schools has seen a considerable rise. At some schools in Haryana, parents have withdrawn their kids from private schools to get them admitted in a better Hero WeCare supported government schools. Hero WeCare supported government schools have also won numerous awards and accolades from State Government(s).

Also, Project Enable, apart from supporting the poor differently-abled people with prosthetics and other such aids, supported national and international level athletes for global events. This intervention has plugged in the major funding gap that prevented deserving athletes from competing at international circuits. The outcomes in form of large medal tallies and national glory speak for themselves.

HMCL has also fared quite well on the environment front as the evaluation reports suggest that more than 90 per cent of the saplings planted in 2015-16 have established their strong roots and now have ability to sustain themselves with minimal care. The ones planted later too are being nurtured well and soon (within two years or so) will qualify to be considered as a part of green cover. Solar lights

at villages as well as installation of LEDs too are making significant contribution towards energy and natural fuels conservation. With 28 villages becoming 100 per cent LED-light villages and almost 120 villages having solar street lights, a significant contribution has been made towards national energy conservation mission.

In a consolidated report, the evaluation team has rated almost all projects above average and have identified a few challenges with several small components of larger programmes that we shall be addressing in FY 2018-19 to ensure that all CSR investments continue to provide happiness.

Overall number of beneficiaries of CSR Projects of HMCL till date:

Initiative	Project	Activity	Unit	Total till FY 16-17	Total in FY 17-18	Total
Greener	Hero Green Drive	Tree plantation	No. of trees	257,856	442,914	700,770
	Ankur	Green Corps	No. of Green Corps	0	10,000	10,000
	Aarush	Solar street light	No. of lights	0	6,265	6,265
			No. of people impacted	0	389,073	389,073
		LED bulbs in villages	No. of LED bulbs	0	50,770	50,770
			No. of households impacted	0	12,727	12,727
	Swachh Vidhyalaya Abhiyan	Toilets	No. of toilets	516	387	903
		No. of Schools	No. of Schools	63	42	105
Safer	Project Ride Safe	Traffic training parks	No. of traffic training parks	6	1	7
		Participants	No. of participants	255,710	50,364	306,074
	Catch Them Young	Road Safety Club school	No. of schools and colleges	950	200	1,150
		Student Police Cadets (SPC)	No. of students	2,200	1,931	2,200
	Project Be Safe Be Aware	Awareness campaign through TV, Print & Social media	No. of views (In crores)	4.35	3.12	7.47
Equitable	Shiksha	Educational infrastructure development in schools	No. of students	123,988	47,419	256,895
		Education and Development of students of government schools and not school going children	No. of children		18,707	
		Mobile science lab exposure	No. of exposures		51,125	
		Career guidance	No. of students		15,656	
Equitable	Sakhi	Supporting Police department for women empowerment	No. of two-wheelers	74	842	916
	Jeevika	Skill development of girls, women and youth and their placement	No. of candidates	190	891	1,081
	Ek Pahal	Women two-wheeler Ride Centre	No. of centres	0	10	10
	Enable	Supporting specially-abled people	No. of beneficiaries	99	1,798	1,897
		Support to Para Athletes	No. of athletes	0	100+	100+
	Arogya	Providing free medical facility	No. of patients checked	115,890	54,241	206,200
		Winter night rescue operation	No. of people rescued		771	
		Providing eye check-up camps	No. of patients checked		411	
	Community development beneficiaries	Community development programs at villages around operations	No. of beneficiaries		34,533	

AWARDS AND RECOGNITION IN FY 2017-18

CSR efforts of HMCL were appreciated at various forums. Some of the major recognition included:

- Appreciation by Government of Uttarakhand for LED project
- Appreciation by Government of Uttarakhand for promoting grass root level sports in Uttarakhand
- Appreciation by Paralympic Committee of India for promoting para athletes in the country
- CSR Best Practices in Gurugram, an award by Education Department, Government of Haryana
- Bhamashah Samman 2016-17 – an award by Education Department, Government of Rajasthan
- Economic Times ET 2Good4Good certification for corporate governance, stakeholder management, strategy and monitoring and evaluation in CSR
- Award by Navbharat - Best CSR Practices in Private Sector
- Manorama Dobriyal Sharma Award for contribution towards Women Health and Sanitation in Uttarakhand
- ET Now CSR Leadership Award – Hall of Fame
- ET Now CSR Leadership Award – Road Safety
- ET Now CSR Leadership Award – Women Empowerment
- ET Now CSR Leadership Award – CSR Professional of the Year
- Award for highest contributing Company in Airtel Delhi Half Marathon 2018

ANNEXURE - IX

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Hero MotoCorp Limited
(CIN: L35911DL1984PLC017354)
34, Community Centre, Basant Lok,
Vasant Vihar, New Delhi-110057

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

We report that-

a) 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.

b) 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 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.

c) We have not verified the correctness and appropriateness of the financial statements of the Company.

d) Wherever required, we have obtained the management representation about the compliances of laws, rules and regulations and happening of events etc.

e) The compliance of the provisions of the corporate and other applicable laws, rules, regulations and standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.

f) 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.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018 ("Audit Period") 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 filed and other records maintained by the Company for the financial year ended on March 31, 2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the 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'):-

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  (c) *The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

  (d) The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014;

  (e) *The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) *The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

(h) *The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

* No event took place under these Regulations during the Audit Period.

We have also examined compliance with the applicable clauses of the Secretarial Standards on Meetings of the Board of Directors and on General Meetings issued by the Institute of Company Secretaries of India.

During the Audit Period, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards, etc. to the extent applicable, as mentioned above.

(vi) The Company is engaged in the manufacturing and selling of motorised two-wheelers, spare parts and related services and accordingly, the Motor Vehicles Act, 1988 and rules made thereunder, primarily in respect of vehicles manufactured by the Company, are applicable specifically to the Company.

We have checked the compliance management system of the Company to obtain reasonable assurance about the adequacy of systems in place to ensure compliance of specifically applicable laws and this verification was done on test basis. We believe that the audit evidence which we have obtained is sufficient and appropriate to provide a basis for our audit opinion. In our opinion and to the best of our information and according to explanations given to us, we believe that the compliance management system of the Company is adequate to ensure compliance of laws specifically applicable to the Company.

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. 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 notices were given to all Directors to schedule the Board Meetings, Agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation at the meeting.

Board decisions are carried out with unanimous consent and therefore, no dissenting views were required to be captured and recorded as part of the minutes.

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.

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

Sanjay Grover
Managing Partner
CP No.: 3850

New Delhi
May 2, 2018

ANNEXURE - X

BUSINESS RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Corporate Identity Number (CIN) of the Company	L35911DL1984PLC017354
Name of the Company	Hero MotoCorp Ltd.
Registered Address	34, Community Centre, Basant Lok, Vasant Vihar, New Delhi - 110 057, India
Website	www.heromotocorp.com
E-mail Id	secretarialho@heromotocorp.com
Financial Year reported	2017-18
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 engines# *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)	• Motorcycles • Scooters • Parts thereof
Total number of locations where business activity is undertaken by the Company	
Number of International Locations (Details of major 5)	The Company is present in 36 countries outside India: **Asia** - Bangladesh, Myanmar, Nepal and Sri Lanka **Africa & Middle East** - Angola, Burkina Faso, DR Congo, Ethiopia, Ghana, Guinea, Ivory Coast, Kenya, Liberia, Madagascar, Mozambique, Nigeria, Tanzania, Uganda, Egypt, Iran, Turkey and UAE **Americas** - Argentina, Bolivia, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Peru, Guyana and Trinidad & Tobago
Number of National Locations	Headquartered in New Delhi, the Company has 5 manufacturing plants in the country: **State/Union Territory Location** Haryana: Dharuhera & Gurgaon Uttarakhand: Haridwar Rajasthan: Neemrana Gujarat : Halol HMCL also has a Global Parts Centre for supplying parts at local and global markets at Neemrana, Rajasthan and Global Centre of Innovation and Technology (CIT) at Jaipur, Rajasthan. The foundation stone was also laid for its 6th Plant at Chittoor (Andhra Pradesh).
Markets served by the Company - Local/State/National/ International	HMCL has 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, HMCL caters to 37 countries and is committed to expand its footprint to 50 countries by 2020.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid-up Capital	₹ 39.94 crores
2.	Total Turnover	₹ 33,397.64 crores
3.	Total profit after taxes	₹ 3,697.36 crores
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	The total spend on CSR for FY 2017-18 is ₹ 84.34 crores which is 2.04% of average net profits of the last three financial years.

Activities in which expenditure in 4 above has been incurred:

1	Environment - Tree Plantation, Solar Lights, LED Lights
2.	Promoting preventive health care and sanitation
3.	Promoting Education and Road Safety Awareness
4.	Skill development for women and youth
5.	Promoting Rural and Para sports
6.	Community Development and supporting specially-abled

SECTION C: OTHER DETAILS

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

Yes, the company has 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%]

HMCL actively engages with its suppliers through its BR initiatives. Currently, percentage of suppliers under the Green Vendor Development Program (GVDP) is more than 66% of total Tier - I supplier universe and suppliers are continuously added to this program.

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. Principle-wise [(as per National Voluntary Guidelines (NVGs)] BR Policies:

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

Principle 1: **Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.**

Principle 2: **Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.**

Principle 3: **Businesses should promote the wellbeing of all employees.**

Principle 4: **Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.**

Principle 5: **Businesses should respect and promote human rights.**

Principle 6: **Businesses should respect, protect, and make efforts to restore the environment.**

Principle 7: **Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.**

Principle 8: **Businesses should support inclusive growth and equitable development.**

Principle 9: **Businesses should engage with and provide value to their customers and consumers in a responsible manner.**

(a) Details of compliance (Reply in Y/N):

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? ***									
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 ISO 14001 which is an international standard released by International Organisation for Standardization (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 the 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
Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.	Vigil Mechanism/ Whistle Blower Policy	https://www.heromotocorp.com/en-in/about-us/key-policies.html
	Code of Conduct	https://www.heromotocorp.com/en-in/about-us/code-of-conduct.html
Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.	Environment Policy Quality Policy	https://www.heromotocorp.com/en-in/about-us/key-policies.html
Principle 3: Businesses should promote the wellbeing of all employees.	Safety Policy	https://www.heromotocorp.com/en-in/about-us/key-policies.html
	Code of Conduct	https://www.heromotocorp.com/en-in/about-us/code-of-conduct.html
	Prevention of Sexual Harassment Policy & Leave Policy ****	
Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.	Corporate Social Responsibility Policy	https://www.heromotocorp.com/en-in/about-us/key-policies/corporate-social-responsibility.html
Principle 5: Businesses should respect and promote human rights.	Code of Conduct	https://www.heromotocorp.com/en-in/about-us/code-of-conduct.html
Principle 6: Businesses should respect, protect, and make efforts to restore the environment.	Environment Policy	https://www.heromotocorp.com/en-in/about-us/key-policies.html
Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.	Code of Conduct	https://www.heromotocorp.com/en-in/about-us/code-of-conduct.html
	Vigil Mechanism/ Whistle Blower Policy	https://www.heromotocorp.com/en-in/about-us/key-policies.html
Principle 8: Businesses should support inclusive growth and equitable development.	Corporate Social Responsibility Policy	https://www.heromotocorp.com/en-in/about-us/key-policies/corporate-social-responsibility.html
Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.	Quality Policy	https://www.heromotocorp.com/en-in/about-us/key-policies.html
	Policy on warranty and service maintenance schedule	http://www.heromotocorp.com/en-in/rider-zone/bike-warranty-details-and-policy.html

**** Available on Company's intranet

(b) If answer to the question as stated above against any principle, is 'No', please explain why:

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	Not Applicable								
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 assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

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

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

This is HMCL's sixth Business Responsibility Report and is published annually as part of the Annual Report. The same can be accessed at https://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?

The 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).

The executive employees of HMCL 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 through 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.

14 complaints were received with regard to violation of the Code of Conduct in FY 2017-18. 12 of these cases in FY 2017-18 have been investigated and requisite actions have been taken and remaining 2 cases are 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 address social or environmental concerns:

- Conversion of all existing models to BS - IV compliant, thus reducing the polluting contents in environment.
- Introduction of AHO (Automatic Headlamp ON) in all models to improve conspicuity which helps in avoiding accidents specifically during dawn and dusk.

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 the FY 2017-18.

- Operation Excellence Program along with ACMA covering 52 suppliers in FY 2017-18 was initiated (Tier – I - 22 and Tier – II - 30). A Roadmap has been made for improvement to fulfill the basic conditions of plants through 5S, Quality Circles, Planning and delivery improvement.
- 10 new Suppliers' plants were added in Green Vendor Development Program (GVDP) on World Environment Day i.e. June 5, 2017. A new initiative was also undertaken under GVDP i.e. De-Risking of Supply Chain Partners (SCP) from major fire & safety hazards. 20 SCPs were covered in the first phase & their safety audit is in Process.
- 36 suppliers were enrolled for new parts quality upgradation for direct on line supplies in Program SCOPE (Supplier Certification of Parts Excellence), in FY 2017- 18. Sustenance of these suppliers will be carried forward in FY 2018-19 also.
- Returnable Packaging concepts were introduced for Halol, Gujarat plant for better volumetric utilization which helps to reduce the number of return trips by 50% for A class parts delivered from NCR.
- A third-party logistics company (3PL) was recently hired in Dharuhera, Haryana plant and it is already working successfully in Haridwar and Neemrana plants. In Haridwar plant, a new material gate has been opened/ introduced for reducing travel time for tech park suppliers for JIT (Just in Time) supplies and parts resulting in savings of approx. 4 trucks. Also in Dharuhera plant, 20% trip saving resulted in reduction of 400 MT CO_2 emission per annum. In order to improve IBL efficiency, Double Deck Truck Concept has been introduced at Neemrana plant which will further reduce Carbon footprint by 30% on selected routes/Suppliers.

However, it is difficult to ascertain the percentage of inputs sourced from these suppliers accounting towards total input

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 includes large, mid-size and small scale industries who 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. HMCL recycles 90% of trade effluents which are re-used in the process using Zero Liquid Discharge (ZLD) platform. All the treated domestic effluents are either converted to soft water, used in cooling towers or in green belt maintenance. About 59% of the paint sludge is co-processed/ recycled and balance 41% 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:

- Introduced Sabbatical Leave Policy to support employees in certain situations that require them to be away from work for an extended period of time while help them retaining their lien on employment.
- Day care policy for all the permanent women employees having children in the age group of 6 months to 6 years.

1. Total number of employees : 8266
2. Total number of employees hired on temporary/contractual/ casual basis : 24690
3. Number of permanent women employees : 256
4. Number of permanent employees with disabilities: 31
5. Employee association recognised by management:
   - Hero MotoCorp Workers Union, Gurgaon Plant; and
   - Hero MotoCorp Workers Union, Dharuhera Plant.
6. Percentage of permanent employees who are members of this recognised employee association:100% (confirmed workmen)
7. Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

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	Nil
2	Sexual Harassment	2	Nil
3	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?
   (a) Permanent Employees : 67%
   (b) Permanent Women Employees : 53%
   (c) Casual/Temporary/Contractual Employees : 87%
   (d) Employees with Disabilities : 97%

Principle 4: Stakeholder Engagement

1. Has the company mapped its internal and external stakeholders? Yes/No

Yes, the Company has mapped and identified its external stakeholders, including disadvantaged, vulnerable and marginalised stakeholders. These 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?

The disadvantaged and vulnerable stakeholders include differently-abled employees, women and rural communities in the vicinity of its plants.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalised stakeholders?

Differently abled employees: HMCL is an equal opportunity employer and provides equal opportunities to differently-abled, marginalized and people from economically weaker backgrounds. 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:

- Organising literary classes as well as skill development programmes.
- Imparting science education and training.
- Career counselling sessions for rural girls.
- 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. The Company has put in place a Code of Conduct and expects its 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?

14 complaints were received with regard to violation of the Code of Conduct in FY 2017-18. 12 of these cases in FY 2017-18 have been investigated and requisite actions have been taken and remaining 2 cases are 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.

The policy on environment extends to the suppliers and dealers through "Green Dealer Development Program", "Green Vendor Development Programme" and "Green Charter".

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? If yes, please give hyperlink for webpage etc.

HMCL believes in sound and sustainable environmental practices. Since inception, it has cared for the environment by launching four stroke motorcycles in the era when two stroke two-wheelers were popular. In this endeavour, we have always been blessed and guided by our Chairman Emeritus, Dr. Brijmohan Lall Munjal, **'We must do something for the community from whose land we generate our wealth'**. The environment management aims towards ensuring that the ecosystem services in areas where we operate are protected and maintained for equitable use by future generations. As leaders in the automotive industry, HMCL fully realizes its responsibility to the fast changing industrial environment and understands its role in sustainable development. To achieve this, HMCL has committed itself to the following objectives.

HMCL has long term strategies in place to address these issues including energy conservation, energy efficiency, water management, waste management, CO_2 emissions, greenhouse gases reduction and product efficiency.

Glimpse of the same is given below:

HMCL has reduced its carbon footprint in FY 2017-18 by achieving overall reduction of approx. 6750 tons of CO_2 from its operations.

As per company strategy to improve overall environmental performance, HMCL has challenged the CII-GreenCo Award which is evaluated on 10 pillar principles of sustainability. HMCL's Neemrana Plant – "The Garden Factory" has achieved the distinction of becoming the first plant in the Automobile Sector to achieve **GreenCo Platinum** and join the Country's Green movement.

The Company has taken the following green initiatives for Water & Waste Water Management:

HMCL has installed a Zero Liquid Discharge (ZLD) Plant of 400 KLD at Haridwar Plant. The ZLD plant comprises of primary, secondary and tertiary treatment of the effluents followed by ultra-filtration, 3 stage reverse osmosis (RO) and Multi-Effect Evaporator (MEE). This initiative will help, preserve and reduce ground water abstraction upto 400 KLD. The entire treated waste water from the ZLD will be re-used in the process. The ZLD plant also has a feature of Online Real time monitoring of the quality of the treated effluent which is also being directly monitoried by State Pollution Control Board and Central Pollution Control Board.

The other details can be accessed on the website of the Company at https://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 Environmental Management System Certifications of ISO 14001. HMCL has upgraded the Environmental Management System of all its plants to the latest version of ISO 14001: 2015. All plants are also certified for 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, HMCL does 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, HMCL has undertaken several environment protection related initiatives on clean technology, energy efficiency and renewable energy. The same are broadly classified as under:

1. 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 lakh kwh.
2. HMCL has reduced its carbon footprint in FY 2017-18 by achieving overall reduction of approx. 6750 tons of CO_2 from its operations. Some of the key initiatives taken to improve energy efficiency at different plants are given below:

- Installation of solar power system of 5.6 MW across all plants
- Installation of VFD's in various equipments like Compressors, paint shop
- Installation of exhaust blowers, high capacity pumps, air supply units
- Replacement of conventional lights with LED lights
- Installation of energy saving equipments like ARTIC master for HVVAC control
- Use of energy efficient air conditioners, aerators, blowers, pumps etc.
- Replacement of conventional chillers with VSD chillers
- Optimisation of compressed air header to reduce air leakage and online FAD testing
- Improving energy efficiency by way of paint booth balancing
- Optimisation of light load and HVAC control and installation of presence sensors
- Optimisation of BIG foot operation for energy conservation

A more detailed list of such initiatives is available on the website of the company at https://www.heromotocorp.com/en-in/about-us/we-care-green-manufacturing.html.

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.

Direction for installation of online stack/air emission monitoring system connected to CPCB server before 31.03.2018, was received vide notification dated 20.03.2018 at Dharuhera Plant.

Status: HMCL is exploring available technologies and assessing suppliers.

Direction from Uttarakhand State Pollution Board for connection to CETP. The Direction has been issued in relation to a NGT order dated 23.01.2018.

Status: Appeal filed before the NGT to set aside the directions.

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.

The names of major associations are as follows:

- Confederation of Indian Industry
- PHD Chamber of Commerce and Industry
- 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. HMCL strongly champions the cause of road safety through several initiatives and works with associations along with 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. The Company has a Corporate Social Responsibility (CSR) Policy which derives its core values and covers various aspects as per requirements of the Companies Act, 2013. The Policy has been developed considering the requirements of Companies Act, 2013, the organization's focus as well as international best practices. Its fundamentals are based on inputs from top management and all stakeholders.

The Company undertakes purposeful activities with the goal to maintain and improve the state of environmental resources affected by human activities. The environment management aims towards ensuring that the ecosystem services in areas where we operate are protected and maintained for equitable use by future generations.

HMCL's efforts during the year were focussed on the following projects or activities:

S. No.	Project or activity identified	Project details
1.	Environment - Tree Plantation, Solar Lights, LED Lights	4.4 lakh tree plantation at Delhi NCR, Indore, Chandigarh, Uttarakhand and near to the Offices PAN India. 6,265 solar street lights and 50,770 LED lights installed.
2.	Promoting preventive health care and sanitation	Preventive health care camps in rural areas and schools were organised. Free medical facility was given to 54,241 patients. 387 toilets were built in 42 Government schools in Haryana, Rajasthan, Uttarakhand and Gujarat.
3.	Promoting Education and Road Safety Awareness	Education promotion and construction/ renovation of 82 schools at Delhi, Haryana, Rajasthan, Uttarakhand and Gujarat. Road Safety Awareness Education to 50,364 participants PAN India.
4.	Skill development for women and youth	Skill Development for 891 women and youth
5.	Promoting Rural and Para Sports	Promoting rural sports for 50 athletes and 78 athletes in Para sports
6.	Community Development and supporting specially-abled	Community development for 34,533 people and supporting 1,876 specially-abled

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 specialized agencies / NGOs and government departments.

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

Yes, a structured impact assessment of the initiatives was conducted. The Company has received a 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?

(₹ in crores)

Project	FY 2017-18
Environment - Tree Plantation, Solar Lights, LED Lights	18.42
Promoting preventive health care and sanitation	6.77
Education promotion, vocational skill development for children and women and promoting road safety awareness.	48.12
Promoting Sports	6.03
Women Empowerment and Community Development	4.70
Army Wives Welfare Association	0.30

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

Yes, HMCL regularly monitors its projects to ensure that they are adopted and continued and sustain within communities beyond its interactions. During the year, the following new community development initiatives were focused at:

- Free medical facility at five locations for more than 54,000 beneficiaries
- Rescued 771 people during winter nights
- Tree plantation expanded from NCR to other cities in India with 4.4 lakh trees
- 6,265 Solar street lights in villages mainly where electricity has not yet reached
- Replacing normal bulbs with LED lights saving 1.03 crore units per year
- Supporting women Police of states by providing mobility through 800+ two-wheelers
- Supporting model village project with Gram Sarpanch

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 2017-18, 1.12% 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, the details on information label are as per the requirements of the Legal Metrology Act, 2009. HMCL voluntarily and actively informs all its dealers about any changes in product packaging through notices and circulars. It has 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. The spare parts come with a customer toll free number, address and email ID, where consumers can reach our executives with feedback, grievances and even queries regarding the products. Besides, consumers can also log on to the website of the Company and give their feedback or register complaints. In order to check the genuineness of spare parts, a Unique Part Identity (UPI) number is printed on the MRP label of the spare part. HMCL also runs 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 no case is pending as on the end of the financial year.

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

HMCL continues 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. Also, a brand track study was conducted on a monthly basis to gauge health of the product brands as well as corporate brand vis-a-vis competition.

ANNEXURE - XI

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN AS ON FINANCIAL YEAR ENDED ON 31.03.2018

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (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 Limited Karvy Selenium Tower B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032 Tel: 040-23420818, 67162222; Fax: 040-23420814, 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, USA	N.A.	Subsidiary	100%	2(87)
4	Erik Buell Racing Inc. 2799, Buell Drive, Unit C East Troy, Wisconsin 53120, USA	N.A.	Associate	49.20%	2(87)
5	HMCL Americas Inc. 222 Delaware Avenue, Suite 1200, Wilmington, New Castle County Delaware 19801, USA	N.A.	Subsidiary	100%	2(87)
6	HMCL Netherlands B.V. Hoogoorddreef 15 1101 BA Amsterdam, The Netherlands	N.A.	Subsidiary	100%	2(87)
7	HMCL Columbia SAS Free Trade Zone (ZF), Conjunto Industrial Parque Sur Lt 6 Kilometro 24, Villa Rica, Colombia	N.A.	Step Down Subsidiary	68%	2(87)
8	HMCL Niloy Bangladesh Limited Nitol Niloy Towers Plot 69, Nikunja 02, Khilkhet, Dhaka 1229, Bangladesh	N.A.	Step Down Subsidiary	55%	2(87)
9	Ather Energy Private Limited No.1, Victoria Road Extension, Victoria Layout, 6th Cross, Bangalore - 560 047, Karnataka	U40100KA2013PTC093769	Associate	32.31%	2(6)

IV SHAREHOLDING PATTERN

(i) Category-wise Shareholding

Category Code	Category of Shareholder	No. of shares held at the beginning of the year 31/03/2017				No. of shares held at the end of the year 31/03/2018				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	**Promoter and Promoter Group**									
(1)	**Indian**									
(a)	Individual /HUF	28347708	0	28347708	14.20	28347708	0	28347708	14.20	0.00
(b)	Central Government/State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	40818374	0	40818374	20.44	40818374	0	40818374	20.44	0.00
(d)	Financial Institutions / Banks	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
	Sub-Total A(1) :	**69166082**	**0**	**69166082**	**34.64**	**69166082**	**0**	**69166082**	**34.63**	**0.01**
(2)	**Foreign**									
(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
	Sub-Total A(2) :	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
	Total A=A(1)+A(2)	**69166082**	**0**	**69166082**	**34.64**	**69166082**	**0**	**69166082**	**34.63**	**0.01**
(B)	**Public Shareholding**									
(1)	**Institutions**									
(a)	Mutual Funds /UTI /Alternative Investment Fund	9537165	63470	9600635	4.81	12715890	52310	12768200	6.39	1.59
(b)	Financial Institutions /Banks	2576244	18705	2594949	1.30	1996127	13965	2010092	1.01	-0.29
(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	12730593	0	12730593	6.37	9280812	0	9280812	4.65	-1.73
(f)	Foreign Institutional Investors /Foreign Portfolio Investors	85199365	38015	85237380	42.68	83727111	210	83727321	41.92	-0.76
(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
	Sub-Total B(1) :	**110043367**	**120190**	**110163557**	**55.17**	**107719940**	**66485**	**107786425**	**53.97**	**-1.19**
(2)	**Non-Institutions**									
(a)	Bodies Corporate/Beneficial Holdings under MGT-4	5314585	24961	5339546	2.67	7463476	16621	7480097	3.75	1.07
(b)	Individuals									
	(i) Individuals holding nominal share capital upto ₹1 lakh	9724880	2535866	12260746	6.14	9406811	1869159	11275970	5.65	-0.49
	(ii) Individuals holding nominal share capital in excess of ₹1 lakh	211250	256040	467290	0.23	330850	70000	400850	0.20	-0.03
(c)	Others									
	Clearing Members	357877	0	357877	0.18	246321	0	246321	0.12	-0.06
	Foreign Nationals	279	0	279	0.00	221	0	221	0.00	0.00
	Investor Education Protection Fund	0	0	0	0.00	978772	0	978772	0.49	0.49
	NBFC	4387	0	4387	0.00	4844	0	4844	0.00	0.00
	Non-Resident Indians	203816	690	204506	0.10	159467	680	160147	0.08	-0.02
	NRI Non-Repatriation	185215	0	185215	0.09	251643	0	251643	0.13	0.03
	Trusts	1547353	0	1547353	0.77	1960083	0	1960083	0.98	0.21
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(2) :	**17549642**	**2817557**	**20367199**	**10.20**	**20802488**	**1956460**	**22758948**	**11.40**	**1.20**
	Total B=B(1)+B(2)	**127593009**	**2937747**	**130530756**	**65.36**	**128522428**	**2022945**	**130545373**	**65.37**	**0.00**
	Total (A+B)	**196759091**	**2937747**	**199696838**	**100.00**	**197688510**	**2022945**	**199711455**	**100.00**	**0.00**
(C)	**Shares held by custodians, against which Depository Receipts have been issued**									
(1)	**Promoter and Promoter Group**									
(2)	**Public**	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
	GRAND TOTAL (A+B+C) :	**196759091**	**2937747**	**199696838**	**100.00**	**197688510**	**2022945**	**199711455**	**100.00**	

(ii) Shareholding of Promoters

Sl. No.	Shareholders' Name	Shareholding at the begginning 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.	39943238	20.0	0	39943238	20.0	0	0
2	Pawan Munjal, Renu Munjal and Suman Munjal (On behalf of Brijmohan Lal Om Parkash, Partnership Firm)	27927058	14.0	0	27927058	14.0	0	0
3	Hero Investcorp Private Limited	873766	0.4	0	873766	0.4	0	0
4	Renu Munjal	111483	0.1	0	111483	0.1	0	0
5	Suman Kant Munjal	71250	0.0	0	71250	0.0	0	0
6	Pawan Kant Munjal	43354	0.0	0	43354	0.0	0	0
7	Vasudha Munjal	32500	0.0	0	32500	0.0	0	0
8	Sunil Kant Munjal	32500	0.0	0	32500	0.0	0	0
9	Aniesha Munjal	32500	0.0	0	32500	0.0	0	0
10	Pawan Munjal (As Karta of HUF)	32500	0.0	0	32500	0.0	0	0
11	Renuka Munjal	32480	0.0	0	32480	0.0	0	0
12	Suman Kant Munjal (As Karta of HUF)	10833	0.0	0	10833	0.0	0	0
13	Abhimanyu Munjal	10620	0.0	0	10620	0.0	0	0
14	Rahul Munjal	10620	0.0	0	10620	0.0	0	0
15	Hero Fincorp Limited	1370	0.0	0	1370	0.0	0	0
16	Santosh Munjal	10	0.0	0	10	0.0	0	0
	Total	**69166082**	**34.6**	**0**	**69166082**	**34.6**	**0**	**0**

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

Sl. No.	Shareholders' Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	**BAHADUR CHAND INVESTMENTS PVT. LTD.**				
	At the beginning of the year	39943238	20.00	39943238	20.00
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer /bonus/sweat equity etc.)	No change			
	At the end of the year			39943238	20.00
2	**PAWAN MUNJAL, RENU MUNJAL AND SUMAN MUNJAL (ON BEHALF OF BRIJMOHAN LAL OM PARKASH, PARTNERSHIP FIRM)**				
	At the beginning of the year	27927058	13.98	27927058	13.98
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer /bonus/sweat equity etc.)	No change			
	At the end of the year			27927058	13.98
3	**HERO INVESTCORP PRIVATE LIMITED**				
	At the beginning of the year	873766	0.44	873766	0.44
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer /bonus/sweat equity etc.)	No change			
	At the end of the year			873766	0.44
4	**RENU MUNJAL**				
	At the beginning of the year	111483	0.06	111483	0.06
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer /bonus/sweat equity etc.)	No change			
	At the end of the year			111483	0.06
5	**SUMAN KANT MUNJAL**				
	At the beginning of the year	71250	0.04	71250	0.04
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer /bonus/sweat equity etc.)	No change			
	At the end of the year			71250	0.04

Sl. No.	Shareholders' Name	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
6	**PAWAN KANT MUNJAL**				
	At the beginning of the year	43354	0.02	43354	0.02
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer /bonus/sweat equity etc.)		No change		
	At the end of the year			43354	0.02
7	**VASUDHA MUNJAL**				
	At the beginning of the year	32500	0.02	32500	0.02
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer /bonus/sweat equity etc.)		No change		
	At the end of the year			32500	0.02
8	**SUNIL KANT MUNJAL**				
	At the beginning of the year	32500	0.02	32500	0.02
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer /bonus/sweat equity etc.)		No change		
	At the end of the year			32500	0.02
9	**ANIESHA MUNJAL**				
	At the beginning of the year	32500	0.02	32500	0.02
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer /bonus/sweat equity etc.)		No change		
	At the end of the year			32500	0.02
10	**PAWAN MUNJAL (AS KARTA OF HUF)**				
	At the beginning of the year	32500	0.02	32500	0.02
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer /bonus/sweat equity etc.)		No change		
	At the end of the year			32500	0.02
11	**RENUKA MUNJAL**				
	At the beginning of the year	32480	0.02	32480	0.02
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer /bonus/sweat equity etc.)		No change		
	At the end of the year			32480	0.02
12	**SUMAN KANT MUNJAL (AS KARTA OF HUF)**				
	At the beginning of the year	10833	0.01	10833	0.01
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer /bonus/sweat equity etc.)		No change		
	At the end of the year			10833	0.01
13	**ABHIMANYU MUNJAL**				
	At the beginning of the year	10620	0.01	10620	0.01
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer /bonus/sweat equity etc.)		No change		
	At the end of the year			10620	0.01
14	**RAHUL MUNJAL**				
	At the beginning of the year	10620	0.01	10620	0.01
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer /bonus/sweat equity etc.)		No change		
	At the end of the year			10620	0.01
15	**HERO FINCORP LIMITED**				
	At the beginning of the year	1370	0.00	1370	0.00
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer /bonus/sweat equity etc.)		No change		
	At the end of the year			1370	0.00
16	**SANTOSH MUNJAL**				
	At the beginning of the year	10	0.00	10	0.00
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer /bonus/sweat equity etc.)		No change		
	At the end of the year			10	0.00

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

Sl. No.	Name of the Shareholder	Shareholding at the beginning/end of the year		Date of change	Increase/ Decrease in shareholding	Reason for increase / decrease	Cumulative shareholding during the year 2017-18	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	**LIC OF INDIA PENSION PLUS MIXED FUND**							
	Shareholding at the beginning of the year	10332954	5.17	31/03/2017			10332954	5.17
				09/06/2017	-15600	Transfer	10317354	5.17
				23/06/2017	-105671	Transfer	10211683	5.11
				14/07/2017	-287010	Transfer	9924673	4.97
				21/07/2017	-411248	Transfer	9513425	4.76
				28/07/2017	-345866	Transfer	9167559	4.59
				04/08/2017	-781837	Transfer	8385722	4.20
				11/08/2017	-132042	Transfer	8253680	4.13
				18/08/2017	-108000	Transfer	8145680	4.08
				25/08/2017	-305439	Transfer	7840241	3.93
				01/09/2017	-603768	Transfer	7236473	3.62
				08/09/2017	-346133	Transfer	6890340	3.45
				15/09/2017	-223994	Transfer	6666346	3.34
				17/11/2017	3600	Transfer	6669946	3.34
				15/12/2017	1500	Transfer	6671446	3.34
				09/02/2018	2400	Transfer	6673846	3.34
				23/02/2018	235458	Transfer	6909304	3.46
				23/02/2018	-1000	Transfer	6908304	3.46
				02/03/2018	336645	Transfer	7244949	3.63
				09/03/2018	339419	Transfer	7584368	3.80
				16/03/2018	40668	Transfer	7625036	3.82
				23/03/2018	334739	Transfer	7959775	3.99
				30/03/2018	227339	Transfer	8187114	4.10
				30/03/2018	-1000	Transfer	8186114	4.10
	Shareholding at the end of the year	8186114	4.10	31/03/2018			8186114	4.10
2	**OPPENHEIMER INTERNATIONAL GROWTH FUND**							
	Shareholding at the beginning of the year	6968670	3.49	31/03/2017			6968670	3.49
				28/07/2017	438739	Transfer	7407409	3.71
	Shareholding at the end of the year	7407409	3.71	31/03/2018			7407409	3.71
3	**LAZARD EMERGING MARKETS PORTFOLIO**							
	Shareholding at the beginning of the year	3841817	1.92	31/03/2017			3841817	1.92
				29/09/2017	-156139	Transfer	3685678	1.85
				06/10/2017	-88649	Transfer	3597029	1.80
				15/12/2017	-82076	Transfer	3514953	1.76
	Shareholding at the end of the year	3514953	1.76	31/03/2018			3514953	1.76
4	**ICICI PRUDENTIAL LIFE INSURANCE COMPANY LIMITED**							
	Shareholding at the beginning of the year	1322921	0.66	31/03/2017			1322921	0.66
				07/04/2017	122809	Transfer	1445730	0.72
				14/04/2017	34113	Transfer	1479843	0.74
				21/04/2017	-20119	Transfer	1459724	0.73

Sl. No.	Name of the Shareholder	Shareholding at the beginning/end of the year		Date of change	Increase/ Decrease in shareholding	Reason for increase / decrease	Cumulative shareholding during the year 2017-18	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
				28/04/2017	107592	Transfer	1567316	0.78
				05/05/2017	110552	Transfer	1677868	0.84
				12/05/2017	44019	Transfer	1721887	0.86
				19/05/2017	48190	Transfer	1770077	0.89
				26/05/2017	-21696	Transfer	1748381	0.88
				02/06/2017	17312	Transfer	1765693	0.88
				09/06/2017	5678	Transfer	1771371	0.89
				16/06/2017	1076	Transfer	1772447	0.89
				23/06/2017	17225	Transfer	1789672	0.90
				30/06/2017	-46378	Transfer	1743294	0.87
				07/07/2017	193480	Transfer	1936774	0.97
				14/07/2017	89785	Transfer	2026559	1.01
				21/07/2017	83947	Transfer	2110506	1.06
				28/07/2017	145804	Transfer	2256310	1.13
				04/08/2017	169744	Transfer	2426054	1.21
				11/08/2017	-11674	Transfer	2414380	1.21
				18/08/2017	1197	Transfer	2415577	1.21
				25/08/2017	12525	Transfer	2428102	1.22
				01/09/2017	115540	Transfer	2543642	1.27
				01/09/2017	-131179	Transfer	2412463	1.21
				08/09/2017	48516	Transfer	2460979	1.23
				15/09/2017	27871	Transfer	2488850	1.25
				22/09/2017	751	Transfer	2489601	1.25
				29/09/2017	30779	Transfer	2520380	1.26
				06/10/2017	69957	Transfer	2590337	1.30
				13/10/2017	-1248	Transfer	2589089	1.30
				20/10/2017	6290	Transfer	2595379	1.30
				27/10/2017	638	Transfer	2596017	1.30
				31/10/2017	959	Transfer	2596976	1.30
				03/11/2017	-14523	Transfer	2582453	1.29
				10/11/2017	343	Transfer	2582796	1.29
				17/11/2017	-9271	Transfer	2573525	1.29
				24/11/2017	-13767	Transfer	2559758	1.28
				01/12/2017	-615	Transfer	2559143	1.28
				08/12/2017	31045	Transfer	2590188	1.30
				15/12/2017	996	Transfer	2591184	1.30
				22/12/2017	94761	Transfer	2685945	1.34
				29/12/2017	111325	Transfer	2797270	1.40
				05/01/2018	87688	Transfer	2884958	1.44
				12/01/2018	-9951	Transfer	2875007	1.44
				19/01/2018	38330	Transfer	2913337	1.46
				26/01/2018	-1174	Transfer	2912163	1.46
				02/02/2018	282	Transfer	2912445	1.46

Sl. No.	Name of the Shareholder	Shareholding at the beginning/end of the year		Date of change	Increase/ Decrease in shareholding	Reason for increase / decrease	Cumulative shareholding during the year 2017-18	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
				09/02/2018	81126	Transfer	2993571	1.50
				16/02/2018	-8399	Transfer	2985172	1.49
				23/02/2018	-3773	Transfer	2981399	1.49
				02/03/2018	6305	Transfer	2987704	1.50
				02/03/2018	-9083	Transfer	2978621	1.49
				09/03/2018	-3235	Transfer	2975386	1.49
				16/03/2018	708	Transfer	2976094	1.49
				23/03/2018	33650	Transfer	3009744	1.51
				30/03/2018	71722	Transfer	3081466	1.54
				30/03/2018	-1194	Transfer	3080272	1.54
	Shareholding at the end of the year	3080272	1.54	31/03/2018			3080272	1.54
5	**TEMPLETON GROWTH FUND, INC.**							
	Shareholding at the beginning of the year	2769738	1.39	31/03/2017			2769738	1.39
				15/09/2017	-23207	Transfer	2746531	1.38
				22/09/2017	-395500	Transfer	2351031	1.18
				29/09/2017	-159655	Transfer	2191376	1.10
				19/01/2018	-195300	Transfer	1996076	1.00
				26/01/2018	-63895	Transfer	1932181	0.97
	Shareholding at the end of the year	1932181	0.97	31/03/2018			1932181	0.97
6	**ABERDEEN EMERGING MARKETS FUND**							
	Shareholding at the beginning of the year	2538035	1.27	31/03/2017			2538035	1.27
				28/07/2017	-257979	Transfer	2280056	1.14
				04/08/2017	-114721	Transfer	2165335	1.08
	Shareholding at the end of the year	2165335	1.08	31/03/2018			2165335	1.08
7	**ABERDEEN GLOBAL INDIAN EQUITY LIMITED**							
	Shareholding at the beginning of the year	2440000	1.22	31/03/2017			2440000	1.22
				19/05/2017	-70000	Transfer	2370000	1.19
				14/07/2017	-71000	Transfer	2299000	1.15
				28/07/2017	-110000	Transfer	2189000	1.10
				11/08/2017	-160000	Transfer	2029000	1.02
				25/08/2017	-42000	Transfer	1987000	1.00
				22/09/2017	-80000	Transfer	1907000	0.95
				12/01/2018	-70000	Transfer	1837000	0.92
				23/03/2018	-180000	Transfer	1657000	0.83
	Shareholding at the end of the year	1657000	0.83	31/03/2018			1657000	0.83
8	**GOVERNMENT PENSION FUND GLOBAL**							
	Shareholding at the beginning of the year	2336063	1.17	31/03/2017			2336063	1.17
				14/04/2017	107866	Transfer	2443929	1.22
				21/04/2017	94165	Transfer	2538094	1.27
				09/06/2017	-65308	Transfer	2472786	1.24
				23/06/2017	-8658	Transfer	2464128	1.23

Sl. No.	Name of the Shareholder	Shareholding at the beginning/end of the year		Date of change	Increase/ Decrease in shareholding	Reason for increase / decrease	Cumulative shareholding during the year 2017-18	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
				25/08/2017	32406	Transfer	2496534	1.25
				29/09/2017	27506	Transfer	2524040	1.26
				17/11/2017	11403	Transfer	2535443	1.27
				24/11/2017	152868	Transfer	2688311	1.35
				01/12/2017	143682	Transfer	2831993	1.42
	Shareholding at the end of the year	2831993	1.42	31/03/2018			2831993	1.42
9	**STICHTING DEPOSITARY APG EMERGING MARKETS EQUITY POOL**							
	Shareholding at the beginning of the year	2060345	1.03	31/03/2017			2060345	1.03
				07/04/2017	-1770	Transfer	2058575	1.03
				14/04/2017	99219	Transfer	2157794	1.08
				21/04/2017	67470	Transfer	2225264	1.11
				28/04/2017	31800	Transfer	2257064	1.13
				05/05/2017	21200	Transfer	2278264	1.14
				26/05/2017	-37992	Transfer	2240272	1.12
				02/06/2017	-30000	Transfer	2210272	1.11
				07/07/2017	-225716	Transfer	1984556	0.99
				14/07/2017	35145	Transfer	2019701	1.01
				28/07/2017	-29003	Transfer	1990698	1.00
				04/08/2017	-15585	Transfer	1975113	0.99
				11/08/2017	68752	Transfer	2043865	1.02
				18/08/2017	28573	Transfer	2072438	1.04
				01/09/2017	59475	Transfer	2131913	1.07
				15/09/2017	20548	Transfer	2152461	1.08
				29/09/2017	7896	Transfer	2160357	1.08
				06/10/2017	-64395	Transfer	2095962	1.05
				13/10/2017	-10856	Transfer	2085106	1.04
				20/10/2017	-8504	Transfer	2076602	1.04
				03/11/2017	-4101	Transfer	2072501	1.04
				17/11/2017	34978	Transfer	2107479	1.06
				08/12/2017	-9331	Transfer	2098148	1.05
				15/12/2017	1942	Transfer	2100090	1.05
				02/02/2018	-15371	Transfer	2084719	1.04
				02/03/2018	-8851	Transfer	2075868	1.04
				09/03/2018	75000	Transfer	2150868	1.08
				16/03/2018	-9355	Transfer	2141513	1.07
				23/03/2018	-13336	Transfer	2128177	1.07
	Shareholding at the end of the year	2128177	1.07	31/03/2018			2128177	1.07
10	**SBI MAGNUM EQUITY FUND**							
	Shareholding at the beginning of the year	1937015	0.97	31/03/2017			1937015	0.97
				07/04/2017	157699	Transfer	2094714	1.05
				07/04/2017	-4350	Transfer	2090364	1.05
				14/04/2017	20035	Transfer	2110399	1.06
				21/04/2017	13762	Transfer	2124161	1.06

Sl. No.	Name of the Shareholder	Shareholding at the beginning/end of the year		Date of change	Increase/ Decrease in shareholding	Reason for increase / decrease	Cumulative shareholding during the year 2017-18	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
				21/04/2017	-4100	Transfer	2120061	1.06
				28/04/2017	164792	Transfer	2284853	1.14
				28/04/2017	-65	Transfer	2284788	1.14
				05/05/2017	129988	Transfer	2414776	1.21
				12/05/2017	6869	Transfer	2421645	1.21
				12/05/2017	-209	Transfer	2421436	1.21
				19/05/2017	8012	Transfer	2429448	1.22
				19/05/2017	-390	Transfer	2429058	1.22
				26/05/2017	38115	Transfer	2467173	1.24
				26/05/2017	-285	Transfer	2466888	1.24
				02/06/2017	22251	Transfer	2489139	1.25
				02/06/2017	-78	Transfer	2489061	1.25
				09/06/2017	8201	Transfer	2497262	1.25
				09/06/2017	-106317	Transfer	2390945	1.20
				16/06/2017	10187	Transfer	2401132	1.20
				16/06/2017	-2700	Transfer	2398432	1.20
				23/06/2017	4153	Transfer	2402585	1.20
				23/06/2017	-8092	Transfer	2394493	1.20
				30/06/2017	26796	Transfer	2421289	1.21
				30/06/2017	-20000	Transfer	2401289	1.20
				07/07/2017	22583	Transfer	2423872	1.21
				07/07/2017	-1165	Transfer	2422707	1.21
				14/07/2017	7924	Transfer	2430631	1.22
				14/07/2017	-1566	Transfer	2429065	1.22
				21/07/2017	8052	Transfer	2437117	1.22
				21/07/2017	-1398	Transfer	2435719	1.22
				28/07/2017	18239	Transfer	2453958	1.23
				28/07/2017	-350	Transfer	2453608	1.23
				04/08/2017	157742	Transfer	2611350	1.31
				04/08/2017	-4200	Transfer	2607150	1.31
				11/08/2017	34289	Transfer	2641439	1.32
				11/08/2017	-303	Transfer	2641136	1.32
				18/08/2017	49148	Transfer	2690284	1.35
				18/08/2017	-23250	Transfer	2667034	1.34
				25/08/2017	13995	Transfer	2681029	1.34
				01/09/2017	20955	Transfer	2701984	1.35
				08/09/2017	14099	Transfer	2716083	1.36
				08/09/2017	-90991	Transfer	2625092	1.31
				15/09/2017	23287	Transfer	2648379	1.33
				22/09/2017	13256	Transfer	2661635	1.33
				29/09/2017	6377	Transfer	2668012	1.34
				29/09/2017	-32	Transfer	2667980	1.34
				06/10/2017	90772	Transfer	2758752	1.38

Sl. No.	Name of the Shareholder	Shareholding at the beginning/end of the year		Date of change	Increase/ Decrease in shareholding	Reason for increase / decrease	Cumulative shareholding during the year 2017-18	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
				06/10/2017	-2529	Transfer	2756223	1.38
				13/10/2017	20123	Transfer	2776346	1.39
				20/10/2017	12215	Transfer	2788561	1.40
				27/10/2017	54500	Transfer	2843061	1.42
				31/10/2017	57461	Transfer	2900522	1.45
				03/11/2017	2033	Transfer	2902555	1.45
				10/11/2017	11615	Transfer	2914170	1.46
				10/11/2017	-565	Transfer	2913605	1.46
				17/11/2017	34011	Transfer	2947616	1.48
				24/11/2017	41750	Transfer	2989366	1.50
				24/11/2017	-2859	Transfer	2986507	1.50
				01/12/2017	11617	Transfer	2998124	1.50
				08/12/2017	140090	Transfer	3138214	1.57
				08/12/2017	-2000	Transfer	3136214	1.57
				15/12/2017	22925	Transfer	3159139	1.58
				22/12/2017	12893	Transfer	3172032	1.59
				22/12/2017	-9103	Transfer	3162929	1.58
				29/12/2017	20160	Transfer	3183089	1.59
				29/12/2017	-69	Transfer	3183020	1.59
				05/01/2018	17079	Transfer	3200099	1.60
				12/01/2018	9638	Transfer	3209737	1.61
				12/01/2018	-20	Transfer	3209717	1.61
				19/01/2018	11338	Transfer	3221055	1.61
				19/01/2018	-4242	Transfer	3216813	1.61
				26/01/2018	3308	Transfer	3220121	1.61
				26/01/2018	-25858	Transfer	3194263	1.60
				02/02/2018	150000	Transfer	3344263	1.67
				02/02/2018	-21899	Transfer	3322364	1.66
				09/02/2018	9894	Transfer	3332258	1.67
				09/02/2018	-14736	Transfer	3317522	1.66
				16/02/2018	30127	Transfer	3347649	1.68
				16/02/2018	-52407	Transfer	3295242	1.65
				23/02/2018	7042	Transfer	3302284	1.65
				23/02/2018	-51931	Transfer	3250353	1.63
				02/03/2018	17328	Transfer	3267681	1.64
				02/03/2018	-306	Transfer	3267375	1.64
				09/03/2018	23424	Transfer	3290799	1.65
				09/03/2018	-35850	Transfer	3254949	1.63
				16/03/2018	27279	Transfer	3282228	1.64
				16/03/2018	-11500	Transfer	3270728	1.64
				23/03/2018	34737	Transfer	3305465	1.66
				23/03/2018	-3000	Transfer	3302465	1.65

Sl. No.	Name of the Shareholder	Shareholding at the beginning/end of the year		Date of change	Increase/ Decrease in shareholding	Reason for increase / decrease	Cumulative shareholding during the year 2017-18	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
				30/03/2018	57259	Transfer	3359724	1.68
				30/03/2018	-7650	Transfer	3352074	1.68
	Shareholding at the end of the year	3352074	1.68	31/03/2018			3352074	1.68
11	**KOTAK MAHINDRA 50 UNIT SCHEME**							
	Shareholding at the beginning of the year	1677877	0.84	31/03/2017			1677877	0.84
				07/04/2017	-8160	Transfer	1669717	0.84
				14/04/2017	50000	Transfer	1719717	0.86
				14/04/2017	-46809	Transfer	1672908	0.84
				21/04/2017	60082	Transfer	1732990	0.87
				21/04/2017	-19400	Transfer	1713590	0.86
				28/04/2017	2402	Transfer	1715992	0.86
				28/04/2017	-159	Transfer	1715833	0.86
				05/05/2017	106	Transfer	1715939	0.86
				05/05/2017	-7400	Transfer	1708539	0.86
				12/05/2017	8400	Transfer	1716939	0.86
				12/05/2017	-51	Transfer	1716888	0.86
				19/05/2017	28052	Transfer	1744940	0.87
				19/05/2017	-10000	Transfer	1734940	0.87
				26/05/2017	117	Transfer	1735057	0.87
				26/05/2017	-9800	Transfer	1725257	0.86
				02/06/2017	3800	Transfer	1729057	0.87
				02/06/2017	-26856	Transfer	1702201	0.85
				09/06/2017	108	Transfer	1702309	0.85
				09/06/2017	-1613	Transfer	1700696	0.85
				16/06/2017	71421	Transfer	1772117	0.89
				16/06/2017	-3	Transfer	1772114	0.89
				23/06/2017	8448	Transfer	1780562	0.89
				23/06/2017	-15	Transfer	1780547	0.89
				30/06/2017	2816	Transfer	1783363	0.89
				30/06/2017	-38	Transfer	1783325	0.89
				07/07/2017	84	Transfer	1783409	0.89
				07/07/2017	-10600	Transfer	1772809	0.89
				14/07/2017	-5771	Transfer	1767038	0.88
				21/07/2017	-438	Transfer	1766600	0.88
				28/07/2017	-21196	Transfer	1745404	0.87
				04/08/2017	116	Transfer	1745520	0.87
				04/08/2017	-3400	Transfer	1742120	0.87
				11/08/2017	100136	Transfer	1842256	0.92
				11/08/2017	-38800	Transfer	1803456	0.90
				18/08/2017	5491	Transfer	1808947	0.91
				25/08/2017	16097	Transfer	1825044	0.91
				01/09/2017	113228	Transfer	1938272	0.97

Sl. No.	Name of the Shareholder	Shareholding at the beginning/end of the year		Date of change	Increase/ Decrease in shareholding	Reason for increase / decrease	Cumulative shareholding during the year 2017-18	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
				01/09/2017	-8400	Transfer	1929872	0.97
				08/09/2017	32816	Transfer	1962688	0.98
				15/09/2017	77403	Transfer	2040091	1.02
				15/09/2017	-54	Transfer	2040037	1.02
				22/09/2017	236807	Transfer	2276844	1.14
				22/09/2017	-188	Transfer	2276656	1.14
				29/09/2017	163879	Transfer	2440535	1.22
				06/10/2017	67481	Transfer	2508016	1.26
				06/10/2017	-244	Transfer	2507772	1.26
				13/10/2017	182450	Transfer	2690222	1.35
				13/10/2017	-153	Transfer	2690069	1.35
				20/10/2017	-12668	Transfer	2677401	1.34
				27/10/2017	36	Transfer	2677437	1.34
				27/10/2017	-34470	Transfer	2642967	1.32
				31/10/2017	-4507	Transfer	2638460	1.32
				03/11/2017	17	Transfer	2638477	1.32
				03/11/2017	-107400	Transfer	2531077	1.27
				10/11/2017	12369	Transfer	2543446	1.27
				10/11/2017	-1	Transfer	2543445	1.27
				17/11/2017	578	Transfer	2544023	1.27
				17/11/2017	-71200	Transfer	2472823	1.24
				24/11/2017	-43050	Transfer	2429773	1.22
				01/12/2017	-18097	Transfer	2411676	1.21
				08/12/2017	437	Transfer	2412113	1.21
				08/12/2017	-109000	Transfer	2303113	1.15
				15/12/2017	18137	Transfer	2321250	1.16
				15/12/2017	-3	Transfer	2321247	1.16
				22/12/2017	-163397	Transfer	2157850	1.08
				29/12/2017	-66732	Transfer	2091118	1.05
				05/01/2018	17	Transfer	2091135	1.05
				12/01/2018	9608	Transfer	2100743	1.05
				12/01/2018	-5064	Transfer	2095679	1.05
				19/01/2018	95854	Transfer	2191533	1.10
				19/01/2018	-20000	Transfer	2171533	1.09
				26/01/2018	200	Transfer	2171733	1.09
				26/01/2018	-32034	Transfer	2139699	1.07
				02/02/2018	357	Transfer	2140056	1.07
				02/02/2018	-59200	Transfer	2080856	1.04
				09/02/2018	280	Transfer	2081136	1.04
				09/02/2018	-40000	Transfer	2041136	1.02
				16/02/2018	-95060	Transfer	1946076	0.97
				23/02/2018	121	Transfer	1946197	0.97

Sl. No.	Name of the Shareholder	Shareholding at the beginning/end of the year		Date of change	Increase/ Decrease in shareholding	Reason for increase / decrease	Cumulative shareholding during the year 2017-18	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
				23/02/2018	-31200	Transfer	1914997	0.96
				02/03/2018	23	Transfer	1915020	0.96
				02/03/2018	-23800	Transfer	1891220	0.95
				09/03/2018	273	Transfer	1891493	0.95
				09/03/2018	-6600	Transfer	1884893	0.94
				16/03/2018	378	Transfer	1885271	0.94
				23/03/2018	53343	Transfer	1938614	0.97
				23/03/2018	-13968	Transfer	1924646	0.96
				30/03/2018	-32738	Transfer	1891908	0.95
	Shareholding at the end of the year	1891908	0.95	31/03/2018			1891908	0.95
12	**GMO EMERGING MARKETS FUND, A SERIES OF GMO TRUST**							
	Shareholding at the beginning of the year	1855762	0.93	31/03/2017			1855762	0.93
				09/06/2017	-53922	Transfer	1801840	0.90
				16/06/2017	-245524	Transfer	1556316	0.78
				23/06/2017	-160248	Transfer	1396068	0.70
				30/06/2017	-553450	Transfer	842618	0.42
				21/07/2017	-209975	Transfer	632643	0.32
				28/07/2017	-137362	Transfer	495281	0.25
				29/09/2017	-72305	Transfer	422976	0.21
				06/10/2017	-123124	Transfer	299852	0.15
				27/10/2017	-62255	Transfer	237597	0.12
				17/11/2017	-51255	Transfer	186342	0.09
				08/12/2017	-17957	Transfer	168385	0.08
				16/02/2018	-21728	Transfer	146657	0.07
				23/03/2018	-146657	Transfer	0	0.00
	Shareholding at the end of the year	0	0.00	31/03/2018			0	0.00

(v) Shareholding of Directors & KMP

Sl. No.	Name of Directors/KMP	Shareholding at the beginning/end of the year		Date of change	Increase/ Decrease in shareholding	Reason for Increase or Decrease	Cumulative shareholding during the year 2017-18	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	**Mr. Pawan Munjal**							
	Shareholding at the beginning of the year	9384876*	4.70	There is no change in the shareholding during the financial year 2017-18.				
	Shareholding at the end of the year	9384876*	4.70					
2	**Mr. Suman Kant Munjal**							
	Shareholding at the beginning of the year	9391101$	4.70	There is no change in the shareholding during the financial year 2017-18.				
	Shareholding at the end of the year	9391101$	4.70					
3	**Mr. Paul Edgerley**							
	Shareholding at the beginning of the year	0	0.00	There is no change in the shareholding during the financial year 2017-18.				
	Shareholding at the end of the year	0	0.00					
4	**Mr. Pradeep Dinodia**							
	Shareholding at the beginning of the year	810	0.00	There is no change in the shareholding during the financial year 2017-18.				
	Shareholding at the end of the year	810	0.00					
5	**Gen.(Retd.) V. P. Malik**							
	Shareholding at the beginning of the year	0	0.00	There is no change in the shareholding during the financial year 2017-18.				
	Shareholding at the end of the year	0	0.00					
6	**Dr. Anand C. Burman**							
	Shareholding at the beginning of the year	0	0.00	There is no change in the shareholding during the financial year 2017-18.				
	Shareholding at the end of the year	0	0.00					
7	**Mr. M. Damodaran**							
	Shareholding at the beginning of the year	0	0.00	There is no change in the shareholding during the financial year 2017-18.				
	Shareholding at the end of the year	0	0.00					
8	**Dr. Pritam Singh**							
	Shareholding at the beginning of the year	0	0.00	There is no change in the shareholding during the financial year 2017-18.				
	Shareholding at the end of the year	0	0.00					
9	**Mr. Ravi Nath**							
	Shareholding at the beginning of the year	0	0.00	There is no change in the shareholding during the financial year 2017-18.				
	Shareholding at the end of the year	0	0.00					
10	**Ms. Shobana Kamineni**							
	Shareholding at the beginning of the year	0	0.00	There is no change in the shareholding during the financial year 2017-18.				
	Shareholding at the end of the year	0	0.00					
11	**Mr. Vikram S. Kasbekar**							
	Shareholding at the beginning of the year	800	0.00	31/10/2017	Increase	Allotted under ESOP	1410	0.00
	Shareholding at the end of the year	2210	0.00				2210	0.00
12	**Mr. Niranjan Gupta**							
	Shareholding at the beginning of the year	0	0.00	There is no change in the shareholding during the financial year 2017-18.				
	Shareholding at the end of the year	0	0.00					
13	**Ms. Neerja Sharma**							
	Shareholding at the beginning of the year	0	0.00	31/10/2017	Increase	Allotted under ESOP	162	0.00
	Shareholding at the end of the year	162	0.00				162	0.00

* Comprise of 43,354 equity shares held in his own name, 32,500 equity shares as Karta of HUF and 93,09,022 equity shares held on behalf of Brijmohan Lal Om Parkash, partnership firm.

$ Comprise of 71,250 equity shares held in his own name, 10,833 equity shares as Karta of HUF and 93,09,018 equity shares held on behalf of Brijmohan Lal Om Parkash, partnership firm.

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

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

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in crores)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Mr. Pawan Munjal, Chairman, MD & CEO	Mr. Vikram S. Kasbekar, Whole-time Director	
1.	Gross salary			
	a. Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	67.24	5.48	72.72
	b. Value of perquisites u/s 17(2) of the Income Tax Act, 1961	1.04	0.30	1.34
	c. Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
2.	Stock option	-	0.21	0.21
3.	Sweat Equity	-	-	-
4.	Commission			
	Less : as % of profit - 16-17 paid included above	(45.64)	-	(45.64)
	Add: as % of profit provided not included above	51.72	-	51.72
	others	-	-	-
5.	Others (PF & Gratuity)	1.08	0.26	1.34
	Total (A)	**75.44**	**6.25**	**81.69**
	Ceiling as per the Act			**526.31**

B. Remuneration to other directors:

(₹ in crores)

Sl. No.	Particulars of Remuneration	Name of Directors								
1.	**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**	**Total**
	a. Fee for attending board committee meetings	0.21	0.17	0.12	0.18	0.16	0.05	0.02	0.02	0.93
	b. Commission	0.70	0.59	0.46	0.61	0.40	0.15	0.07	0.06	3.04
	c. Others	-	-	-	-	-	-	-	-	-
	Total (1)	**0.91**	**0.76**	**0.58**	**0.79**	**0.56**	**0.20**	**0.09**	**0.08**	**3.97**
2.	**Other Non-Executive Directors**	**Mr. Suman Kant Munjal**								
	a. Fee for attending board committee meetings	0.04	-	-	-	-	-	-	-	0.04
	b. Commission	0.14	-	-	-	-	-	-	-	0.14
	c. Others	-	-	-	-	-	-	-	-	-
	Total (2)	**0.18**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.18**
	Total B = (1+2)	**1.09**	**0.76**	**0.58**	**0.79**	**0.56**	**0.20**	**0.09**	**0.08**	**4.15**
	Total Managerial Remuneration									**85.84**
	Overall Ceiling as per the Act									**578.94**

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

(₹ in crores)

Sl. No.	Particulars of Remuneration	Mr. Niranjan Gupta, Chief Financial Officer	Ms. Neerja Sharma, Company Secretary	Total Amount
1.	Gross Salary			
	a. Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	2.37	1.44	3.81
	b. Value of perquisites u/s 17(2) of the Income Tax Act, 1961	0.15	0.09	0.24
	c. Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
2.	Stock option	-	0.02	0.02
3.	Sweat Equity	-	-	-
4.	Commission			
	as % of profit	-	-	-
	others	-	-	-
5.	Others (PF & Gratuity)	0.11	0.08	0.19
	Total	**2.63**	**1.63**	**4.26**

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
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

Not Applicable

ANNEXURE - XII

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

CONSERVATION OF ENERGY

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

- Approx. annual savings on vehicles produced in FY 2017- 18: ₹ 17 million

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

- Solar Power Plants (~5.6 MW across HMCL)
- Natural wind ventilators
- Wind-Solar Hybrid Street Lights (Complete Plant)

(iii) Capital Investment on energy conservation equipment:

- Approx. capital investments on energy conservation equipment in FY 2017-18: ₹ 200 million

TECHNOLOGY ABSORPTION

(i) Efforts made towards technology absorption

- 50 patents applied towards development of new technologies

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

- New 200cc air cooled engine designed and developed in-house

(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 two-wheelers above 125cc
- Development of CBS for two-wheelers below 125cc

(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, 2018	March 31, 2017
Capital	126.79	276.38
Recurring	366.72	424.71
Total R&D expenditure as a percentage of total revenue (as per Statement of Profit & Loss)	1.48%	2.23%

FOREIGN EXCHANGE EARNINGS AND OUTGO

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

- **Export performance for FY 2017-18:** The Company achieved 204,476 units in exports for FY 2017-18 against the backdrop of industry decline in many markets
- **Capacities:** Bangladesh – 150,000 / annum
  Colombia – 80,000 / annum

Key initiatives in FY 2017-18:

1. South Asia:
   - HMCL commissioned its local manufacturing plant in Bangladesh in FY 2017-18;
   - Bangladesh market grew by over 70% in FY 2017-18 riding on the back of robust economic growth and conducive fiscal policy of the government;
   - Sri Lankan market remained more or less flat, while after a robust growth in the previous year;
   - Nepal market de-grew in FY 2017-18.
2. Africa:
   - Nigeria, the largest West African market contracted in FY 2017-18;
   - East African markets have been relatively more stable in terms of industry growth;
   - HMCL would continue its focus on improving customer reach, brand building and market share improvement in the African markets.

3. Middle East:
   - Markets for both Turkey and Iran contracted significantly due to emission transition;
   - Markets are expected to be stable in Turkey in the coming financial year;
   - Iran has announced shift to Euro-IV regulations in the coming year;
   - HMCL would be launching new products in these markets.
4. Latin America:
   - Colombian market de-grew by 10% whilst Argentina and Central American Cluster showed growth of 32% and 24% respectively;
   - With the launch of new premium bikes and scooters in the coming financial year, HMCL is well poised to improve its market share.
5. FY 2017-18 saw HMCL participating not only in Auto Expo India, but also being a key participant in Auto Shows in important global markets like Sri Lanka, Nepal, Turkey and Italy (EICMA).
6. HMCL would strive to deliver environmental friendly, safe, fuel efficient and cost effective transport to customers across all regions, while complying with all local mandates on regulations.
7. The year also saw HMCL associating with the various sporting events around the globe: Hero Indian Open, Hockey World League London, AAMSO Golf Tournament Scotland, Hero Cup (Sri Lanka vs Zimbabwe), Caribbean Premier League, India's tour of Sri Lanka, Hero World Challenge Bahamas, Hero Asia Cup (Bangladesh), British Masters and the Nidahas Trophy (Sri Lanka).
8. Major campaigns of products, services and corporate:
   - Impactful communication featuring Diego Simeone for Latin America;
   - Corporate communication highlighting the 5 year Warranty for South Asia (Nepal, Sri Lanka and Bangladesh);
   - New corporate campaign for HMCL's biggest global market – Bangladesh;
   - Efforts to establish Hero as a global brand were increased manifold;
   - In comparatively media dark regions of Africa, important campaigns to establish brand Hero were rolled out.

'Hero de Owner' – The first organized finance campaign and 'No Wahala No Kobo' – a campaign to increase brand consideration and preference amongst Okada riders in Nigeria.

Key initiatives of FY 2018-19 will include:

i. Entering new markets (Mexico);

ii. Launching new products;

iii. Strengthening after sales, dealer salesmen skills and retail finance offerings;

iv. Undertaking brand building through marketing campaigns.

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 FY 2017-18 were ₹ 737.64 crores, as compared to ₹ 581.35 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 2017-18 was ₹ 252.19 crores, as compared to ₹ 215.23 crores in the previous FY.

Outgo for import of components, spare parts, raw materials and capital goods during the FY 2017-18 was ₹ 1,011.15 crores, as compared to ₹ 992.82 crores in the previous financial year.

INDEPENDENT AUDITOR'S REPORT

To The Members of
Hero MotoCorp Limited

Report on the Audit of 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 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information (together referred to as "Ind AS financial statements").

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 state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows 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.

In preparing the Ind AS financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

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

We conducted our audit 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 are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained 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 31 March 2018, its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Other Matters

The comparative financial statements of the Company for the year ended 31 March 2017 were audited by another auditor who

expressed an unmodified opinion on those statements on 10 May 2017.

Report on Other Legal and Regulatory Requirements

1. 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 A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the 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 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"**;

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, 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. According to the information and explanation given to us, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. According to the information and explanation given to us, there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;

iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited Standalone Ind AS financial statements for the period ended 31 March 2017 have been disclosed.

For **B S R & Co. LLP**
Chartered Accountants
Firm registration No.: 101248W/W-100022

Jiten Chopra
Partner
Membership No.: 092894

Place: New Delhi
Date: 2 May 2018

ANNEXURE A REFERRED TO IN THE INDEPENDENT AUDITOR'S REPORT

to the Members of Hero MotoCorp Limited on the standalone Ind AS financial statements for the year ended 31 March 2018

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its Property, plant and equipment by which all the items are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain property, plant and equipment were physically verified during the year. As informed to us, no material discrepancies were noted on such verification.

(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) Inventories, except for goods-in-transit and stocks lying with third parties have been physically verified by the management during the year at reasonable intervals. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained. According to the information and explanations given to us, the procedures for physical verification of inventories followed by the management during the year are reasonable and adequate in relation to the size of the Company and the nature of its business. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly adjusted in the books of account.

(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 Act.

(iv) According to the information and explanations given to us, the Company has not given any loans, or provided any guarantee or security as specified under section 185 and 186 of the Companies Act, 2013. Moreover, in respect of the investments made by the Company, requirements of section 186 of the Companies Act, 2013 have been complied with.

(v) According to the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable.

(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) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees state insurance, sales-tax, goods and service tax, income-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanation given to us, there are no undisputed amounts payable in respect of provident fund, employees state insurance, sales-tax, goods and service tax, income-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues that were in arrear as on 31 March 2018 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues in respect of income-tax, sales-tax, goods and service tax, value added tax, service tax, duty of customs and duty of excise which have not been deposited with the appropriate authorities on account of any dispute as at 31 March 2018, other than those mentioned as follows:

Name of Statute	Nature of Dues	Amount* (₹ in crores)	Amount paid (₹ in crores)	Period to which the Amount Relates	Forum where Dispute is Pending
Central Excise Law	Excise duty	691.57	320.88	2008-09 to 2013-14	Supreme Court
		1.61	0.01	2014-15 to 2015-16	Commissioner Appeal
		870.47	415.58	2002-03 to 2017-18	CESTAT
Finance Act, 1994	Service Tax	0.89	0.45	2004-05 to 2005-06	Supreme Court
		234.43	24.99	2004-05 to 2011-12	CESTAT
Income-tax Act, 1961	Income-tax	7,342.99	528.44	2008-09, 2011-12 to 2012-13	Income Tax Appellant Tribunal
		715.59	-	2004-05, 2009-10, 2013-14	Commissioner of Income Tax (Appeals)

* Amount as per demand orders including interest and penalty wherever indicated in the order

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)	Amount paid as per stay order/ mandatory deposit	Period to which the Amount Relates	Forum where Dispute is Pending
Central Excise Law	Excise duty	8.17	-	2002-03 to 2004-05	Supreme Court
		85.66	41.44	2009-10 to 2010-11, 2013-14	CESTAT
Income-tax Act, 1961	Income-tax	4,947.77	-	1987-88, 1989-90, 1992-93, 1993-94, 1995-96, 1996-97, 1997-98, 1998-99, 2000-01, 2006-07, 2009-10 and 2010-11	High Court
		72.00	-	2001-02, 2003-04, 2004-05, 2005-06 and 2007-08	Income Tax Appellate Tribunal

(viii) According to the information and explanation given to us, the Company has not taken any loans or borrowings from banks, financial institutions and government and there were no debentures issued during the year or outstanding as at 31 March 2018.

(ix) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.

(x) During the course of our examination of the books and records of the Company and according to the information and explanations given to us, no material fraud by the Company or 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) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us and on the basis of examination of the records of the Company, the transactions with related parties are in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, and the details of the related party transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

(xiv) According to information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) 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 subsidiaries or associate companies or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-1A of the Reserve Bank of India Act, 1934.

For **B S R & Co. LLP**
Chartered Accountants
Firm registration No.: 101248W/W-100022

Jiten Chopra
Partner
Membership No.: 092894

Place: New Delhi
Date: 2 May 2018

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

of even date on the standalone Ind AS Financial Statements of Hero MotoCorp Limited for the year ended 31 March 2018

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

We have audited the internal financial controls with reference to financial statements of Hero MotoCorp Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the 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 with reference to financial statements 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 ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements 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 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 financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2018, based on the internal control with reference to financial statements 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 ICAI.

For **B S R & Co. LLP**
Chartered Accountants
Firm registration No.: 101248W/W-100022

Jiten Chopra
Partner
Membership No.: 092894

Place: New Delhi
Date: 2 May 2018

BALANCE SHEET

AS AT MARCH 31, 2018

(Amount in crores of INR)

Particulars	Note	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
(a) Property, plant and equipment	5	4,485.89	4,310.73
(b) Capital work-in-progress	6	203.78	270.72
(c) Intangible assets	7	168.65	84.86
(d) Intangible assets under development	8	114.61	194.33
(e) Financial assets			
(i) Investments	9	1,934.08	1,349.00
(ii) Loans	10	45.68	48.36
(f) Income tax assets (net)	12	379.26	331.94
(g) Other non-current assets	13	558.67	651.14
Total Non - Current Assets		**7,890.62**	**7,241.08**
Current assets			
(a) Inventories	14	823.58	656.31
(b) Financial assets			
(i) Investments	9	5,591.12	4,540.85
(ii) Trade receivables	15	1,520.18	1,561.87
(iii) Cash and cash equivalents	16	34.38	15.40
(iv) Bank balances other than (iii) above	17	106.96	121.33
(v) Loans	10	27.56	24.18
(vi) Others	11	539.37	144.95
(c) Other current assets	13	205.03	388.29
Total Current Assets		**8,848.18**	**7,453.18**
Total Assets		**16,738.80**	**14,694.26**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	18	39.94	39.94
(b) Other equity	19	11,728.94	10,071.35
Total equity		**11,768.88**	**10,111.29**
LIABILITIES			
Non-current liabilities			
(a) Provisions	20	114.94	75.30
(b) Deferred tax liabilities (net)	21	511.66	414.34
Total Non - Current Liabilities		**626.60**	**489.64**
Current liabilities			
(a) Financial liabilities			
(i) Trade payables	22	3,318.81	3,247.27
(ii) Other financial liabilities	23	202.14	352.77
(b) Other current liabilities	24	762.58	454.28
(c) Provisions	20	59.79	39.01
Total Current Liabilities		**4,343.32**	**4,093.33**
Total Equity and Liabilities		**16,738.80**	**14,694.26**
The notes referred to above form an integral part of the financial statements	1-45		

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W-100022

Jiten Chopra
Partner
Membership No:092894

Place : New Delhi
Date : May 02, 2018

For and on behalf of the Board of Directors

Pawan Munjal
Chairman, Managing Director & CEO
DIN-00004223

Niranjan Kumar Gupta
Chief Financial Officer

Place : New Delhi
Date : May 02, 2018

Pradeep Dinodia
Chairman Audit Committee
DIN-00027995

Neerja Sharma
Company Secretary

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2018

(Amount in crores of INR)

Particulars	Note	For the year ended March 31, 2018	For the year ended March 31, 2017
INCOME			
Revenue from operations	25	32,871.82	30,871.59
Other income	26	525.82	522.43
Total Income		**33,397.64**	**31,394.02**
EXPENSES			
Cost of raw materials consumed	27	21,857.79	18,974.11
Change in inventories of finished goods and work-in-progress	28	(23.15)	63.17
Excise duty on sale of goods		641.33	2,371.13
Employee benefit expenses	29	1,540.13	1,396.01
Finance costs	30	6.25	6.05
Depreciation and amortisation expenses	5 & 7	555.60	492.73
Other expenses	31	3,575.53	3,432.36
Total expenses		**28,153.48**	**26,735.56**
Profit before tax		5,244.16	4,658.46
Tax expense	32		
Current tax		1,446.95	1,082.08
Deferred tax		99.85	199.26
Total tax expense		**1,546.80**	**1,281.34**
Profit for the year		**3,697.36**	**3,377.12**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:-			
Re-measurement losses on defined benefit plans		(7.24)	(21.53)
Income tax effect		2.53	7.45
Net other comprehensive income not to be reclassified to profit or loss		**(4.71)**	**(14.08)**
Total comprehensive income for the year, net of income tax		**3,692.65**	**3,363.04**
Earnings per share (of ₹ 2 each) in ₹	33		
(a) Basic		185.14	169.12
(b) Diluted		185.13	169.12
The notes referred to above form an integral part of the financial statements	1-45		

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W-100022

Jiten Chopra
Partner
Membership No:092894

Place : New Delhi
Date : May 02, 2018

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 02, 2018

CASH FLOWS STATEMENT

FOR THE YEAR ENDED MARCH 31, 2018

(Amount in crores of INR)

Particulars	Note	Year ended March 31, 2018		Year ended March 31, 2017	
A. CASH FLOWS FROM OPERATING ACTIVITIES					
Profit after tax			**3,697.36**		**3,377.12**
Adjustments for:					
Add: Depreciation and amortisation expense		555.60		492.73	
Tax expense		1,546.80		1,281.34	
Loss on property, plant and equipment sold/discarded		25.34		170.82	
Finance cost		6.25		6.05	
Employee stock compensation cost		5.35		3.42	
			2,139.34		**1,954.36**
Less: Interest income on financial assets carried at amortised cost		154.17		156.89	
Dividend income		76.31		41.81	
Profit on sale of investments		216.09		137.85	
Gain on investments carried at fair value through profit or loss		74.53		179.25	
Profit on sale of property, plant and equipment		0.52		0.46	
			521.62		**516.26**
Operating profit before working capital changes			**5,315.08**		**4,815.22**
Changes in working capital:					
Adjustment for (increase)/decrease in operating assets:					
Inventories		(167.27)		16.67	
Trade receivables		41.69		(279.07)	
Loans-current		(3.38)		(0.12)	
Loans-non-current		2.68		1.54	
Other (financial assets)		(394.42)		15.57	
Other current assets		183.26		22.10	
Other non-current assets		69.27		70.60	
			(268.17)		**(152.71)**
Adjustment for increase/(decrease) in operating liabilities:					
Trade payables		71.54		596.71	
Other financial liabilities-Current		(12.04)		(13.65)	
Other current liabilities		308.30		(48.12)	
Short-term provisions		20.78		9.35	
Long-term provisions		39.64		7.70	
			428.23		**551.99**
Cash generated from operating activities			5,475.14		5,214.50
Less:Direct taxes paid			1,494.28		1,186.48
Net cash generated from operating activities (A)			**3,980.86**		**4,028.02**
B. CASH FLOWS FROM INVESTING ACTIVITIES					
Capital expenditure on property, plant & equipment and intangible assets including capital advances			(801.84)		(1,150.69)
Proceeds from sale of property, plant & equipment			2.61		1.62
Sale of investments			33,599.38		28,274.08
Purchase of investments			(34,780.58)		(28,991.50)
Investment in associates			(90.09)		(216.92)
Investment in subsidiaries			(73.44)		(57.39)

Particulars	Note	Year ended March 31, 2018		Year ended March 31, 2017	
Interest income on financial assets carried at amortised cost			152.43		155.05
Dividend income			76.31		41.81
Net cash (used) in investing activities (B)			**(1,915.22)**		**(1,943.94)**
C. CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid			(6.25)		(6.05)
Dividends paid			(1,697.50)		(1,737.34)
Tax on dividend			(345.57)		(353.69)
Proceeds from issue of equity share capital (including securities premium)			2.66		1.45
Net cash (used) in financing activities (C)			**(2,046.66)**		**(2,095.63)**
D. INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)			**18.98**		**(11.55)**
Cash and cash equivalents at the beginning of the year			**15.40**		**26.95**
Cash and cash equivalents at the end of the year			**34.38**		**15.40**
The notes referred to above form an integral part of the financial statements	1 to 45				

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W-100022

Jiten Chopra
Partner
Membership No:092894

Place : New Delhi
Date : May 02, 2018

For and on behalf of the Board of Directors

Pawan Munjal
Chairman, Managing Director & CEO
DIN-00004223

Niranjan Kumar Gupta
Chief Financial Officer

Place : New Delhi
Date : May 02, 2018

Pradeep Dinodia
Chairman Audit Committee
DIN-00027995

Neerja Sharma
Company Secretary

STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2018

(Amount in crores of INR)

A. EQUITY SHARE CAPITAL

	Number of shares	Amount
Balance as at April 01, 2016	199,690,088	39.94
Changes in equity share capital during the year		
Issue of equity shares under employee share option plan (# ₹ 13,500) (Note 40)	6,750	#
Balance as at March 31, 2017	199,696,838	39.94
Changes in equity share capital during the year		
Issue of equity shares under employee share option plan (# ₹ 29,234) (Note 40)	14,617	#
Balance as at March 31, 2018	**199,711,455**	**39.94**

B. OTHER EQUITY

Particulars	Reserves and Surplus					
	Capital reserve	Securities premium reserve	General reserve	Share options outstanding account	Retained earnings	Total
Balance as at April 01, 2016	#	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)
Total Comprehensive Income for the year	-	-	-	-	3,363.04	3,363.04
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
Balance as at March 31, 2017	**#**	**3.13**	**2,645.79**	**3.90**	**7,418.53**	**10,071.35**
Profit for the year	-	-	-	-	3,697.36	3,697.36
Other comprehensive income for the year, net of income tax	-	-	-	-	(4.71)	(4.71)
Total Comprehensive Income for the year	-	-	-	-	3,692.65	3,692.65
Charge against share-based payments	-	-	-	5.35	-	5.35
Transferred to share premium on issue of shares	-	2.51	-	(2.51)	-	-
Payment of dividends	-	-	-	-	(1,697.50)	(1,697.50)
Tax on dividend	-	-	-	-	(345.57)	(345.57)
Issue of equity shares under employee share option plan	-	2.66	-	-	-	2.66
Balance as at March 31, 2018	**#**	**8.30**	**2,645.79**	**6.74**	**9,068.11**	**11,728.94**

on shares forfeited (₹ 4250) and share premium account on forfeited share reissued(₹ 25,500)

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W-100022

Jiten Chopra
Partner
Membership No:092894

Place : New Delhi
Date : May 02, 2018

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 02, 2018

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2018
(Amount in crores of INR)

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, 2018 were approved by the Board of Directors and authorised for issue on May 02, 2018.

2. Basis of preparation and presentation

2.1 Statement of Compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments, net defined benefit asset/liability and liabilities for equity settled share based payment arrangements that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

These financial statements are presented in Indian Rupee (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest crores, unless otherwise stated.

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; and

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.

Exchange differences on monetary items are recognised in the Statement of profit or loss in the period in which they arise.

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, if any, for which the grants are intended to compensate.

3.6 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Payments to defined contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Defined benefit plans

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 benefit 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 employee benefits

Liabilities recognised in respect of wages and salaries and other short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service and are expensed as the related services are provided.

Other long-term employee benefits

Liabilities recognised in respect of other long-term employee benefits such as long term service awards and compensated absences 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 based on the actuarial valuation using the projected unit credit method carried out at the year-end. Remeasurement gain or losses are recognised in the statement of profit and loss in the period in which they arise.

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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2018
(Amount in crores of INR)

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 Share Option's Outstanding account.

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 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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they related to income taxes levied by the same tax authority.

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, if any. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses. Freehold land is not depreciated.

Property, plant and equipment 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 capitalised borrowing cost. 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.

Depreciation is recognised on 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 as per the useful lives prescribed in Schedule II to the Companies Act, 2013 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 grouped under property, plant and equipment.

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 the Statement of 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:

- 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 de-recognition 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 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.

For impairment testing, assets that don't generate independent cash flows are grouped together into cash generating units (CGU's). Each CGU represents the smallest group of assets that generate cash inflows that are largely independent of the cash inflows of other assets or CGU's.

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

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(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. Cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. Costs of inventories are determined on a moving weighted average. Finished goods and work-in-progress include appropriate proportion of overheads. 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 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. The Company has not designated any debt instrument as at FVTPL.

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.

Investments in subsidiaries and associates

Investment in subsidiaries and associates are carried at cost in 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.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intents either to settle them on net basis or to realise the assets and settle the liabilities simultaneously.

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 under 'Finance costs'.

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.

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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.

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.

3.18 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and 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 Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs

3.21 Recent accounting pronouncements (standards notified but not yet effective) :-

Ind AS 115, Revenue from Contract with Customers:-

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. Ind AS 115, establishes a comprehensive framework for determining whether, how much and when revenue should be recognised.

It replaces existing revenue recognition guidance, including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and Guidance Note on Accounting for Real Estate Transactions. Ind AS 115 is effective for annual periods beginning on or after 1 April 2018 and will be applied accordingly.

The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The Company has completed its preliminary evaluation of the possible impact of Ind AS 115. The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The Company does not expect the impact of the adoption of the new standard to be material.

Ind AS 21:- The effect of changes in foreign exchange rates:-

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS

21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The appendix explains that the date of transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability.

The amendment will come into force from April 1, 2018. The Company has preliminary evaluated the effect of this on the financial statements and the impact is not material.

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 prospectively.

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.

Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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. Contingent loss 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. Contingent gain 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, 2018 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.

Impairment of 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.

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5. Property, plant and equipment

Particulars	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Data Processing equipment	Total
Cost								
At April 1, 2016	79.85	1,420.12	3,791.54	28.57	34.69	36.14	145.75	5,536.66
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
At 31 March 2017	**79.85**	**1,929.49**	**4,472.38**	**37.72**	**44.35**	**42.80**	**166.54**	**6,773.13**
Additions	6.45	212.10	426.58	3.74	10.15	15.03	26.51	700.56
Disposals	-	0.30	57.97	0.30	5.40	1.00	3.58	68.55
At 31 March 2018	**86.30**	**2,141.29**	**4,840.99**	**41.16**	**49.10**	**56.83**	**189.47**	**7,405.14**
Accumulated depreciation								
At April 1, 2016	-	194.69	1,739.69	11.90	17.06	19.82	88.04	2,071.20
Depreciation expense	-	47.54	362.78	2.97	4.40	5.06	21.53	444.28
Adjustments	-	1.02	39.91	0.52	5.78	1.46	4.39	53.08
At 31 March 2017	**-**	**241.21**	**2,062.56**	**14.35**	**15.68**	**23.42**	**105.18**	**2,462.40**
Depreciation expense	-	60.32	416.54	3.55	4.92	6.79	22.09	514.21
Adjustments	-	0.17	49.71	0.28	2.98	0.95	3.27	57.36
At 31 March 2018	**-**	**301.36**	**2,429.39**	**17.62**	**17.62**	**29.26**	**124.00**	**2,919.25**
Net block								
At 31 March 2017	79.85	1,688.28	2,409.82	23.37	28.67	19.38	61.36	4,310.73
At 31 March 2018	**86.30**	**1,839.93**	**2,411.60**	**23.54**	**31.48**	**27.57**	**65.47**	**4,485.89**

6. Capital work-in-progress

	As at March 31, 2018	As at March 31, 2017
Capital work-in-progress	203.78	270.72
	203.78	270.72

7. Intangible assets

	Model fee/ Product designs and development	Computer softwares	Technical know-how/export licenses	Total
Cost				
At April 1, 2016	596.83	97.17	2,895.67	3,589.67
Additions	-	14.42	-	14.42
At 31 March 2017	596.83	111.59	2,895.67	3,604.09
Additions	114.43	10.76	-	125.19
Disposals	-	0.01	-	0.01
At 31 March 2018	**711.26**	**122.34**	**2,895.67**	**3,729.27**
Accumulated amortisation				
At April 1, 2016	521.49	53.62	2,895.67	3,470.78
Amortisation expense	35.68	12.77	-	48.45
At 31 March 2017	557.17	66.39	2,895.67	3,519.23
Amortisation expense	27.20	14.19	-	41.39
At 31 March 2018	**584.37**	**80.58**	**2,895.67**	**3,560.62**
Net block				
At 31 March 2017	39.66	45.20	-	84.86
At 31 March 2018	**126.89**	**41.76**	**-**	**168.65**

8. Intangible assets under development

	As at March 31, 2018	As at March 31, 2017
Intangible assets under development	114.61	194.33
Total	**114.61**	**194.33**

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9 Investments

	Units As at March 31, 2018	Units As at March 31, 2017	As at March 31, 2018		As at March 31, 2017	
			Current	Non Current	Current	Non Current
Category-wise investments						
Investment in equity instruments			-	1,020.90	-	865.79
Investment in preference shares			-	-	-	10.00
Investment in debentures / bonds			-	267.41	121.05	260.88
Investment in mutual funds			5,591.12	645.77	4,419.80	212.33
			5,591.12	**1,934.08**	**4,540.85**	**1,349.00**
Investment in equity instruments carried at cost						
Unquoted Investments						
Investment in subsidiaries						
HMCL Netherlands B.V (Face Value of USD 1 each)	37,091,550	26,290,250	-	238.39	-	167.95
HMCL Americas INC (Face Value of USD 1000 each)	3,500	3,500	-	22.22	-	22.22
HMC MM Auto Limited (Face Value of ₹ 10 each)	26,069,993	23,069,993	-	26.07	-	23.07
HMCL (N.A.),Inc (No par Value)	2,466	2,466	-	155.38	-	155.38
			-	442.06	-	368.62
Less: Provision for dimunition/ impairment			-	(155.04)	-	(155.04)
			-	**287.02**	**-**	**213.58**
Investment in Associates						
Ather Energy Private Limited						
Equity Shares of Face Value of ₹ 1 each	100	100	-	0.20	-	0.20
Preference shares of Face Vaue of ₹ 10 each (Convertible into equity instruments)	99,186	89,258	-	200.38	-	180.32
			-	200.58	-	180.52
Hero FinCorp Limited						
Equity shares of Face Value of ₹ 10 each	40,388,576	38,343,025	-	527.99	-	421.56
Investment in Warrant of Face Value of ₹ 10 each	-	2,045,551	-	-	-	36.40
			-	527.99	-	457.96
			-	**728.57**	**-**	**638.48**
Quoted Investments						
Investments carried at fair value through profit or loss (FVTPL)						
Investment in equity instruments						
of Other Entities						
Face Value of ₹ 2 each						
Bombay Stock Exchange Limited	70,200	140,400	-	5.31	-	13.73
			-	**5.31**	**-**	**13.73**
Investment in equity instruments			**-**	**1,020.90**	**-**	**865.79**

	Units As at March 31, 2018	Units As at March 31, 2017	As at March 31, 2018		As at March 31, 2017	
			Current	Non Current	Current	Non Current
Investment in preference shares						
Unquoted Investments						
Investments carried at fair value through profit or loss (FVTPL)						
of other entities						
Face Value of ₹ 1000 each						
Tata Capital Limited	-	100,000	-	-	-	10.00
			-	-	-	**10.00**
Investment in preference shares			-	-	-	**10.00**
Investment in debentures / bonds						
Quoted Investments						
Investments carried at amortised cost						
7.34% HUDCO -Maturity-16.02.2023	250,000	250,000	-	25.22	-	25.22
7.18% IRFC -Maturity-19.02.2023	250,000	250,000	-	25.83	-	25.83
8.18% NHPC Tax Free Bonds-Maturity-02.11.2023	161,050	161,050	-	17.41	-	17.42
8.51% HUDCO Tax Free Bonds-Maturity-13.01.2024	250,000	250,000	-	25.44	-	25.45
8.18% PFC Tax Free Bonds-Maturity-16.11.2023	323,890	323,890	-	33.38	-	33.38
Face Value of ₹ 1,00,000 each						
6.70% IRFC Bonds -Maturity-08.03.2020	1,500	1,500	-	15.51	-	15.53
Face Value of ₹ 5,00,000 each						
10.70% Tata Motors Finance Limited-Maturity-28.04.2020	138	138	-	7.64	-	7.67
10.70% Tata Motors Finance Limited-Maturity-10.04.2020	400	400	-	22.25	-	22.34
Face Value of ₹ 10,00,000 each						
13% Religare Finvest Limited-Maturity-30.05.2017	-	100	-	-	10.43	-
14% Religare Enterprise Limited-Maturity-30.06.2017	-	125	-	-	13.65	-
9.20% Bank of Baroda RR Perpetual BD 09.10.2019	50	50	-	5.19	-	5.32
Zero Coupon Bonds						
Rural Electrification Corporation Ltd NCD @ 13,578 maturity ₹ 30,000 per bond-Maturity-15.12.2020	37,000	37,000	-	89.54	-	82.72
National Bank For Agriculture and Rural Development						
Bhavishya Nirman Bonds @ ₹ 8182 each-Maturity on 01.08.2017(38,000 units) and 01.10.2017 (12,200 units)						
10 Year Zero Coupon Bond of NABARD- Maturity ₹ 20000 per bond	-	50,200	-	-	96.97	-
			-	**267.41**	**121.05**	**260.88**
Investment in debentures / bonds			-	**267.41**	**121.05**	**260.88**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2018
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	Units As at March 31, 2018	Units As at March 31, 2017	As at March 31, 2018		As at March 31, 2017	
			Current	Non Current	Current	Non Current
Investment in mutual funds						
(include funds which are listed but not quoted)						
Unquoted Investments						
Investments carried at fair value through profit or loss (FVTPL)						
Debt fund						
Units of the face value of ₹ 10 each						
ICICI Prudential Mutual Fund						
FMP -Series 82-1199 Days Plan L Direct Plan Cumulative	70,000,000	-	-	70.85	-	-
FMP -Series 82-1135 Days Plan U Direct Plan Cumulative	50,000,000	-	-	50.17	-	-
Blended Plan B-Direct Plan-Growth Option (Merged with Banking and PSU Debt Fund Direct Plan Growth)	24,817,467	24,817,467	65.90	-	61.70	-
Income Opportunities Fund-Direct Plan-Growth Option	-	19,387,735	-	-	45.22	-
Aditya Birla Sunlife Mutual Fund						
Fixed Term Plan-Series JY (1099 days)-Gr.-Direct	-	15,000,000	-	-	19.46	-
Fixed Term Plan-Series PB (1190 days)-Direct Growth	90,000,000	-	-	91.34	-	-
Dynamic Bond Fund- Retail- Growth	76,684,191	76,684,191	229.92	-	222.64	-
IDFC Mutual Fund						
Corporate Bond Fund Direct Plan-Growth	-	49,986,503	-	-	56.07	-
Reliance Mutual Fund						
Annual Interval Fund -Series I-Direct Growth Plan Growth Option	-	10,651,352	-	-	17.56	-
Interval Fund II-Series 4-Direct Plan Growth Plan	-	12,500,000	-	-	16.36	-
Fixed Horizon Fund -XXV-Series 15-Direct Plan Growth Plan	40,000,000	40,000,000	59.55	-	-	55.04
Fixed Horizon Fund -XXV-Series 20-Direct Plan Growth Plan	20,000,000	20,000,000	29.67	-	-	27.43
Fixed Horizon Fund -XXVII-Series 11-Direct Plan Growth Plan	-	20,000,000	-	-	24.52	-
Fixed Horizon Fund -XXX-Series 4-Direct Growth Plan	30,000,000	30,000,000	-	35.81	-	33.43
Fixed Horizon Fund -XXXI-Series 5-Direct Growth Plan	5,000,000	5,000,000	-	5.70	-	5.33
Floating Rate-Short Term Plan -Direct Growth Plan	46,942,186	46,942,186	131.94	-	123.42	-
Corporate Bond Fund-Direct Growth Plan	53,163,841	53,163,841	76.98	-	71.61	-
Regular Savings Fund -Debt Plan -Direct Growth Plan Growth Option	-	82,899,424	-	-	194.75	-

	Units As at March 31, 2018	Units As at March 31, 2017	As at March 31, 2018		As at March 31, 2017	
			Current	Non Current	Current	Non Current
Invesco Mutual Fund (Formerly Religare Invesco Mutual Fund)						
Fixed Maturity Plan Series XIV-Plan F (1098 Days)-Direct Plan	-	13,500,000	-	-	16.65	-
FMP-Sr.26-Plan A (1098 Days)-Direct Sub Plan Growth	15,000,000	15,000,000	18.83	-	-	17.55
FMP-Sr.26-Plan C (1098 Days)-Direct Sub Plan Growth	10,000,000	10,000,000	12.44	-	-	11.61
FMP-Sr.27-Plan A (1100 Days)-Direct Sub Plan Growth	10,000,000	10,000,000	11.99	-	-	11.21
FMP-Sr.29-Plan B (1150 Days)-Direct Sub Plan Growth	6,000,000	6,000,000	-	6.43	-	6.02
L&T Mutual Fund						
Income Opportunities Fund Direct Plan-Growth	43,776,843	43,776,843	89.23	-	83.17	-
Banking and PSU Debt Fund Direct Plan-Growth	-	21,141,351	-	-	31.12	-
BNP Paribas Mutual Fund						
Medium Term Income Fund Direct Plan Growth	25,000,000	25,000,000	35.84	-	33.55	-
DHFL Pramerica Mutual Fund(Formerly Deutsche Mutual Fund)						
Fixed Maturity Plan Series 57-Direct Plan-Growth	-	4,547,935	-	-	5.86	-
Short Maturity Fund Direct Plan-Annual Bonus	-	4,614,440	-	-	9.50	-
Ultra Short Term Fund-Direct Plan-Annual Bonus	-	8,868,007	-	-	11.73	-
Low Duration Fund Direct Plan-Annual Bonus (Formerly Cash Opportunities Fund-Direct Plan-Annual Bonus)	-	10,389,886	-	-	13.96	-
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	-
SBI Mutual Fund						
Debt Fund Series B-20(1100 Days) Direct Plan-Growth	10,000,000	10,000,000	12.52	-	-	11.69
Dual Advantage Fund -Series VII- Direct-Growth	-	15,000,000	-	-	17.15	-
Dual Advantage Fund -Series VIII- Direct-Growth	25,000,000	25,000,000	30.30	-	28.05	-
Dual Advantage Fund -Series XII- Direct-Growth	15,000,000	15,000,000	18.27	-	16.94	-
IDFC Mutual Fund						
Fixed Term Plan Series 140 Direct Plan -Growth (1145 Days)	50,000,000	-	-	50.46	-	-
Fixed Term Plan Series 144 Direct Plan -Growth (1141Days)	50,000,000	-	-	50.19	-	-
Kotak Mutual Fund						
FMP Series 219 Direct-Growth	75,000,000	-	-	75.63	-	-
FMP Series 221 Direct-Growth	48,000,000	-	-	48.17	-	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2018
(Amount in crores of INR)

	Units As at March 31, 2018	Units As at March 31, 2017	As at March 31, 2018		As at March 31, 2017	
			Current	Non Current	Current	Non Current
HDFC Mutual Fund						
FMP 1167 D January 2016(1) -Direct-Growth-Series-35	15,000,000	15,000,000	-	17.90	-	16.73
FMP 1143 D March 2018(1) -Direct-Growth-Series-39	75,000,000	-	-	75.52	-	-
FMP 1147 D March 2018(1) -Direct-Growth-Series-39	50,000,000	-	-	50.17	-	-
Cash Management Fund - Treasury Advantage Plan - Direct Plan - Growth	93,610,205	-	355.46	-	-	-
Units of the face value of ₹ 100 each						
ICICI Prudential Mutual Fund						
Flexible Income Plan-Direct Plan-Growth Option	4,897,295	-	164.10	-	-	-
Savings Fund-Direct Plan-Growth Option	8,409,451	-	227.35	-	-	-
Aditya Birla Sunlife Mutual Fund						
Savings Fund-Growth-Direct Plan	10,802,841	-	371.54	-	-	-
Floating Rate Fund -Long Term-Growth-Direct Plan	15,013,571	-	323.28	-	-	-
Units of the face value of ₹ 1000 each						
Reliance Mutual Fund						
Money Manager Fund-Direct Growth option	1,890,316	1,890,316	460.99	-	430.33	-
Invesco Mutual Fund (Formerly Religare Invesco Mutual Fund)						
Credit Opportunities Fund Direct Plan-Growth	-	493,789	-	-	92.65	-
Short Term Fund-Direct Plan Growth	1,299,935	1,299,935	309.61	-	291.22	-
Medium Term Bond Fund-Direct Plan Growth	1,398,253	1,398,253	254.40	-	236.86	-
Bank Debt Fund-Direct Plan Growth	-	387,669	-	-	54.43	-
DHFL Pramerica Mutual Fund(Formerly Deutsche Mutual Fund)						
Fixed Duration Fund -Series AE-Direct Plan-Growth	62,500	62,500	-	6.72	-	6.28
Fixed Duration Fund -Series AG-Direct Plan-Growth	100,000	100,000	-	10.71	-	10.01
Principal Mutual Fund						
Credit Opportunities Fund-Direct Plan Growth	-	61,626	-	-	15.88	-
Equity fund						
Units of the face value of ₹ 10 each						
DHFL Pramerica Mutual Fund(Formerly Deutsche Mutual Fund)						
Arbitrage Fund Direct Plan-Monthly Dividend-Payout	-	127,826,937	-	-	136.17	-
Invesco Mutual Fund (Formerly Religare Invesco Mutual Fund)						
Arbitrage Fund -Direct Plan -Dividend	-	115,340,768	-	-	153.26	-
Principal Mutual Fund						
Arbitrage Fund Dividend -Direct Plan -Payout	-	10,000,000	-	-	10.30	-

	Units As at March 31, 2018	Units As at March 31, 2017	As at March 31, 2018		As at March 31, 2017	
			Current	Non Current	Current	Non Current
Reliance Mutual Fund						
Arbitrage Advantage Fund-Direct Plan Dividend Payout	163,714,610	163,714,610	177.78	-	176.70	-
UTI Mutual Fund						
Spread Fund Direct Plan-Dividend Payout	-	47,871,850	-	-	79.10	-
IndiaBulls Mutual Fund						
Arbitrage Fund-Direct Plan- Dividend-Payout	-	94,670,074	-	-	100.13	-
IDFC Mutual Fund						
Arbitrage Plus Fund -Direct Plan-Monthly Dividend	83,850,668	40,645,780	109.21	-	50.20	-
Kotak Mutual Fund						
Equity Arbitrage Fund-Direct Plan -Monthly Dividend	281,442,341	281,442,341	309.34	-	308.23	-
Equity Arbitrage Fund-Direct Plan -Fortnight Dividend	42,072,844	-	99.12	-	-	-
ICICI Prudential Mutual Fund						
Equity Arbitrage Fund-Direct Plan-Dividend Payout	200,901,478	-	290.18	-	-	-
Birla Sunlife Mutual Fund						
Enhanced Arbitrage Fund - Direct Plan - Dividend	95,931,942	-	105.92	-	-	-
HDFC Mutual Fund						
Arbitrage Fund-Wholesale Plan-Monthly Dividend Direct Plan- Payout	233,040,385	-	245.25	-	-	-
Axis Mutual Fund						
Enhanced Arbitrage Fund Direct Dividend Payout	93,310,036	-	101.99	-	-	-
Liquid fund						
Units of the face value of ₹ 100 each						
ICICI Prudential Mutual Fund						
Liquid Direct plan-Growth	5,843,394	19,623,823	150.26	-	472.38	-
Birla Sunlife Mutual Fund						
Cash Plus-Growth-Direct Plan	-	10,055,662	-	-	262.76	-
Units of the face value of ₹ 1000 each						
Reliance Mutual Fund						
Liquidity Fund- Direct Growth Plan Growth Option	687,290	-	179.91	-	-	-
IDFC Mutual Fund						
Cash Fund -Growth-(Direct Plan)	1,498,579	-	316.23	-	-	-
Axis Mutual Fund						
Liquid Fund-Direct Plan-Growth	1,119,693	-	215.82	-	-	-
Kotak Mutual Fund						
Liquid Scheme Plan A-Direct Plan-Growth	-	151,674	-	-	50.02	-
HDFC Mutual Fund						
Liquid Fund Direct Plan Growth	-	187,036	-	-	60.02	-
DSP BlackRock Mutual Fund						
Liquidity Fund Direct Plan Growth	-	215,037	-	-	50.02	-
Investment in mutual funds			**5,591.12**	**645.77**	**4,419.80**	**212.33**
Total Investments			**5,591.12**	**1,934.08**	**4,540.85**	**1,349.00**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2018
(Amount in crores of INR)

	As at March 31, 2018		As at March 31, 2017	
	Current	Non Current	Current	Non Current
Aggregate book value of quoted investments	-	272.72	121.05	274.61
Aggregate market value of quoted investments	-	279.02	123.08	288.11
Aggregate carrying value of unquoted investments	5,591.12	1,816.40	4,419.80	1,229.43
Aggregate amount of impairment in value of investments	-	(155.04)	-	(155.04)

Category-wise investment as per Ind AS 109 classification

	As at March 31, 2018		As at March 31, 2017	
	Current	Non Current	Current	Non Current
Financial assets carried at fair value through profit or loss (FVTPL)				
Unquoted				
Investment in preference shares	-	-	-	10.00
Investment in mutual funds	5,591.12	645.77	4,419.80	212.33
Quoted				
Investment in equity instruments	-	5.31	-	13.73
Financial assets carried at amortised cost				
Quoted				
Investment in debentures / bonds	-	267.41	121.05	260.88

Note: The above does not include investments in subsidiaries and associates amounting to ₹ 1,015.59 crores (₹ 852.06 crores as at March 31, 2017) carried at cost.

10. Loans (financial assets)

Particulars	As at March 31, 2018	As at March 31, 2017
Non - current		
Unsecured, considered good		
Loans to employees	22.30	23.13
Security deposits	23.38	25.23
Total	**45.68**	**48.36**
Current		
Unsecured, considered good		
Loans to employees	21.36	21.73
Security deposits	6.20	2.45
Total	**27.56**	**24.18**

Note:- These financial assets are carried at amortised cost unless otherwise stated

11. Others (financial assets)

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Unsecured, considered good		
Derivatives instruments carried at fair value	-	4.42
Interest accrued on deposits	0.23	0.22
Accrual of incentives from State Governments	518.65	123.05
Other recoverables	20.49	17.26
Total	**539.37**	**144.95**

Note:- These financial assets are carried at amortised cost unless otherwise stated.

12. Income tax assets (net)

Particulars	As at March 31, 2018	As at March 31, 2017
Tax assets		
Advance income tax	1,826.21	1,414.02
Less : Provision for taxation	1,446.95	1,082.08
Total	**379.26**	**331.94**

13. Other assets

Particulars	As at March 31, 2018	As at March 31, 2017
Non-current		
Unsecured, considered good		
Capital advances	192.59	215.79
Prepayment land leases*	244.17	246.89
Prepaid expenses	2.74	1.49
Balance with government authorities		
- Excise duty	47.09	43.81
- VAT/ sales tax	72.08	143.16
Total	**558.67**	**651.14**
Current		
Unsecured, considered good		
Prepayment land leases*	2.83	2.94
Prepaid expenses	42.52	44.34
Advance to suppliers	30.84	87.62
Other advances	4.05	2.14
Balance with Government authorities		
- Excise duty	17.96	111.55
- VAT/ sales tax	81.56	121.40
- GST/ Excise duty-current account	5.41	0.64
- Export incentive receivable	19.86	17.66
Total	**205.03**	**388.29**

* Prepayment of land leases include net value of leasehold land as under:

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2018
(Amount in crores of INR)

Particulars	As at March 31, 2018		
	Gross value	Accumulated Amortisation	Net value
Halol (Gujarat)	83.71	3.80	79.91
Haridwar (Uttarakhand)	95.86	12.42	83.44
Neemrana (Rajasthan)	13.10	1.66	11.44
Kukas-Jaipur (Rajasthan)	78.36	6.15	72.21
Total	**271.03**	**24.03**	**247.00**

14. Inventories

(lower of cost and net realisable value)

Particulars	As at March 31, 2018	As at March 31, 2017
Raw materials and components	444.21	395.02
Goods in transit of raw materials and components	111.50	27.43
Work in progress (Two wheelers)	37.14	31.89
Finished goods		
Two wheelers	79.47	55.85
Spare parts	37.19	42.91
Stores and spares	90.02	82.32
Loose tools	24.05	20.89
Total	**823.58**	**656.31**

- The mode of valuation of inventories has been stated in note no. 3.12

15. Trade receivables

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Secured, considered good	29.62	32.10
Unsecured - considered good	1,490.56	1,529.77
- considered doubtful	28.68	23.61
	1,548.86	**1,585.48**
Less: Impairment of trade receivables	28.68	23.61
Total	**1,520.18**	**1,561.87**

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated

Age of receivables	As at March 31, 2018	As at March 31, 2017
Within the credit period	1,132.94	1113.92
upto 6 months past due	374.72	442.18
More than 6 months past due	12.52	5.77
Total	**1,520.18**	**1,561.87**

16. Cash and cash equivalents

Particulars	As at March 31, 2018	As at March 31, 2017
Cash on hand	0.05	0.08
Balances with banks		
In current accounts	33.17	14.21
In deposit accounts	1.16	1.11
Cash and cash equivalents	**34.38**	**15.40**

17. Bank balances other than Cash and cash equivalents above

Particulars	As at March 31, 2018	As at March 31, 2017
Balances with banks		
In dividend current accounts (earmarked accounts)	73.86	89.97
In deposit accounts*	33.10	31.36
Total	**106.96**	**121.33**

* 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 by some individuals. The Company has filed a recovery suit which is pending in the honourable Delhi High Court against the bank. In the interim, the Bank has renewed the deposits for a period (along with interest earned thereon).

18. a) Equity Share capital

Particulars	As at March 31, 2018	As at March 31, 2017
Authorised		
250,000,000 (250,000,000) Equity shares of ₹ 2 each	50.00	50.00
Total	**50.00**	**50.00**
Issued, subscribed and fully paid up		
199,711,455 (as at March 31, 2017: 199,696,838) Equity shares of ₹ 2 each	39.94	39.94
Total	**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, 2018		As at March 31, 2017	
	Nos.	₹ in crores	Nos.	₹ in crores
Opening Balance	199,696,838	39.94	199,690,088	39.94
Issued during the year ₹# Current year ₹ 29,234 (previous year ₹ 13,500)- ESOP (refer note 40)	14,617	#	6,750	#
Closing Balance	**199,711,455**	**39.94**	**199,696,838**	**39.94**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2018
(Amount in crores of INR)

(ii) Details of shareholders holding more than 5% equity shares in the Company:

Particulars	As at March 31, 2018		As at March 31, 2017	
	Nos.	% holding in the class	Nos.	% holding in the class
Ms Renu Munjal *	9,309,019	4.66%	9,309,019	4.66%
Mr Suman Munjal *	9,309,019	4.66%	9,309,019	4.66%
Mr Pawan Munjal *	9,309,020	4.66%	9,309,020	4.66%
M/S Bahadur Chand Investments (P) Ltd	39,943,238	20.00%	39,943,238	20.00%

* Hold shares on behalf of Brijmohan Lall Om Prakash (partnership firm)

(iii) Shares options/ Restricted stock units granted under the Company's employee stock option plan

Plan	Share Options Outstanding (In Nos.)		
	As at March 31, 2018	As at March 31, 2017	Expiry Date
ESOP 2014	4,146	11,490	21st Oct 2021
ESOP 2016	33,778	41,290	21st Aug 2023
RSU 2016	7,083	11,194	21st Aug 2023
ESOP 2017	29,800	-	31st Oct 2024
RSU 2017	14,330	-	31st Oct 2024

Also refer details of the employee stock option plan are provided in Note 40.

b) Preference share capital

Particulars	As at March 31, 2018	As at March 31, 2017
Authorised Preference share capital		
4,00,000 (4,00,000) Cumulative convertible preference shares of ₹ 100 each	4.00	4.00
4,00,000 (4,00,000) Cumulative redeemable preference shares of ₹ 100 each	4.00	4.00
Total	**8.00**	**8.00**

Note:- The Company has not issued preference share capital.

19. Other equity

Particulars	As at March 31, 2018	As at March 31, 2017
Capital reserves	#	#
Securities premium	8.30	3.13
General reserve	2,645.79	2,645.79
Share options outstanding account	6.74	3.90
Retained earnings	9,068.11	7,418.53
Total	**11,728.94**	**10,071.35**

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
A. Capital Reserves		
On shares forfeited (#₹ 4,250)	#	#
Share premium account on forfeited	##	##
shares reissued(##₹ 25,500)		
B. Securities premium		
Opening balance	3.13	0.87
Add : Premuim on equity shares issued @	5.17	2.26
Closing balance	**8.30**	**3.13**

@ Addition in share premium account represents premium on equity shares under various schemes amounting to ₹ 2.66 crores (previous year ₹ 1.45 crore) and ₹ 2.51 crore (Previous year ₹ 0.81 crore) transferred from share option outstanding account on 14,617 equity shares (Previous year 6,750 equity shares) issued and alloted during the year under ESOP schemes. Also refer note 40.

C. General Reserve

General reserve at the beginning and end of the year	**2,645.79**	**2,645.79**

D. Share options outstanding account

Opening balance	3.90	1.29
Add: Net charge during the year	5.35	3.42
Less: Transferred to securities premium on issue of shares	(2.51)	(0.81)
Closing balance	**6.74**	**3.90**

Also Refer note 40.

E. Retained earnings

Opening balance	**7,418.53**	**6,146.52**
Add: Profit for the year	3,697.36	3,377.12
Other Comprhensive income arising from remeasurement of defined benefit obligation net of income tax	(4.71)	(14.08)
Less: Appropriations		
Final dividend for financial year 2016-17 [amount per share ₹ 30.0 (F.Y 2015-16 : ₹ 32.0)]	599.09	639.01
Interim dividend for financial year 2017-18 [amount per share ₹ 55.0 (F.Y 2016-17 : ₹ 55.0)]	1,098.41	1,098.33
Tax on dividend	345.57	353.69
Balance at end of year	**9,068.11**	**7,418.53**

In respect of the year ended March 31, 2018, the directors propose that a dividend of ₹40 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 ₹ 963.05 crores (including dividend distribution tax thereon of ₹ 164.20 crores.)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2018
(Amount in crores of INR)

20. Provisions

Particulars	As at March 31, 2018	As at March 31, 2017
Non-current		
Employee benefits (i)		
Compensated absences	16.66	12.55
Other employee benefits	7.35	3.30
Sub-total (A)	**24.01**	**15.85**
Warranties (Refer note (ii) below)	90.93	59.45
Sub-total (B)	**90.93**	**59.45**
Total (A+B)	**114.94**	**75.30**
Current		
Employee benefits (i)		
Compensated absences	4.66	3.42
Other employee benefits	0.42	0.18
Sub-total (A)	**5.08**	**3.60**
Warranties (Refer note (ii) below)	54.71	35.41
Sub-total (B)	**54.71**	**35.41**
Total (A+B)	**59.79**	**39.01**

(i) The provision for employee benefits includes sick leave and vested long term service reward.

(ii) Movement in warranties provisions

	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening balance	94.86	78.26
Additions during the year	112.49	68.03
Amount utilised during the year	(57.69)	(55.31)
Unwinding of discount and effect of changes in the discount rate	(4.02)	3.88
Closing balance	145.64	94.86

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 estimated 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	As at March 31, 2018	As at March 31, 2017
Deferred tax liabilities on		
Property, plant and equipments & intangible assets	492.75	381.88
Financial assets carried at fair value through profit or loss	66.26	77.53
Others	18.67	17.38
Sub-total (A)	**577.68**	**476.79**
Less: Deferred tax assets on		
Deferred revenue	43.88	47.62
Accrued expenses deductible on payment	10.09	6.66
Others	12.05	8.17
Sub-total (B)	**66.02**	**62.45**
Total (A-B)	**511.66**	**414.34**

Movement of Deferred tax (assets)/ liabilities

Particulars	For the Year ended March 31, 2018			
	Opening Balance	Recognised in profit and Loss	Recognised in Other comprehensive income	Closing Balance
Deferred tax liabilities on				
Property, plant and equipments and intangible assets	381.88	110.87	-	492.75
Financial assets carried at fair value through profit or loss	77.53	(11.27)	-	66.26
Others	17.38	1.29	-	18.66
Less: Deferred tax assets on				
Accrued expenses deductible on payment	6.66	3.43	-	10.09
Deferred revenue	47.62	(3.74)	-	43.88
Remeasurement of Defined Benefit Obligations	-	(2.53)	2.53	-
Others	8.17	3.87	-	12.04
Deferred tax liabilities (net)	**414.34**	**99.85**	**(2.53)**	**511.66**

Particulars	For the Year ended March 31, 2017			
	Opening Balance	Recognised in profit and Loss	Recognised in Other comprehensive income	Closing Balance
Deferred tax liabilities on				
Property, plant and equipments and 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
Less: Deferred tax assets on				
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**
Deferred tax liabilities (net)	**222.53**	**199.26**	**(7.45)**	**414.34**

22. Trade payables

Particulars	As at March 31, 2018	As at March 31, 2017
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	3,318.81	3,247.27
Total	**3,318.81**	**3,247.27**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

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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.

23. Other financial liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Capital creditors	70.62	200.34
Security deposits dealers and others	57.65	62.44
Unclaimed dividend *	73.87	89.99
Total	**202.14**	**352.77**

* Does not include any amounts outstanding as at March 31, 2018 which are required to be credited to Investor Education and Protection Fund.

24. Other liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Statutory remittances (contributions to PF, ESIC, withholding taxes, GST, excise duty, VAT, service tax, etc.)	268.80	106.43
Advance from customers	236.69	78.31
Deferred revenue	254.04	264.73
Others	3.05	4.81
Total	**762.58**	**454.28**

25. Revenue From Operations

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a)	**Sale of products (gross)**		
	Two wheelers [includes excise duty of ₹ 641.33 crores (Previous year ₹ 2371.13 crores)]	29,422.60	27,780.34
	[75,87,154 Nos. (previous year 66,64,240 Nos.)]		
	Spare parts	2,578.06	2,548.49
		32,000.66	**30,328.83**
(b)	**Income from services**		
	Dealers support services	23.82	27.34
	Goodlife program for customers	47.71	51.59
	Services - others	158.65	132.91
		230.18	**211.84**
(c)	**Other operating revenue**		
	Duty drawback and other incentives	27.77	21.85
	Incentive from State Governments	550.15	266.43
	Miscellaneous income	63.06	42.64
		640.98	**330.92**
	Total	**32,871.82**	**30,871.59**

26. Other Income

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a)	**Interest income on financial assets carried at amortised cost**		
	Tax free bonds, debentures and other instruments classified as debt	24.89	36.48
	Deposit with bank and others	129.28	120.41
(b)	**Dividend income**		
	Dividend received on investments carried at fair value through profit or loss	70.56	37.98
	Dividend income from trade investment in an associate company	5.75	3.83
(c)	**Profit on sale of investments***	216.09	137.85
(d)	**Gain on investments carried at fair value through profit or loss**	74.53	179.25
(e)	**Other non-operating income**		
	Exchange fluctuation	4.20	6.17
	Profit on sale of property, plant and equipments	0.52	0.46
		525.82	**522.43**

* After adjusting loss on sale of current investments aggregating ₹ 0.18 crores (previous year ₹ 0.05 crores)

27. Cost of materials consumed

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Raw materials and components consumed:		
Opening stock	422.45	388.73
Add: Purchase of raw materials and components	22,045.99	19,056.18
	22,468.44	**19,444.91**
Less: closing stock	555.71	422.45
	21,912.73	**19,022.46**
Less: Cash discount	54.94	48.35
Consumption of raw materials and components	21,857.79	18,974.11
Net consumption	**21,857.79**	**18,974.11**

28. Changes in inventory of finished goods and work-in-progress

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a)	**Opening stock**		
	Two wheelers	55.85	111.25
	Spare parts	42.91	54.66
	Work in progress	31.89	27.91
		130.65	**193.82**
(b)	**Closing stock**		
	Two wheelers	79.47	55.85
	Spare parts	37.19	42.91
	Work in progress	37.14	31.89
		153.80	**130.65**
	Net (increase)/ decrease in inventory	**(23.15)**	**63.17**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

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29. Employee benefit expenses

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries and wages	1,334.38	1,207.55
Contribution to provident and other funds	102.29	105.53
Employee stock compensation cost (refer note no 40)	5.35	3.42
Staff welfare expense	98.11	79.51
Total	**1,540.13**	**1,396.01**

EMPLOYEE BENEFIT PLANS

The details of various employee benefits provided to employees are as under:

A. Defined benefit, Contribution and other plans

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
a) Employer's contribution to provident fund	58.96	52.72
b) Employer's contribution to superannuation fund	18.07	18.72
c) Employer's contribution to gratuity fund	20.58	31.07
d) Employer's contribution to ESIC	4.68	3.02
	102.29	**105.53**

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 by 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 present value of the defined benefit obligation, and the related current service cost, were measured using the projected unit credit method.

The principal assumptions (demographic and financial) used for the purposes of the actuarial valuations were as follows :-

Principal assumptions:	Gratuity As at March 31, 2018	Gratuity As at March 31, 2017
Discount rate	7.90%	7.20%
Future salary increase	6.00% p.a. for first year and 5% thereafter	6.00% p.a. for first two years and 5% thereafter
Retirement age	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%
In service mortality	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	For the year ended March 31, 2018 Gratuity	For the year ended March 31, 2017 Gratuity
Service cost:		
Current service cost	13.34	10.76
Net Interest expense/(income)	-	(1.22)
Components of defined benefit costs recognized in profit or loss	**13.34**	**9.54**
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)	0.90	0.81
Actuarial (gains)/ losses arising from changes in financial assumptions	(11.10)	10.06
Actuarial (gains)/ losses arising from experience adjustments	17.44	10.66
Components of defined benefit costs recognized in other comprehensive income	**7.24**	**21.53**
Total	**20.58**	**31.07**

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows :

Particulars	Gratuity As at March 31, 2018	Gratuity As at March 31, 2017
Present Value of funded defined benefit obligation	220.52	202.13
Fair value of plan assets	220.52	202.13
Net liability arising from defined benefit obligation	-	-

Movements in the present value of the defined benefit obligation are as follows :-

	For the year ended March 31, 2018 Gratuity	For the year ended March 31, 2017 Gratuity
Opening defined obligation	202.13	167.32
Current service cost	13.34	10.76
Interest cost	14.00	12.84
Remeasurement (gains)/losses:		
Actuarial (gains)/ losses arising from changes in financial assumptions	(11.10)	10.06
Actuarial (gains)/ losses arising from experience adjustments	17.44	10.66
Benefits paid	(15.29)	(9.51)
Closing defined benefit obligation	**220.52**	**202.13**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

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Movements in the fair value of the plan assets are as follows

	Gratuity For the year ended March 31, 2018	Gratuity For the year ended March 31, 2017
Opening fair value of plan assets	202.13	167.32
Interest income	14.00	14.06
Remeasurement gain/(loss):		
Return on plan assets (excluding amounts included in net interest expense)	(0.90)	(0.81)
Contribution	20.58	31.07
Benefit paid	(15.29)	(9.51)
Closing fair value of plan assets	**220.52**	**202.13**

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 ₹7.33 crore (increase by ₹ 7.82 crore) (as at March 31, 2017: Decrease by ₹ 7.27 crores (increase by ₹ 7.78crores).

- If the expected salary growth increases (decreases) by 0.5%, the defined benefit obligation would increase by ₹7.12 crores (decrease by ₹ 7.56 crores) (as at March 31, 2017: increase by ₹ 7.89 crores (decrease by ₹ 7.44 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.

Other disclosures

Maturity profile of defined benefit obligation

Particulars	As at March 31, 2018	As at March 31, 2017
Average duration of the defined benefit obligation (in years)	9.03 years	9.4 years

The Company expects to make a contribution of ₹ 14.27 crore (as at March 31, 2017 ₹ 23.15 crore) to the defined benefit plans during the next financial year.

30. Finance costs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest expenses		
On dealers security deposits	2.05	1.99
On others	0.18	0.18
Unwinding of discount on provisions	4.02	3.88
Total	**6.25**	**6.05**

31. Other Expenses

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Stores and tools consumed	108.46	90.74
(Increase) / decrease of excise duty on finished goods	-	(7.37)
Packing, forwarding, freight etc.	1,126.10	958.41
Power and fuel	138.77	112.62
Rent	41.40	35.55
Lease rent	37.84	30.91
Repairs and maintenance		
- Buildings	24.12	19.36
- Plant and machinery	100.35	94.48
- Others	7.39	7.40
Insurance charges	44.92	44.89
Rates and taxes	69.91	219.42
Royalty	-	18.44
Advertisement and publicity	837.65	767.45
Donations	0.22	0.72
Expenditure on corporate social responsibility	84.34	85.14
Payment to auditors	1.28	2.23
Exchange fluctuation	4.42	1.78
Loss on sale of property, plant and equipments	9.10	9.08
Provision for doubtful debts	5.07	9.56
Doubtful debts written off	-	6.70
Miscellaneous expenses	934.19	924.85
Total	**3,575.53**	**3,432.36**

Payment to auditors

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
a) As Statutory Audit		
- Audit fee	0.65	0.92
- Audit fee for Internal Control Over Financial Reporting	-	0.15
- Limited Review of unaudited financial results	0.45	0.72
- Other certifications	0.06	0.36
b) Tax audit fees	0.05	0.07
c) Out of pocket expenses	0.07	0.01
	1.28	**2.23**

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32. Income tax expense

(a) Income tax expense recognised in Statement of profit and loss

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Current Tax:		
In respect of the current year	1,446.95	1,082.08
Deferred Tax		
In respect of the current year	99.85	199.26
Total income tax expense recognised in the statement of profit and loss	**1,546.80**	**1,281.34**

(b) Income tax on other comprehensive income

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Deferred tax benefit		
Arising on income and expenses recognised in other comprehensive income:		
Remeasurement of Defined Benefit Obligations	(2.53)	(7.45)
Total income tax expenses recognised in other comprehensive income	**(2.53)**	**(7.45)**

(c) The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit before tax	5,244.16	4,658.46
Income tax expense calculated at 34.608% (2016-17: 34.608%)	1,814.90	1,612.20
Effect of deduction under section 80IC of the Income tax Act, 1961	(190.68)	(179.01)
Additional deduction on research and product development cost	(42.06)	(124.09)
Additional deduction for investment allowance under Section 32 AC of the Income tax Act, 1961	-	(28.94)
Effect of income exempt/ taxed on lower rate	(46.68)	(30.68)
Others	11.33	31.86
Income tax expense recognised in statement of profit and loss	**1,546.80**	**1,281.34**

33. Earnings per share

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Basic earnings per share (in ₹)	185.14	169.12
Diluted earnings per share (in ₹)	185.13	169.12
The earnings and weighted average number of equity shares used in the calculation of basic/diluted earnings per share are as follows.		
Profit for the year, per statement of profit and loss (₹ in crores)	3,697.36	3,377.12
Opening Balance	199,696,838	199,690,088
Effect of share options exercised	4,884	1,659
Weighted average number of equity shares for the purposes of basic earnings per share (in Nos)	199,701,722	199,691,747
Effect of share options	11,794	-
Weighted average number of equity shares for the purposes of diluted earnings per share (in Nos)	199,713,516	199,691,747
Impact of ESOP was anti dilutive for the year ended March 31, 2017		

34. Contingent liabilities and commitments (to the extent not provided for)

Particulars	As at March 31, 2018	As at March 31, 2017
a) Contingent liabiities		
In respect of excise matters	104.14	104.47
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.		
Additionally, the Company is involved in other disputes, lawsuits, claims, governmental and/ or regulatory inspections, inquiries, investigations and proceedings, including commercial matters that arise from time to time in the ordinary course of business. The Company believes that none of these matters, either individually or in aggregate, are expected to have any material adverse effect on its financial statements."		
b) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances paid amounting to ₹ 192.59 crores (March 31, 2017 ₹ 215.79 crores)	333.72	376.21

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, based on the guiding principles given in Ind AS 108 on 'Operating Segments', the Company's business activity fall within a single operating segment, namely automotive segment . Accordingly, the disclosure requirements of Ind AS 108 are not applicable.

Entity wide disclosure details as per Ind AS 108 on Operating segments are given below:

Revenue from Operations	Domestic	Overseas	Total
2017-18	32,134.18	737.64	**32,871.82**
2016-17	30,290.24	581.35	**30,871.59**

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) There are no major individual customer whose revenue exceeds more than 10% of the entity's revenue.

36. Related party disclosures under Ind AS 24

A. Parties in respect of which the Company is an associate

Bahadur Chand Investments Private Limited

Brijmohan Lall Om Prakash (Partnership firm)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

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B. Parties over which the Company has control

Subsidiaries

HMCL (NA) Inc., USA

HMCL Americas Inc. USA

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)

C. Key management personnel and their relatives

Mr. Pawan Munjal	- Chairman, 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. Niranjan Kumar Gupta	- Chief Financial Officer (w.e.f April 1, 2017)
Mr. Ilam C. Kamboj	- Company Secretary (upto April 02, 2016)
Mrs. 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 B. Edgerley

Enterprises over which key management personnel and their relatives are able to control:

A.G. Industries Private Limited, A.G Industries (Bawal) Private Limited, Rockman Industries Limited, Cosmic Kitchen Private Limited, Hero Management Services Private Limited, Hero Mindmine Institute Private Limited, Hero Solar Energy Private Limited, BML Munjal 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 to Note 29 of information on transaction with the above mentioned post employment benefits plan.

Transactions with the above related parties:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
a) Parties in respect of which the Company is an associate		
Dividend paid		
Brijmohan Lall Om Prakash (Partnership firm)	237.38	346.85
Bahadur Chand Investments Private Limited	339.52	193.03
b) Parties over which the Company has control		
Investment in equity instruments during the year		
Subsidiaries		
HMCL Netherlands BV	70.44	50.79
HMC MM Auto Limited	3.00	6.60
Sales		
HMCL Colombia SAS	51.52	65.21
HMCL Niloy Bangladesh Limited	377.43	5.90
Other operating revenues		
HMCL Colombia SAS	2.24	3.26
HMCL Niloy Bangladesh Limited	10.49	-
Purchases of goods/property, plant and equipment		
HMC MM Auto Limited	25.42	19.01
Expenses reimbursed		
HMCL Colombia SAS	11.91	3.51

Balance outstanding at the year end

Particulars	As at March 31, 2018	As at March 31, 2017
- Receivable		
HMCL Colombia SAS	2.34	11.88
HMCL Niloy Bangladesh Limited	124.96	5.90
- Payable		
HMC MM Auto Limited	2.78	3.49

c) Associate of the Company

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Hero FinCorp Limited		
Lease rental expenses	30.36	25.91
Dividend received	3.83	3.83
Dividend paid	0.01	0.01
Investment in equity instruments during the year	70.03	36.40
Expenses reimbursed	0.53	9.85
Rent received	0.05	0.05
Ather Energy Private Limited		
Investment in equity instruments during the year	20.06	180.52

Balance outstanding at the year end

Particulars	As at March 31, 2018	As at March 31, 2017
- Payable		
Hero FinCorp Limited	0.65	8.04

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d) Key management personnel and their relative.

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Managerial Remuneration/Sitting fees		
Mr. Pawan Munjal	75.44	59.48
Mr. Sunil Kant Munjal	-	22.02
Mr. Vikram Sitaram Kasbekar	6.25	2.28
Mr. Suman Kant Munjal	0.18	0.18
Mr. Ravi Sud	-	6.93
Mr. Niranjan Kumar Gupta	2.63	-
Mrs Neerja Sharma	1.63	0.97
Mr. Ilam C. Kamboj	-	1.74
Commission/Sitting fees to Non Executive and Independent Directors		
Mr. Pradeep Dinodia	0.91	0.92
Gen.(Retd) Ved Prakash Malik	0.76	0.81
Dr. Pritam Singh	0.58	0.70
Mr. M.Damodaran	0.79	0.81
Mr. Ravi Nath	0.56	0.50
Dr Anand C. Burman	0.20	0.12
Ms. Shobana Kamineni	0.09	0.09
Mr. Paul B. Edgerley	0.08	0.17

Balance outstanding at the year end

Particulars	As at March 31, 2018	As at March 31, 2017
- Payables (including commission)	55.07	66.23

Category-wise break up of compensation to key management personnel during the year is as follows:

	For the year ended March 31, 2018	For the year ended March 31, 2017
Managerial remuneration*		
Short-term benefits	84.20	91.24
Post-employment benefits	1.51	2.13
Share-based payments	0.24	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

	For the year ended March 31, 2018	For the year ended March 31, 2017
Purchase of raw materials and components etc.	2,878.43	2,488.57
Purchase of property, plant & equipment	22.08	36.38
Payment towards services etc.	3.30	2.09
Expenditure towards Corporate Social Responsibility (CSR)	33.99	35.36

Balance outstanding as at the year end

Particulars	As at March 31, 2018	As at March 31, 2017
- Payables	351.85	269.38

Significant related party transactions included in the above are as under :-

	For the year ended March 31, 2018	For the year ended March 31, 2017
Purchase of raw materials and components etc.		
A .G. Industries Private Limited	706.88	520.43
Rockman Industries Limited	1,924.44	1,793.70
Purchase of property, plant & equipment		
Rockman Industries Limited	16.20	23.76
A.G. Industries Private Limited	0.21	0.50
Hero Solar Energy Private Limited	5.67	12.12
Payment for services etc.		
Hero Management Services Private Limited	0.35	0.52
Hero Mindmine Institute Private Limited	1.80	1.57
Hero Solar Energy Private Limited	0.52	-
Rockman Industries Limited	0.62	-
CSR		
Raman Kant Munjal Foundation	6.86	1.45
BML Munjal University	22.40	33.67
Serendepity Arts & Trust	4.73	0.24

Significant closing balances of related parties are as under :-

Particulars	As at March 31, 2018	As at March 31, 2017
- Payables		
A .G. Industries Private Limited	53.51	18.41
Rockman Industries Limited	285.39	247.29

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 ₹ 79.24 crores (previous year ₹ 66.46 crores) have been charged under "Lease rentals" and " Rent" in Note 31. Future lease payments under operating leases non cancellable in nature is as follows:-

Particulars	As at March 31, 2018	As at March 31, 2017
Not later than one year	0.43	10.99
Later than one year and not later than five years	1.73	1.73
Later than five years	31.82	32.25

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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, 2018, pending with various authorities:

Name of Statute	Nature of Dues	Amount* (₹ in crores)	Amount paid (₹ in crores)	Period to which the Amount Relates	Forum where Dispute is Pending
Central Excise Law	Excise duty	691.57	320.88	2008-09 to 2013-14	Supreme Court
		1.61	0.01	2014-15 to 2015-16	Commissioner Appeal
		870.47	415.58	2002-03 to 2017-18	CESTAT
	Service Tax	0.89	0.45	2004-05 to 2005-06	Supreme Court
		234.43	24.99	2004-05 to 2011-12	CESTAT
Income Tax Act, 1961	Income-tax	7342.99	528.44	2008-09, 2011-12 to 2012-13	Income Tax Appellant Tribunal
		715.59	-	2004-05, 2009-10, 2013-14	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)	Amount paid as per stay order/ mandatory deposit	Period to which the Amount Relates	Forum where Dispute is Pending
Central Excise Law	Excise duty	8.17	-	2002-03 to 2004-05	Supreme Court
		85.66	41.44	2009-10 to 2010-11, 2013-14	CESTAT
Income Tax Act, 1961	Income-tax	4947.77	-	1987-88, 1989-90, 1992-93, 1993-94, 1995-96, 1996-97, 1997-98, 1998-99, 2000-01, 2006-07, 2009-10 and 2010-11	High Court
		72.00	-	2001-02, 2003-04, 2004-05, 2005-06 and 2007-08	Income Tax Appellate Tribunal

39. Research and development expenses :

Expenses charged to revenue account

	For the year ended March 31, 2018	For the year ended March 31, 2017
Raw material consumption	1.93	1.42
Consumables	3.16	1.68
Employee benefits	152.95	117.07
Depreciation and amortisation	77.59	49.00
Others*	131.08	255.54
Total	**366.72**	**424.71**

* Includes intangible asset under development amounting to ₹ 16.24 crores (previous year ₹161.74 crores) expensed off during the year.

Capital expenditure	For the year ended March 31, 2018	For the year ended March 31, 2017
Building	7.43	61.28
Equipments	32.33	132.85
Furniture and fixtures	1.62	5.57
Software	2.31	3.49
Vehicles	6.10	4.65
Data processing equipments	6.34	4.57
	56.13	**212.41**
Capital work in progress	70.66	63.97
Total	**126.79**	**276.38**

40. Share-based payments

Employee Stock Option 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
ESOP 2017	29,800	31-Oct-17	31-Oct-24	2,818	1,615
RSU 2017	15,769	31-Oct-17	31-Oct-24	2	3,663

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 2017	RSU 2017
Weighted Average Fair value of option/RSU	1,615	3,663
Weighted Average share price	3,850	3,850
Exercise price	2,818	2
Expected volatility	23.98%	107.92%
Option life	7 Years	7 Years
Dividend yield	2.56%	2.56%
Risk-free interest rate	6.42%	6.42%

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Movements in share options during the year

	For the year ended March 31, 2018		For the year ended March 31, 2017	
	Number of options	Weighted average exercise price ₹	Number of options	Weighted average exercise price ₹
Outstanding at the beginning of the year	52,780	2,159	18,776	2,159
Granted during the year	29,800	2,818	41,290	2,469
Forfeited during the year	3,598	2,193	536	2,159
Exercised during the year	11,258	2,355	6,750	2,159
Outstanding at the end of year	67,724	2,604	52,780	2,402
Exercisable at the end of year	1,290	2,469	960	2,159

Movements in RSU during the year

	Number of RSU	Weighted average exercise price ₹	Number of RSU	Weighted average exercise price ₹
Outstanding at the beginning of the year	11,194	2	-	-
Granted during the year	15,769	2	11,194	2.00
Forfeited during the year	2,191	2	-	-
Exercised during the year	3,359	2	-	-
Outstanding at the end of year	21,413	2	11,194	2.00
Exercisable at the end of year	-	-	-	-

Share options exercised during the year

Option Plan	No. of options exercised	Weighted Share price at exercise date ₹
ESOP 2014	4,146	3,853
ESOP 2016	7,112	3,796
RSU 2016	3,359	3,590

Share options/RSU outstanding at end of the year

Options/ RSU Plans	Options outstanding as at March 31, 2018	Options outstanding as at March 31, 2017	Remaining contractual life (in Years) as on March 31, 2018	Remaining contractual life (in Years) as on March 31, 2017	Exercise Price ₹
ESOP 2014	4,146	11,490	3.56	4.56	2,159
ESOP 2016	33,778	41,290	5.39	6.39	2,469
RSU 2016	7,083	11,194	5.39	6.39	2
ESOP 2017	29,800	-	6.59	-	2,818
RSU 2017	14,330	-	6.59	-	2
	89,137	63,974			

During the the year ended March 31, 2018, the Company recorded an employee stock compensation expense of ₹5.35 crores (previous year ₹ 3.42 crore) in the Statement of Profit and Loss.

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:

	As at March 31, 2018	As at March 31, 2017
Share capital	39.94	39.94
Equity reserves	11,728.94	10,071.35
Total Equity	**11,768.88**	**10,111.29**

Categories of financial instruments		

	As at March 31, 2018	As at March 31, 2017
Financial assets		
Financial assets at fair value through profit or loss		
Non-current		
Investments	651.08	236.06
Current		
Investments	5,591.12	4,419.80
Derivative instruments carried at fair value	-	4.42
Financial assets at amortised cost		
Non-current		
Investments	267.41	260.88
Loans	45.68	48.36
Current		
Investments	-	121.05
Trade receivables	1,520.18	1,561.87
Cash and bank balances	141.34	136.73
Loans	27.56	24.18
Others	539.37	144.95
Total	**8,783.75**	**6,958.30**
Financial liabilities at amortised cost		
Current		
Trade payables	3,318.81	3,247.27
Other financial liabilities	202.14	352.77
Total	**3,520.95**	**3,600.04**

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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 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:

	Fair value as at March 31, 2017		
	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss			
Non-current			
Investments in mutual funds	-	212.33	-
Investments in equity instruments	13.73	-	10.00
Current			
Investments in mutual funds	4,257.25	162.65	-
Derivative instruments carried at fair value	2.79		

	Fair value as at March 31, 2018		
	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss			
Non-current			
Investments in mutual funds	-	645.77	-
Investments in equity instruments	5.31	-	-
Current			
Investments in mutual funds	5,397.55	193.57	-

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:

	March 31, 2018		March 31, 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at amortised cost				
Non-current				
Investments in bonds	267.41	273.71	260.88	274.38
Current				
Investments in bonds	-	-	121.05	123.08

	Fair value hierarchy	
	March 31, 2018 Level 2	March 31, 2017 Level 2
Financial assets at amortised cost		
Non-current		
Investments in bonds	273.71	274.38
Current		
Investments in bonds	-	123.08

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-: 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 quoted prices 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, Level 2 and Level 3 during the year ended March 31, 2018 and March 31, 2017

41.3 Financial risk management objectives and Policies

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.

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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.

In Millions

Foreign currency exposure as at March 31, 2017	USD	EURO	JPY
Trade Receivable	14.91	-	-
Trade Payables	1.77	-	-
Forward cover-Sell	11.00	-	-
Forward cover-Bought	2.00	-	-

In Millions

Foreign currency exposure as at March 31, 2018	USD	EURO	JPY
Trade Receivable	28.98	-	-
Trade Payables	15.13	-	646.92

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	2017-18		2016-17	
	5% increase	5% decrease	5% increase	5% decrease
Receivable- USD	**9.39**	**(9.39)**	**4.84**	**(4.84)**
Payable				
USD	(4.90)	4.90	(0.57)	0.57
JPY	(1.97)	1.97		
Forward cover-Sold	-	-	(3.57)	3.57
Forward cover-Bought	-	-	0.65	(0.65)
Impact on profit or loss as at the end of the reporting period	**2.52**	**(2.52)**	**1.35**	**(1.35)**
Impact on total equity as at the end of the reporting period	**1.64**	**(1.64)**	**0.88**	**(0.88)**

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.

The Company write off the receivables in case of certainity of irrecoverability.

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 and analysed the recoverable amount of receivables on an individual basis 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, 2018	For the year ended March 31, 2017
Balance at beginning of the year	23.61	14.05
Add: Provided during the year	5.07	9.57
Less: Amounts written off	-	0.01
Balance at the end of the year	28.68	23.61

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, 2018 would increase/decrease by ₹ 62.37 Crores (for the year ended March 31, 2017 ₹ 31.23 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.

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Particulars	As at March 31, 2018		As at March 31, 2017	
	Less than 1 year	Total	Less than 1 year	Total
Current				
(i) Trade payables	3,318.81	3,318.81	3,247.27	3,247.27
(ii) Other financial liabilities	202.14	202.14	352.77	352.77

The surplus funds with the Company and operational cash flows will be sufficient to dispose the financial liabilities with in the maturity period.

42. Expenditure on Corporate Social Responsibility (CSR)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Gross amount required to be spent	82.60	70.62
(b) Amount spent for the purposes other than Construction/acquisition of assets in the Company	84.34	85.14

43. The Company's borrowing facilities, comprising fund based and non-fund based limits from various bankers, are secured by way of hypothecation of inventories, receivables, movable assets and other current assets.

44. The financial statements were approved for issue by the board of directors on May 02, 2018.

45. Information pursuant to G.S.R. 308 (E) dated 30 March 2017 issued by Ministry of corporate affairs:

Particulars	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
Closing cash in hand as on 30.12.2016	**-**	**822,415**	**822,415**

* For the purpose of this disclosure, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016. The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made since the requirement does not pertain to financial year ended 31 March 2018. Corresponding amounts as appearing in the audited financial statements for the year ended 31 March 2017 have been disclosed.

INDEPENDENT AUDITOR'S REPORT

To the Members of Hero MotoCorp Limited

Report on the Audit of Consolidated Ind AS FinancialStatements

We have audited the accompanying consolidated Ind AS financial statements of Hero MotoCorp Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associates, which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement, for the year then ended, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated state of affairs, the consolidated profit/ loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flows of the Group including share from its associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified 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 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associatesare responsible for assessing the ability of the Group and of its associates, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and of its associates, to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 2 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and associates, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group andits associates as at 31 March 2018, and their consolidated profit and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flows for the year ended on that date.

Other Matters

1. The comparative consolidated financial statements of the holding Company for the year ended 31 March 2017 were audited by another auditor who expressed an unmodified opinion on those statements on 10 May 2017.

2. We did not audit the financial statements of five subsidiaries, namely HMCL Niloy Bangladesh Limited, HMCL Americas, Inc., HMCL Colombia S.A.S., HMCL Netherlands B.V., HMCL (NA) Inc., whose financial statements reflect total assets of ₹ 622.87 crores as at 31 March 2018, total revenues of ₹ 664.97 crores and net cash inflows amounting to ₹ 37.59 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹ 24.20 crores and other comprehensive income of

₹ 0.27 crores for the year ended 31 March, 2018, as considered in the consolidated financial statements, in respect of two associates, namely At her Energy Private Limited and Hero FinCorp 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 financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates 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 associates is based solely on the reports of the other auditors.

Certain of these subsidiariesare located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

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 report of the other auditors on separate financial statements and the other financial information of subsidiaries and associates, as noted in the 'other matters' paragraph, we report, to the extent applicable, that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

   d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under section 133 of the Act;

   e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company and associate companies, which are incorporated in India, none of the directors of the Group companies and its associate companies incorporated in India is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary company and associate companies which are incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A"; and

   g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and associates, as noted in the 'other matters' paragraph:

   i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates. Refer Note 36 to the consolidated financial statements;

   ii. According to the information and explanation given to us, the Group and its associates did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2018.

   iii. According to the information and explanation given to us, there has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and associate companies which are incorporated in India during the year ended 31 March 2018.

   iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited consolidated financial statements for the period ended 31 March 2017 have been disclosed.

For B S R & Co. LLP

Chartered Accountants
Firm registration No.: 101248W/W-100022

Jiten Chopra
Partner
Membership No. : 092894

Place: **New Delhi**
Date: 02 May 2018

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

of even date on the consolidated Ind AS Financial Statements of Hero MotoCorp Limited for the year ended 31 March 2018

Report on the Internal Financial Controls 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 Group as of and for the year ended 31 March 2018, we have audited the internal financial controls with reference to consolidated financial statements of Hero MotoCorp Limited (hereinafter referred to as "the Holding Company") and its subsidiary company, its associate companies, which are companies incorporated in India, as of date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary company, its associate companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal controls with reference to consolidated financial statements 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 ("Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company, its subsidiary company and its associate companies, which are incorporated in India, internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. 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 with reference to consolidated financial statements 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, 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 judgment, 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 auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to consolidated financial statements.

Meaning of Internal Financial Controls with reference to consolidated financial statements

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated financial statements 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 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 un authorised 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 with reference to consolidated financial statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls

with reference to consolidated financial statements 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, the Holding Company, its subsidiary company and its associate companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at 31 March 2018, based on the internal control with reference to consolidated financial statements criteria established by the Holding Company, its subsidiary company and its associate companies, which are incorporated in India, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI..

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements in so far as it relates to subsidiary company, and associate companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India

For **B S R & Co. LLP**
Chartered Accountants
Firm registration No.: 101248W/W-100022

Jiten Chopra
Partner
Membership No.: 092894

Place: New Delhi
Date: 02 May 2018

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2018

(Amount in crores of INR)

Particulars	Note	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
(a) Property, plant and equipment	5	4,771.39	4,495.03
(b) Capital work-in-progress	6	239.02	386.50
(c) Intangible assets	7	189.57	103.82
(d) Intangible assets under development	8	116.46	194.46
(e) Equity accounted investments in associates	9A	1,159.63	1,025.37
(f) Financial assets			
(i) Investments	9B	918.49	496.94
(ii) Loans	10	45.85	48.52
(g) Income tax assets (net)	12	394.51	332.50
(h) Other non-current assets	13	559.58	658.35
Total Non - Current Assets		**8,394.50**	**7,741.49**
Current assets			
(a) Inventories	14	962.68	708.58
(b) Financial assets			
(i) Investments	9B	5,591.12	4,544.06
(ii) Trade receivables	15	1,426.97	1,551.75
(iii) Cash and cash equivalents	16	130.61	74.06
(iv) Bank balances other than (iii) above	17	106.96	121.33
(v) Loans	10	28.50	24.93
(vi) Others	11	543.28	145.02
(c) Other current assets	13	212.11	400.78
Total Current Assets		**9,002.23**	**7,570.51**
Total Assets		**17,396.73**	**15,312.00**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	18(a)	39.94	39.94
(b) Other equity	19	11,931.52	10,275.57
Total Equity attributable to owners of the Company		**11,971.46**	**10,315.51**
Non-controlling interests	20	93.21	67.38
Total Equity		**12,064.67**	**10,382.89**
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
Borrowings	21	149.63	207.90
(b) Provisions	22	119.18	75.62
(c) Deferred tax liabilities (net)	23	581.89	468.90
Total Non - Current Liabilities		**850.70**	**752.42**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	21	75.37	40.08
(ii) Trade payables	24	3,375.26	3,266.20
(iii) Other financial liabilities	25	205.49	371.21
(b) Other current liabilities	26	764.95	456.63
(c) Provisions	22	60.29	42.57
Total Current Liabilities		**4,481.36**	**4,176.69**
Total Equity and Liabilities		**17,396.73**	**15,312.00**
See accompanying notes to the consolidated financial statements	1-46		

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W-100022

Jiten Chopra
Partner
Membership No; 092894

Place : New Delhi
Date : May 02, 2018

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 02, 2018

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2018

(Amount in crores of INR)

Particulars	Note	For the year ended March 31, 2018	For the year ended March 31, 2017
Income			
Revenue from operations	27	33,100.94	30,983.66
Other income	28	523.17	521.95
Total Income		**33,624.11**	**31,505.61**
Expenses			
Cost of materials consumed	29	21,995.94	19,019.34
Change in inventories of finished goods and work-in-progress	30	(110.12)	96.74
Excise duty on sale of goods		642.57	2,373.23
Employee benefits expenses	31	1,583.71	1,432.49
Finance costs	32	30.80	27.28
Depreciation and amortisation expenses	5 & 7	574.98	502.25
Other expenses	33	3,663.79	3,485.89
Total expenses		**28,381.67**	**26,937.22**
Profit/(loss) from associates			
Share in profit/(loss) of associates, net of tax		49.66	54.92
Gain on dilution of interest in an associate		-	262.09
		49.66	**317.01**
Profit before tax		5,292.10	4,885.40
Tax expense	34		
Current tax		1,450.99	1,082.24
Deferred tax		118.94	256.86
Total tax expense		**1,569.93**	**1,339.10**
Net profit after taxes and share of profit/(loss) of associates		**3,722.17**	**3,546.30**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:-			
Re-measurement gains (losses) on defined benefit plans		(7.19)	(21.58)
Income tax effect		2.53	7.45
Share of Other comprehensive income of associate, to the extent not be reclassified to profit or loss		0.27	(0.07)
		(4.39)	**(14.20)**
Items that will be reclassified to profit or loss:-			
Exchange differences in translating the financial statements of foreign operations		(4.39)	(6.90)
Income tax effect		1.52	2.39
		(2.87)	**(4.51)**
Total other comprehensive income, net of tax		**(7.26)**	**(18.71)**
Total Comprehensive income for the year, net of tax		**3,714.91**	**3,527.59**
Net Profit/(loss) for the year attributable to:			
-Owners of the Company		3,720.40	3,584.27
-Non-controlling interests		1.77	(37.97)
		3,722.17	**3,546.30**
Other Comprehensive income for the year attributable to:			
-Owners of the Company		(5.89)	(16.71)
-Non-controlling interests		(1.37)	(2.00)
		(7.26)	**(18.71)**
Total Comprehensive income for the year attributable to:			
-Owners of the Company		3,714.51	3,567.56
-Non-controlling interests		0.40	(39.97)
		3,714.91	**3,527.59**
Earnings per share (Nominal Value of ₹ 2 each) in ₹	35		
(a) Basic		186.30	179.49
(b) Diluted		186.29	179.49
See accompanying notes to the consolidated financial statements	1-46		

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W-100022

Jiten Chopra
Partner
Membership No; 092894

Place : New Delhi
Date : May 02, 2018

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 02, 2018

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2018

(Amount in crores of INR)

PARTICULARS			Year ended March 31, 2018		Year ended March 31, 2017	
A.	**CASH FLOW FROM OPERATING ACTIVITIES**					
	Profit after tax and share in profit/(loss) of associates			**3,722.17**		**3,546.30**
	Adjustments for:					
Add:		Depreciation and amortisation	574.98		502.25	
		Tax expense	1,569.93		1,339.10	
		Loss on property, plant and equipments sold/discarded	9.28		170.82	
		Finance cost	30.80		27.28	
		Employee Stock Compensation Cost	5.35		3.42	
				2,190.34		**2,042.87**
Less:		Interest income on financial assets carried at amortised cost	157.19		159.30	
		Dividend income	70.56		37.98	
		Profit on sale of investments	216.09		137.85	
		Gain on investments carried at fair value through profit or loss	74.59		179.60	
		Share of profit in associates	49.66		317.01	
		Profit on sale of property, plant and equipments	0.54		0.76	
		Foreign currency translation (net)	11.13		2.43	
				579.76		**834.93**
	Operating profit before working capital changes			**5,332.75**		**4,754.24**
	Changes in working capital:					
		Adjustment for (increase)/decrease in operating assets:				
		Inventories	(254.10)		53.41	
		Trade receivables	124.78		(269.68)	
		Loans-Current	(3.57)		0.25	
		Loans-Non-Current	2.67		1.56	
		Other financial assets-current	(398.07)		15.49	
		Other current assets	188.67		22.13	
		Other non-current assets	70.39		68.74	
				(269.23)		**(108.10)**
		Adjustment for increase/(decrease) in operating liabilities:				
		Trade payables	109.06		590.86	
		Other financial liabilities-Current	(11.97)		(13.72)	
		Other current liabilities	308.32		(49.67)	
		Short-term provisions	17.72		12.77	
		Long-term provisions	43.56		7.82	
				466.69		**548.07**
	Cash generated from operations			5,530.21		5,194.21
	Less: Income tax paid			1,513.00		1,187.02
	Net cash from operating activities			**4,017.21**		**4,007.19**

PARTICULARS		Year ended March 31, 2018		Year ended March 31, 2017	
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Capital expenditure on property, plant & equipment and intangible assets including capital advances		(824.16)		(1,238.11)
	Proceeds from sale of property, plant & equipment		2.66		1.58
	Sale of investments		33,681.58		28,334.82
	Purchase of investments		(34,854.02)		(29,048.77)
	Investment in associates (net of dividend received)		(90.09)		(216.92)
	Interest income on financial assets carried at amortised cost		155.26		157.47
	Dividend income:		70.56		37.98
	Net cash (used) in investing activities		**(1,858.21)**		**(1,971.95)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Interest paid		(31.25)		(27.40)
	Dividends paid		(1,697.50)		(1,737.34)
	Tax on dividend paid		(345.57)		(353.69)
	Additions to minority interest		1.93		52.72
	Proceeds from issue of equity share capital		2.66		1.45
	Proceeds/repayment from non current borrowings and finance lease obligation		(58.27)		61.92
	Proceeds/repayment from current borrowings		25.55		(33.52)
	Net cash (used) in financing activities		**(2,102.45)**		**(2,035.86)**
D.	**INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)**		**56.55**		**(0.62)**
	Cash and cash equivalents at the beginning of the year		**74.06**		**74.68**
	Cash and cash equivalents at the end of the year		**130.61**		**74.06**

	Movement in financial liabilities	Non current borrowings	Current borrowings	Finance lease obligation	Interest expense on financial liabilities	Total
	As on April 1, 2017	112.46	52.71	95.44	0.52	**261.13**
	Cash flows	(59.44)	25.55	1.17	-	**(32.72)**
	Interest Expenses	-	-	-	30.80	**30.80**
	Interest Paid	-	-	-	(31.25)	**(31.25)**
	As on 31 March 2018	**53.02**	**78.26**	**96.61**	**0.07**	**227.96**

See accompanying notes to the consolidated financial statements 1 to 46

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W-100022

Jiten Chopra
Partner
Membership No:092894

Place : New Delhi
Date : May 02, 2018

For and on behalf of the Board of Directors

Pawan Munjal
Chairman, Managing Director & CEO
DIN-00004223

Niranjan Kumar Gupta
Chief Financial Officer

Place : New Delhi
Date : May 02, 2018

Pradeep Dinodia
Chairman Audit Committee
DIN-00027995

Neerja Sharma
Company Secretary

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2018

(Amount in crores of INR)

A. Equity share capital

	Number of Shares	Amount
Balance as at April 01, 2016	199,690,088	39.94
Changes in equity share capital during the year		
Issue of equity shares under employee share option plan (# ₹ 13,500) ((Note 42)	6,750	#
Balance as at March 31, 2017	199,696,838	39.94
Changes in equity share capital during the year		
Issue of equity shares under employee share option plan (# ₹ 29,234) (Note 42)	14,617	#
Balance as at March 31, 2018	**199,711,455**	**39.94**

B. Other Equity

Particulars	Reserves and Surplus								
	Capital reserve	Securities premium reserve	General reserve	Share options outstanding account	Retained earnings	Exchange differences in translating the financial statements of foreign operations	Total attributable to the owners of Company	Attributable to NCI	Total
Balance as at March 31, 2016	#	0.87	2,676.34	1.29	6,118.53	(2.86)	8,794.17	54.63	8,848.80
Addition during the year	-	-	-	-	-	-	-	52.72	52.72
Profit for the year	-	-	-	-	3,584.27	-	3,584.27	(37.97)	3,546.30
Other comprehensive income for the year, net of income tax	-	-	-	-	(14.17)	(2.54)	(16.71)	(2.00)	(18.71)
Total Comprehensive Income for the year	-	-	-	-	3,570.10	(2.54)	3,567.56	12.75	3,580.31
Transaction with owners, recorded directly in equity									
Charge against share-based payments	-	-	-	3.42	-	-	3.42	-	3.42
Transferred to Securities premium on issue of shares	-	-	-	(0.81)	-	-	(0.81)	-	(0.81)
Payment of dividends	-	-	-	-	(1,737.34)	-	(1,737.34)	-	(1,737.34)
Tax on dividend	-	-	-	-	(353.69)	-	(353.69)	-	(353.69)
Issue of equity shares under employee share option plan	-	2.26	-	-	-	-	2.26	-	2.26
Balance as at March 31, 2017	#	3.13	2,676.34	3.90	7,597.60	(5.40)	10,275.57	67.38	10,342.95
Profit for the year	-	-	-	-	3,720.40	-	3,720.40	1.77	3,722.17
Addition during the year	-	-	-	-	-	-	-	1.93	1.93
Adjustment on account change in controlling interest					(23.50)	-	(23.50)	23.50	-

Other comprehensive income for the year, net of income tax	-	-	-	-	(4.42)	(1.47)	(5.89)	(1.37)	(7.26)
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**3,692.48**	**(1.47)**	**3,691.01**	**25.83**	**3,716.84**
Transaction with owners, recorded directly in equity									
Charge against share-based payments	-	-	-	5.35	-	-	5.35	-	5.35
Transferred to securities premium on issue of shares	-	2.51	-	(2.51)	-	-	-	-	-
Payment of dividends	-	-	-	-	(1,697.50)	-	(1,697.50)	-	(1,697.50)
Tax on dividend	-	-	-	-	(345.57)	-	(345.57)	-	(345.57)
Issue of equity shares under employee share option plan	-	2.66	-	-	-	-	2.66	-	2.66
Balance as at March 31, 2018	**#**	**8.30**	**2,676.34**	**6.74**	**9,247.01**	**(6.87)**	**11,931.52**	**93.21**	**12,024.73**

on shares forfeited ₹ 4250 and securities premium account on forfeited share reissued ₹ 25,500

See accompanying notes to the consolidated financial statements 1 to 46

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W-100022

Jiten Chopra
Partner
Membership No:092894

Place : New Delhi
Date : May 02, 2018

For and on behalf of the Board of Directors

Pawan Munjal
Chairman, Managing Director & CEO
DIN-00004223

Niranjan Kumar Gupta
Chief Financial Officer

Place : New Delhi
Date : May 02, 2018

Pradeep Dinodia
Chairman Audit Committee
DIN-00027995

Neerja Sharma
Company Secretary

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2018

(Amount in crores of INR)

1. General Information

Hero MotoCorp Limited (the Company), its subsidiaries (collectively called as "Group") and its 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 is a public limited company incorporated and domiciled in India and has its registered office at New Delhi, India. The addresses of the company's 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, 2018 were approved by the Board of Directors and authorised for issue on May 02, 2018.

2. Basis of preparation and presentation

2.1 Statement of Compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of Companies Act, 2013, (the 'Act').

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments, net defined benefit asset/ liability and liabilities for equity settled share based payments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

These financial statements are presented in Indian Rupee (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest crores, unless otherwise stated.

2.3 Operating Cycle

Based on the nature of products/ activities of the Group and its associates, the normal time between acquisition of assets and their realization in cash or cash equivalents, the Group and its associates 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. 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.

Non controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

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Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in the statement of profit or loss.

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:

Name of entity	Relationship	Country of Incorporation and principal place of business	Ownership held by	% of Holding and voting power either directly or indirectly through subsidiary as at	
				March 31, 2018	March 31, 2017
HMCL (NA) Inc.	Subsidiary	United States of America	Company	100%	100%
HMCL Americas Inc.	Subsidiary	United States of America	Company	100%	100%
HMC MM Auto Limited	Subsidiary	India	Company	60%	60%
HMCL Netherlands BV	Subsidiary	Netherlands	Company	100%	100%
HMCL Colombia SAS	Subsidiary	Colombia	HMCL Netherlands BV	68%	51%
HMCL Niloy Bangladesh Limited	Subsidiary	Bangladesh	HMCL Netherlands BV	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 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 associates 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 and principal place of business	Ownership held by	% of Holding and voting power either directly or indirectly through subsidiary as at	
				March 31, 2018	March 31, 2017
Hero FinCorp Limited	Associate	India	Company	41.03%	41.03%
Ather Energy Private Limited	Associate	India	Company	32.31%	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%

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.

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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 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 and its associates, 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 the Statement of 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.

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.

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 if any for which the grants are intended to compensate.

3.6 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Payments to defined contribution plans are recognised as an expense in the statement of profit and loss when employees have rendered service entitling them to the contributions.

Defined benefit plans

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 benefit expenses'.

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 employee benefits

Liabilities recognised in respect of wages and salaries and other short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service and are expensed as the related services are provided.

Other long-term employee benefits

Liabilities recognised in respect of other long-term employee benefits such as compensated absences 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 based on the actuarial valuation using the projected unit credit method carried out at the year end. Re-measurement gain or losses are recognised in the statement of profit and loss in the period in which they arise.

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

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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 Share Option's Outstanding account.

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. 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. In case of a history of recent losses, the group recognises a deferred tax assets only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax assets can be realised.

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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they related to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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, if any. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses. Freehold land is not depreciated.

Properties plant and equipment 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.

Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses.

Depreciation is recognised on 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 as per estimated economic useful lives prescribed 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 grouped under property, plant and equipment.

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 the statement of 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:

- 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, 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 property, plant and equipment 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

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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.

For impairment testing, assets that don't generate independent cash flows are grouped together into cash generating units (CGU's). Each CGU represents the smallest group of assets that generate cash inflows that are largely independent of the cash inflows of other assets or CGU's.

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. Cost of inventories include expenditure incurred in acquiring the inventory, production or conversion cost and other costs incurred in bringing them to their present location and condition. Costs of inventories are determined on a moving weighted average. Finished goods and work-in-progress include appropriate proportion of overheads. 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, 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).

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.

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. The Company has not designated any debt instrument as at FVTPL.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.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intents either to settle them on net basis or to realise the assets and settle the liabilities simultaneously.

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

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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

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.

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.

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 Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

3.21 Recent accounting pronouncements (standards notified but not yet effective)

Ind AS 115:- Revenue from Contracts

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. Ind AS 115, establishes a comprehensive framework for determining whether, how much and when revenue should be recognised.

It replaces existing revenue recognition guidance, including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and Guidance Note on Accounting for Real Estate Transactions. Ind AS 115 is effective for annual periods beginning on or after 1 April 2018 and will be applied accordingly.

The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The Company has completed its evaluation of the possible impact of Ind AS 115. The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The Company does not expect the impact of the adoption of the new standard to be material.

Ind AS 21:- The effect of changes in foreign exchange rates:-

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The appendix explains that the date of transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability.

The amendment will come into force from April 1, 2018. The Company has preliminary evaluated the effect of this on the financial statements and the impact is not material.

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 prospectively.

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 here are no factors which indicates that these assets have suffered any impairment loss.

Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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. contingent Gain 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, 2018 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.

Impairment of 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.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2018

(Amount in crores of INR)

5. Property, plant and equipment

Particulars	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Data Processing equipment	Total
Cost								
At March 31, 2016	101.14	1,525.87	3,853.65	31.24	37.79	37.98	146.38	5,734.05
Additions	0.46	512.75	731.82	9.81	17.37	8.53	25.61	1,306.35
Disposals		1.07	49.58	0.73	7.15	1.74	4.68	64.95
Foreign currency translation exchange difference	-	-	(4.38)	-	-	-	-	(4.38)
At 31 March 2017	101.60	2,037.55	4,531.51	40.32	48.01	44.77	167.31	6,971.07
Additions	6.45	272.75	476.30	4.55	10.60	15.66	26.70	813.01
Disposals	-	0.31	58.02	0.30	5.60	1.00	3.59	68.82
Foreign currency translation exchange difference	-	-	5.93	-	-	-	-	5.93
At 31 March 2018	**108.05**	**2,309.99**	**4,955.72**	**44.57**	**53.01**	**59.43**	**190.42**	**7,721.19**
Accumulated depreciation								
At March 31, 2016	-	197.00	1,744.35	12.08	17.53	20.25	88.20	2,079.41
Depreciation expense	-	50.50	365.55	3.59	4.65	5.50	21.89	451.68
Disposals	-	1.02	40.20	0.52	5.78	1.43	4.59	53.54
Foreign currency translation exchange difference	-	-	(1.51)	-	-	-	-	(1.51)
At 31 March 2017	**-**	**246.48**	**2,068.19**	**15.15**	**16.40**	**24.32**	**105.50**	**2,476.04**
Depreciation expense	-	66.20	424.82	4.19	5.30	7.50	22.28	530.29
Disposals	-	0.17	49.71	0.28	3.04	0.95	3.27	57.42
Foreign currency translation exchange difference	-	-	0.89	-	-	-	-	0.89
At 31 March 2018	**-**	**312.51**	**2,444.19**	**19.06**	**18.66**	**30.87**	**124.51**	**2,949.80**
Net block								
At 31 March 2017	101.60	1,791.07	2,463.33	25.17	31.61	20.45	61.81	4,495.03
At 31 March 2018	**108.05**	**1,997.48**	**2,511.53**	**25.51**	**34.35**	**28.56**	**65.91**	**4,771.39**

6. Capital work-in-progress

	As at March 31, 2018	As at March 31, 2017
Capital work-in-progress	239.02	386.50
	239.02	**386.50**

7. Intangible assets

	Model fee/ Product designs and development	Computer softwares	Technical know-how/export licenses	Total
Cost				
At 31 March 2016	596.83	98.60	2,905.67	3,601.10
Additions	5.89	15.82	3.61	25.32
At 31 March 2017	602.72	114.42	2,909.28	3,626.42
Additions	114.43	12.74	3.22	130.39
Disposals	-	-	-	-
Foreign currency translation exchange difference	0.10	-	-	0.10
At 31 March 2018	**717.15**	**127.16**	**2,912.50**	**3,756.91**
Accumulated amortisation				
At 31 March 2016	521.49	54.08	2,896.46	3,472.03
Amortisation expense	36.67	12.74	1.16	50.57
At 31 March 2017	558.16	66.82	2,897.62	3,522.60
Amortisation expense	28.38	14.84	1.47	44.69
Foreign currency translation exchange difference	0.05	-	-	0.05
At 31 March 2018	**586.59**	**81.66**	**2,899.09**	**3,567.34**
Net block				
At 31 March 2017	44.56	47.60	11.66	103.82
At 31 March 2018	**130.56**	**45.50**	**13.41**	**189.57**

8. Intangible assets under development

	As at March 31, 2018	As at March 31, 2017
Intangible assets under development	116.46	194.46
	116.46	**194.46**

9 Equity accounted investments in associates and other investments

	Units As at March 31, 2018	Units As at March 31, 2017	As at March 31, 2018		As at March 31, 2017	
			Current	Non Current	Current	Non Current
Category-wise investments						
Investment in equity instruments			-	1,164.94	-	1,039.10
Investment in preference shares			-	-	-	10.00
Investment in debentures / bonds			-	267.41	121.05	260.88
Investment in mutual funds			5,591.12	645.77	4,423.01	212.33
			5,591.12	**2,078.12**	**4,544.06**	**1,522.31**

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For The Year Ended March 31, 2018

(Amount in crores of INR)

9A Equity accounted investments in associates

	Units As at March 31, 2018	Units As at March 31, 2017	As at March 31, 2018		As at March 31, 2017	
			Current	Non Current	Current	Non Current
Investment in equity instruments						
Unquoted Investments						
Investment in						
Associates (carrying amount determined using equity method of accounting)						
Erik Buell Racing Inc.						
Convertible preffred stock series A equity shares of USD 0.01 each.	2,466	2,466	-	150.09	-	150.09
Cost of acquisition (including Goodwill ₹ 119.65 crores)			-	150.09	-	150.09
Less: Provision for dimunition/ impairment (Refer Note 41)			-	(150.09)	-	(150.09)
Ather Energy Private Limited						
Equity Shares of Face Value of ₹ 1 each	100	100	-	0.20	-	0.20
Preference shares of Face Vaue of ₹ 10 each (Convertible into equity instruments)	99,186	89,258	-	200.38	-	180.32
Add/(less) Group's share of profit/(loss)			-	(13.23)	-	(1.35)
(including Goodwill on acquisition of interest ₹ 113.32 crores (Previous Year 105.53 Crores)			-	187.35	-	179.17
Hero FinCorp Limited						
Equity shares of Face Value of ₹ 10 each	40,388,576	38,343,025	-	527.99	-	421.56
Investment in Warrant of Face Value of ₹ 10 each	-	2,045,551	-	-	-	36.40
Add: Groups share of profit (net off dividend received) [includes gain on dilution of interest ₹Nil (Previous Year ₹262.09)]				444.29		388.24
(including Goodwill on acquisition of interest ₹ 46.67 crores (Previous Year ₹ 46.67 Crores)			-	972.28	-	846.20
			-	**1,159.63**	**-**	**1,025.37**

9B Investments

	Units As at March 31, 2018	Units As at March 31, 2017	As at March 31, 2018		As at March 31, 2017	
			Current	Non Current	Current	Non Current
Investment in equity instruments						
Quoted Investments						
Investments carried at fair value through profit or loss (FVTPL)						
Investment in equity instruments						
of Other Entities						
Face Value of ₹ 2 each						
Bombay Stock Exchange Limited	70,200	140,400	-	5.31	-	13.73
			-	**5.31**	**-**	**13.73**
Investment in preference shares						
Unquoted Investments						
Investments carried at fair value through profit or loss (FVTPL)						
of other entities						
Face Value of ₹ 1000 each						
Tata Capital Limited	-	100,000	-	-	-	10.00
			-	**-**	**-**	**10.00**
Investment in preference shares			**-**	**-**	**-**	**10.00**
Investment in debentures / bonds						
Quoted Investments						
Investments carried at amortised cost						
Face Value of ₹ 1000 each						
7.34% HUDCO -Maturity-16.02.2023	250,000	250,000	-	25.22	-	25.22
7.18% IRFC -Maturity-19.02.2023	250,000	250,000	-	25.83	-	25.83
8.18% NHPC Tax Free Bonds-Maturity-02.11.2023	161,050	161,050	-	17.41	-	17.42
8.51% HUDCO Tax Free Bonds-Maturity-13.01.2024	250,000	250,000	-	25.44	-	25.45
8.18% PFC Tax Free Bonds-Maturity-16.11.2023	323,890	323,890	-	33.38	-	33.38
Face Value of ₹ 1,00,000 each						
6.70% IRFC Bonds -Maturity-08.03.2020	1,500	1,500	-	15.51	-	15.53
Face Value of ₹ 5,00,000 each						
10.70% Tata Motors Finance Limited-Maturity-28.04.2020	138	138	-	7.64	-	7.67
10.70% Tata Motors Finance Limited-Maturity-10.04.2020	400	400	-	22.25	-	22.34
Face Value of ₹ 10,00,000 each						
13% Religare Finvest Limited-Maturity-30.05.2017	-	100	-	-	10.43	-
14% Religare Enterprise Limited-Maturity-30.06.2017	-	125	-	-	13.65	-
9.20% Bank of Baroda RR Perpetual BD 09.10.2019	50	50	-	5.19	-	5.32
Zero Coupon Bonds						
Rural Electrification Corporation Ltd NCD @ 13578 maturity ₹ 30000 per bond-Maturity-15.12.2020	37,000	37,000	-	89.54	-	82.72

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(Amount in crores of INR)

	Units As at March 31, 2018	Units As at March 31, 2017	As at March 31, 2018		As at March 31, 2017	
			Current	Non Current	Current	Non Current
National Bank For Agriculture and Rural Development						
Bhavishya Nirman Bonds @ ₹ 8182 each-Maturity on 01.08.2017(38,000 units) and 01.10.2017 (12,200 units)						
10 Year Zero Coupon Bond of NABARD-Maturity ₹ 20000 per bond	-	50,200	-	-	96.97	-
			-	267.41	121.05	260.88
Investment in debentures / bonds			-	267.41	121.05	260.88
Investment in mutual funds						
{include funds which are listed but not quoted}						
Unquoted Investments						
Investments carried at fair value through profit or loss (FVTPL)						
Debt fund						
Units of the face value of ₹ 10 each						
ICICI Prudential Mutual Fund						
FMP -Series 82-1199 Days Plan L Direct Plan Cumulative	70,000,000	-	-	70.85	-	-
FMP -Series 82-1135 Days Plan U Direct Plan Cumulative	50,000,000	-	-	50.17	-	-
Blended Plan B-Direct Plan-Growth Option (Merged with Banking and PSU Debt Fund Direct Plan Growth)	24,817,467	24,817,467	65.90	-	61.70	-
Income Opportunities Fund-Direct Plan-Growth Option	-	19,387,735	-	-	45.22	-
Aditya Birla Sunlife Mutual Fund						
Fixed Term Plan-Series JY (1099 days)-Gr.-Direct	-	15,000,000	-	-	19.46	-
Fixed Term Plan-Series PB (1190 days)-Direct Growth	90,000,000	-	-	91.34	-	-
Dynamic Bond Fund- Retail- Growth	76,684,191	76,684,191	229.92	-	222.64	-
IDFC Mutual Fund						
Corporate Bond Fund Direct Plan-Growth	-	49,986,503	-	-	56.07	-
Reliance Mutual Fund						
Annual Interval Fund -Series I-Direct Growth Plan Growth Option	-	10,651,352	-	-	17.56	-
Interval Fund II-Series 4-Direct Plan Growth Plan	-	12,500,000	-	-	16.36	-
Fixed Horizon Fund -XXV-Series 15-Direct Plan Growth Plan	40,000,000	40,000,000	59.55	-	-	55.04
Fixed Horizon Fund -XXV-Series 20-Direct Plan Growth Plan	20,000,000	20,000,000	29.67	-	-	27.43
Fixed Horizon Fund -XXVII-Series 11-Direct Plan Growth Plan	-	20,000,000	-	-	24.52	-
Fixed Horizon Fund -XXX-Series 4-Direct Growth Plan	30,000,000	30,000,000	-	35.81	-	33.43
Fixed Horizon Fund -XXXI-Series 5-Direct Growth Plan	5,000,000	5,000,000	-	5.70	-	5.33

	Units As at March 31, 2018	Units As at March 31, 2017	As at March 31, 2018		As at March 31, 2017	
			Current	Non Current	Current	Non Current
Floating Rate-Short Term Plan -Direct Growth Plan	46,942,186	46,942,186	131.94	-	123.42	-
Corporate Bond Fund-Direct Growth Plan	53,163,841	53,163,841	76.98	-	71.61	-
Regular Savings Fund -Debt Plan -Direct Growth Plan Growth Option	-	82,899,424	-	-	194.75	-
Invesco Mutual Fund (Formerly Religare Invesco Mutual Fund)						
Fixed Maturity Plan Series XIV-Plan F (1098 Days)-Direct Plan	-	13,500,000	-	-	16.65	-
FMP-Sr.26-Plan A (1098 Days)-Direct Sub Plan Growth	15,000,000	15,000,000	18.83	-	-	17.55
FMP-Sr.26-Plan C (1098 Days)-Direct Sub Plan Growth	10,000,000	10,000,000	12.44	-	-	11.61
FMP-Sr.27-Plan A (1100 Days)-Direct Sub Plan Growth	10,000,000	10,000,000	11.99	-	-	11.21
FMP-Sr.29-Plan B (1150 Days)-Direct Sub Plan Growth	6,000,000	6,000,000	-	6.43	-	6.02
L&T Mutual Fund						
Income Opportunities Fund Direct Plan-Growth	43,776,843	43,776,843	89.23	-	83.17	-
Banking and PSU Debt Fund Direct Plan-Growth	-	21,141,351	-	-	31.12	-
BNP Paribas Mutual Fund						
Medium Term Income Fund Direct Plan Growth	25,000,000	25,000,000	35.84	-	33.55	-
DHFL Pramerica Mutual Fund(Formerly Deutsche Mutual Fund)						
Fixed Maturity Plan Series 57-Direct Plan-Growth	-	4,547,935	-	-	5.86	-
Short Maturity Fund Direct Plan-Annual Bonus	-	4,614,440	-	-	9.50	-
Ultra Short Term Fund-Direct Plan-Annual Bonus	-	8,868,007	-	-	11.73	-
Low Duration Fund Direct Plan-Annual Bonus (Formerly Cash Opportunities Fund-Direct Plan-Annual Bonus)	-	10,389,886	-	-	13.96	-
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	-
SBI Mutual Fund						
Debt Fund Series B-20(1100 Days) Direct Plan-Growth	10,000,000	10,000,000	12.52	-	-	11.69
Dual Advantage Fund -Series VII- Direct-Growth	-	15,000,000	-	-	17.15	-
Dual Advantage Fund -Series VIII- Direct-Growth	25,000,000	25,000,000	30.30	-	28.05	-
Dual Advantage Fund -Series XII- Direct-Growth	15,000,000	15,000,000	18.27	-	16.94	-
IDFC Mutual Fund						

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	Units As at March 31, 2018	Units As at March 31, 2017	As at March 31, 2018		As at March 31, 2017	
			Current	Non Current	Current	Non Current
Fixed Term Plan Series 140 Direct Plan -Growth (1145 Days)	50,000,000	-	-	50.46	-	-
Fixed Term Plan Series 144 Direct Plan -Growth (1141Days)	50,000,000	-	-	50.19	-	-
Kotak Mutual Fund						
FMP Series 219 Direct-Growth	75,000,000	-	-	75.63	-	-
FMP Series 221 Direct-Growth	48,000,000	-	-	48.17	-	-
HDFC Mutual Fund						
FMP 1167 D January 2016(1) -Direct-Growth-Series-35	15,000,000	15,000,000	-	17.90	-	16.73
FMP 1143 D March 2018(1) -Direct-Growth-Series-39	75,000,000	-	-	75.52	-	-
FMP 1147 D March 2018(1) -Direct-Growth-Series-39	50,000,000	-	-	50.17	-	-
Cash Management Fund - Treasury Advantage Plan - Direct Plan - Growth	93,610,205	-	355.46	-	-	-
Units of the face value of ₹ 100 each						
ICICI Prudential Mutual Fund						
Flexible Income Plan-Direct Plan-Growth Option	4,897,295	-	164.10	-	-	-
Savings Fund-Direct Plan-Growth Option	8,409,451	-	227.35	-	-	-
Aditya Birla Sunlife Mutual Fund						
Savings Fund-Growth-Direct Plan	10,802,841	-	371.54	-	-	-
Floating Rate Fund -Long Term-Growth-Direct Plan	15,013,571	-	323.28	-	-	-
Units of the face value of ₹ 1000 each						
Reliance Mutual Fund						
Money Manager Fund-Direct Growth option	1,890,316	1,890,316	460.99	-	430.33	-
Money Manager Fund-Direct Plan Growth Option	-	4,980	-	-	1.07	-
ICICI Prudential Mutual Fund						
Flexible Income-Diect Plan-Growth	-	66,571	-	-	2.15	-
Invesco Mutual Fund (Formerly Religare Invesco Mutual Fund)						
Credit Opportunities Fund Direct Plan-Growth	-	493,789	-	-	92.65	-
Short Term Fund-Direct Plan Growth	1,299,935	1,299,935	309.61	-	291.22	-
Medium Term Bond Fund-Direct Plan Growth	1,398,253	1,398,253	254.40	-	236.86	-
Bank Debt Fund-Direct Plan Growth	-	387,669	-	-	54.43	-
DHFL Pramerica Mutual Fund(Formerly Deutsche Mutual Fund)						
Fixed Duration Fund -Series AE-Direct Plan-Growth	62,500	62,500	-	6.72	-	6.28
Fixed Duration Fund -Series AG-Direct Plan-Growth	100,000	100,000	-	10.71	-	10.01
Principal Mutual Fund						
Credit Opportunities Fund-Direct Plan Growth	-	61,626	-	-	15.88	-

	Units As at March 31, 2018	Units As at March 31, 2017	As at March 31, 2018		As at March 31, 2017	
			Current	Non Current	Current	Non Current
Equity fund						
Units of the face value of ₹ 10 each						
Arbitrage Fund Direct Plan-Monthly Dividend-Payout	-	127,826,937	-	-	136.17	-
Invesco Mutual Fund (Formerly Religare Invesco Mutual Fund)						
Arbitrage Fund -Direct Plan -Dividend	-	115,340,768	-	-	153.26	-
Principal Mutual Fund						
Arbitrage Fund Dividend -Direct Plan -Payout	-	10,000,000	-	-	10.30	-
Reliance Mutual Fund						
Arbitrage Advantage Fund-Direct Plan Dividend Payout	163,714,610	163,714,610	177.78	-	176.70	-
UTI Mutual Fund						
Spread Fund Direct Plan-Dividend Payout	-	47,871,850	-	-	79.10	-
IndiaBulls Mutual Fund						
Arbitrage Fund-Direct Plan- Dividend-Payout	-	94,670,074	-	-	100.13	-
IDFC Mutual Fund						
Arbitrage Plus Fund -Direct Plan-Monthly Dividend	83,850,668	40,645,780	109.21	-	50.20	-
Kotak Mutual Fund						
Equity Arbitrage Fund-Direct Plan -Monthly Dividend	281,442,341	281,442,341	309.34	-	308.23	-
Equity Arbitrage Fund-Direct Plan -Fortnight Dividend	42,072,844	-	99.12	-	-	-
ICICI Prudential Mutual Fund						
Equity Arbitrage Fund-Direct Plan-Dividend Payout	200,901,478	-	290.18	-	-	-
Birla Sunlife Mutual Fund						
Enhanced Arbitrage Fund - Direct Plan - Dividend	95,931,942	-	105.92	-	-	-
HDFC Mutual Fund						
Arbitrage Fund-Wholesale Plan-Monthly Dividend Direct Plan- Payout	233,040,385	-	245.25	-	-	-
Axis Mutual Fund						
Enhanced Arbitrage Fund Direct Dividend Payout	93,310,036	-	101.99	-	-	-
Liquid fund						
Units of the face value of ₹ 100 each						
ICICI Prudential Mutual Fund						
Liquid Direct plan-Growth	5,843,394	19,623,823	150.26	-	472.38	-
Birla Sunlife Mutual Fund						
Cash Plus-Growth-Direct Plan	-	10,055,662	-	-	262.76	-
Units of the face value of ₹ 1000 each						
Reliance Mutual Fund						
Liquidity Fund- Direct Growth Plan Growth Option	687,290	-	179.91	-	-	-
IDFC Mutual Fund						

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2018

(Amount in crores of INR)

	Units As at March 31, 2018	Units As at March 31, 2017	As at March 31, 2018		As at March 31, 2017	
			Current	Non Current	Current	Non Current
Cash Fund -Growth-(Direct Plan)	1,498,579	-	316.23	-	-	-
Axis Mutual Fund						
Liquid Fund-Direct Plan-Growth	1,119,693	-	215.82	-	-	-
Kotak Mutual Fund						
Liquid Scheme Plan A-Direct Plan-Growth	-	151,674	-	-	50.02	-
HDFC Mutual Fund						
Liquid Fund Direct Plan Growth	-	187,036	-	-	60.02	-
DSP BlackRock Mutual Fund						
Liquidity Fund Direct Plan Growth	-	215,037	-	-	50.01	-
Investment in mutual funds			**5,591.12**	**645.77**	**4,423.01**	**212.33**
Total Investments			**5,591.12**	**918.49**	**4,544.06**	**496.94**

	As at March 31, 2018		As at March 31, 2017	
	Current	Non Current	Current	Non Current
Aggregate book value of quoted investments	-	272.72	121.05	274.61
Aggregate market value of quoted investments	-	279.02	123.08	274.38
Aggregate carrying value of unquoted investments	5,591.12	1,955.49	4,423.01	1,397.79
Aggregate amount of impairment in value of investments	-	(150.09)	-	(150.09)

Category-wise investment as per Ind AS 109 classification

Particulars	As at March 31, 2018		As at March 31, 2017	
	Current	Non Current	Current	Non Current
Financial assets carried at fair value through profit or loss (FVTPL)				
Unquoted				
Investment in equity instruments	-	-	-	13.73
Investment in preference shares	-	-	-	10.00
Investment in mutual funds	5,591.12	645.77	4,423.01	212.33
Financial assets carried at amortised cost				
Quoted				
Investment in equity instruments	-	5.31	-	-
Quoted				
Investment in debentures / bonds	-	267.41	121.05	260.88

Investments in associates

Details of investments in associates (carrying amount determined using equity method of accounting)

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, 2018	As at March 31, 2017
Hero FinCorp Limited	Non-Banking Financial Company	India	41.03%	41.03%
Ather Energy Private Limited	Business of designing and manufacturing smart electric vehicles and associated charging infrastructure	India	32.31%	30.12%

Also refer Note 41

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.

Hero FinCorp Limited	As at March 31, 2018	As at March 31, 2017
Non-current assets	7,025.91	5,218.38
Current assets	6,539.49	4,882.87
Non-current liabilities	(5,875.54)	(4,423.78)
Current liabilities	(5,433.71)	(3,755.35)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Total revenue	1,806.08	1,317.14
Profit for the year	147.13	117.78
Other comprehensive income for the year	0.48	-
Total Comprehensive income for the year	147.61	117.78
Dividends received from the associate during the year	5.75	3.83

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements

	As at March 31, 2018	As at March 31, 2017
Net assets of the associate	2,256.15	1,922.12
Add: Impact of partly paid equity instruments in the associate	-	197.40
Proportion of the Group's ownership interest in the associate	41.03%	41.03%
Group's ownership interest in the associate	**925.61**	**869.56**
Add: Goodwill on acquisition	46.67	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*	972.28	846.20

* Carrying amount includes gain of ₹ Nil crores (previous year ₹ 262.09) on account of dilution of equity interest in associate from 48.42% to 41.03% pursuant to investment in the associate by other investors.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2018

(Amount in crores of INR)

Ather Energy Private Limited	As at March 31, 2018	As at March 31, 2017
Non-current assets	144.08	42.28
Current assets	115.02	208.89
Non-current liabilities	(13.71)	(1.00)
Current liabilities	(16.26)	(5.61)

	For the year ended March 31, 2018	For the period January 4, 2017 to March 31, 2017
Revenue	9.03	1.42
Profit/ (loss) for the year	(36.65)	(4.18)
Other comprehensive income for the year	(0.11)	(0.23)
Total Comprehensive income for the year	(36.76)	(4.41)

Note: As the investment into associate has been made on January 4, 2017, profit/ (loss) is reported for the post acquisition period.

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements

	As at March 31, 2018	As at March 31, 2017
Net assets of the associate	229.13	244.56
Proportion of the Group's ownership interest in the associate	32.31%	30.12%
Group's ownership interest in the associate	74.03	73.65
Add: Goodwill on acquisition	113.32	105.52
Carrying amount of the Group's interest in the associate	**187.35**	**179.17**

10. Loans (financial assets)

Particulars	As at March 31, 2018	As at March 31, 2017
Non - current		
Unsecured, considered good		
Loans to employees	22.30	23.13
Security deposits	23.55	25.39
Total	**45.85**	**48.52**
Current		
Unsecured, considered good		
Loans to employees	21.41	21.73
Security deposits	7.09	3.20
Total	**28.50**	**24.93**

Note :- These financial assets are carried at amortised cost, unless otherwise stated.

11. Others (financial assets)

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Unsecured, considered good		
Derivatives instruments carried at fair value	-	4.42
Interest accrued on deposits	0.41	0.22
Accrual of incentives from State Governments	518.65	123.05
Other recoverables	24.22	17.33
Total	**543.28**	**145.02**

Note :- These financial assets are carried at amortised cost unless otherwise stated.

12. Income tax assets (net)

Particulars	As at March 31, 2018	As at March 31, 2017
Advance income tax	1,845.50	1,414.74
Less : Provision for taxation	1,450.99	1,082.24
Net	**394.51**	**332.50**

13. Other assets

Particulars	As at March 31, 2018	As at March 31, 2017
Non-current		
Unsecured, considered good		
Capital advances	192.80	221.19
Prepayment land leases *	244.17	246.89
Prepaid expenses	2.74	1.49
Balance with government authorities		
- Excise duty	47.79	45.62
- VAT/ sales tax	72.08	143.16
Total	**559.58**	**658.35**
Current		
Unsecured, considered good		
Prepayment land leases *	2.83	2.94
Prepaid expenses	43.05	44.61
Advance to suppliers	30.97	87.62
Other advances	4.95	4.09
Balance with government authorities		
- Excise duty	21.28	113.13
- VAT/ sales tax	83.76	130.09
- GST/ Excise duty-current account	5.41	0.64
- Export incentive receivable	19.86	17.66
Total	**212.11**	**400.78**

* Prepayment of land leases include net value of leasehold land as under:

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2018

(Amount in crores of INR)

Particulars	As at March 31, 2018		
	Gross value	Accumulated Amortisation	Net value
Halol (Gujarat)	83.71	3.80	79.91
Haridwar (Uttarakhand)	95.86	12.42	83.44
Neemrana (Rajasthan)	13.10	1.66	11.44
Kukas-Jaipur (Rajasthan)	78.36	6.15	72.21
Total	**271.03**	**24.03**	**247.00**

14. Inventories

(lower of cost and net realisable value)

Particulars	As at March 31, 2018	As at March 31, 2017
Raw materials and components	447.08	397.14
Goods in transit of raw materials and components	111.78	27.43
Work in progress	37.44	32.01
Finished goods		
Two wheelers	215.68	104.78
Spare parts	37.19	43.40
Stores and spares	89.46	82.93
Loose tools	24.05	20.89
Total	**962.68**	**708.58**

- The mode of valuation of inventories has been stated in note no. 3.12

15. Trade receivables

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Secured, considered good	29.62	32.10
Unsecured - considered good	1,397.35	1,519.65
- considered doubtful	28.94	23.70
	1,455.91	1,575.45
Less: Impairment of trade receivables	28.94	23.70
Total	**1,426.97**	**1,551.75**
The concentration of credit risk is limited due to the fact that the customer base is large and unrelated		
Age of receivables		
Within the credit period	1,167.03	1,103.80
Upto 6 months past due	247.42	442.18
More than 6 months past due	12.52	5.77
Total	**1,426.97**	**1,551.75**

16. Cash and cash equivalents

Particulars	As at March 31, 2018	As at March 31, 2017
Cash on hand	0.07	0.10
Balances with banks		
In current accounts	94.22	40.25
In deposit accounts	36.32	33.71
Cash and cash equivalents	**130.61**	**74.06**

17. Other Bank Balances

Particulars	As at March 31, 2018	As at March 31, 2017
Balances with banks		
In dividend current accounts (earmarked accounts)	73.86	89.97
In deposit accounts*	33.10	31.36
Total	**106.96**	**121.33**

* 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 by some individuals. The Company has filed a recovery suit which is pending in the honourable Delhi High Court against the bank. In the interim, the Bank has renewed the deposits for a period (along with interest earned thereon).

18. Share capital

(a) Equity share capital

Particulars	As at March 31, 2018	As at March 31, 2017
Authorised Equity shares capital		
250,000,000 (March 31, 2017: 250,000,000) Equity shares of ₹ 2 each	50.00	50.00
Total	**50.00**	**50.00**
Issued, subscribed and fully paid up		
199,711,455 (March 31, 2017: 199,696,838) Equity shares of ₹ 2 each	39.94	39.94
Total	**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, 2018		As at March 31, 2017	
	Nos.	₹ in crores	Nos.	₹ in crores
Opening Balance	199,696,838	39.94	199,690,088	39.94
Issued during the year - # Current year ₹ 29,234 (previous year ₹ 13,500) - ESOP (refer note 42)	14,617	#	6,750	#
Closing Balance	199,711,455	39.94	199,696,838	39.94

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2018

(Amount in crores of INR)

(ii) Details of shareholders holding more than 5% equity shares in the Company:

Particulars	As at March 31, 2018		As at March 31, 2017	
	Nos.	% holding in the class	Nos.	% holding in the class
Ms Renu Munjal *	9,309,019	4.66%	9,309,019	4.66%
Mr Suman Munjal *	9,309,019	4.66%	9,309,019	4.66%
Mr Pawan Munjal *	9,309,020	4.66%	9,309,020	4.66%
M/S Bahadur Chand Investments (P) Ltd	39,943,238	20.00%	39,943,238	20.00%

* Hold shares on behalf of Brijmohan Lall Om Prakash (partnership firm)

(iii) Shares options/ Restricted stock units granted under the Company's employee share option plan

Option Series	Share Options Outstanding (In Nos.)		
	As at March 31, 2018	As at March 31, 2017	Expiry Date
ESOP 2014	4,146	11,490	Oct 21, 2021
ESOP 2016	33,778	41,290	Aug 21, 2023
RSU 2016	7,083	11,194	Aug 21,2023
ESOP 2017	29,800	-	Oct 31, 2024
RSU 2017	14,330	-	Oct 31, 2024

Also refer details of the employee stock option plan are provided in Note 42.

(b) Preference share capital

Particulars	As at March 31, 2018	As at March 31, 2017
Authorised Preference shares capital		
4,00,000 (March 31, 2017: 4,00,000) Cumulative convertible preference shares of ₹ 100 each	4.00	4.00
4,00,000 (March 31, 2017: 4,00,000) Cumulative redeemable preference shares of ₹ 100 each	4.00	4.00
Total	**8.00**	**8.00**

Note: The Company has not issued preference share capital.

19. Other equity

Particulars	As at March 31, 2018	As at March 31, 2017
Capital reserves	#	#
Securities premium	8.30	3.13
General reserve	2,676.34	2,676.34
Share options outstanding account	6.74	3.90
Foreign currency translation reserve	(6.87)	(5.40)
Retained earnings	9,247.01	7,597.60
Total	**11,931.52**	**10,275.57**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2018

(Amount in crores of INR)

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
A.	**Capital reserves**		
	Opening balance		
	On shares forfeited (#₹ 4,250)	#	#
	Securities premium account on forfeited	##	##
	shares reissued(##₹ 25,500)		
B.	**Securities premium account**		
	Opening balance	3.13	0.87
	Premium on equity shares issued during the year @	5.17	2.26
	Closing balance	**8.30**	**3.13**
	@ Addition in share premium account represents premium on equity shares under various schemes amounting to ₹ 2.66 crores (previous year ₹1.45 crore) and ₹ 2.51 crore (Previous year ₹ 0.81 crore) transferred from share option outstanding account on 14,617 equity shares (Previous year 6,750 equity shares) issued and alloted during the year under ESOP schemes. Also refer note 42.		
C.	**General reserve**		
	General reserve at the beginning and end of the year	2,676.34	2,676.34
D.	**Share options outstanding account**		
	Opening balance	3.90	1.29
	Add: Net charge during the year	5.35	3.42
	Less: Transferred to securities premium on issue of shares	(2.51)	(0.81)
	Closing balance	**6.74**	**3.90**
	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 42.		
E	**Foreign currency translation reserve**		
	Opening balance	(5.40)	(2.86)
	Exchange differences in translating the financial statements of foreign operations	(2.25)	(3.88)
	Income tax effect	0.78	1.34
	Closing balance	**(6.87)**	**(5.40)**
F	**Retained earnings**		
	Opening balance	7,597.60	6,118.53
	Add: Profit for the year	3,720.40	3,584.27
	Adjustment on account of change in controlling interest	(23.50)	-
	Other Comprehensive income arising from remeasurement of defined benefit obligation net of income tax	(4.42)	(14.17)
	Less: Appropriations		
	Interim dividend for Financial year 2017-18 [amount per share ₹ 55.0 (Financial Year 2016-17 : ₹ 55.0)]	1,098.41	1,098.33
	Final dividend for Financial year 2016-17 [amount per share ₹ 30.0 (Financial Year 2015-16 : ₹ 32.0)]	599.09	639.01
	Tax on dividend	345.57	353.69
	Balance at end of year	**9,247.01**	**7,597.60**
	In respect of the year ended March 31, 2018, the directors propose that a dividend of ₹ 40 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 ₹ 963.05 crores (includes dividend distribution tax thereon of ₹ 164.20 crores)		

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2018

(Amount in crores of INR)

20. Non-controlling interests

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening balance	67.38	54.63
Additions during the year	1.93	52.72
Adjustment on account of change in controlling interest*	23.50	-
Share of profit/(loss) for the year	0.40	(39.97)
Closing non-controlling interest	**93.21**	**67.38**

* During the year, the holding company has Increased its stake in HMCL Colombia SAS from 55% to 68%.

21. Borrowings

Particulars	As at March 31, 2018	As at March 31, 2017
Non-current		
Unsecured - at amortised cost		
Term loan		
- from Banks*	42.81	44.43
Long term maturities of finance lease obligation**	96.61	95.44
Secured - at amortised cost		
Term loan		
- from Banks#	10.21	68.03
	149.63	**207.90**
Current		
Unsecured		
Loan repayable on demand		
-from banks @	75.37	40.08
	75.37	**40.08**

* Includes ₹ 37.76 crores (March 31, 2017 - ₹ 36.49 crores,) borrowed by HMCL Colombia SAS against demand promissory notes, payable over a period of 7 years charged at DTF interest rate +5%.

* Includes ₹ 5.06 crores (March 31, 2017 - ₹ 7.94 crores,) of HMC MM Auto Ltd., 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.

** ₹ 96.61 crores (previous year ₹ 95.44) 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 entity'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 ₹ 18.73 crores (March 31, 2017 - ₹ 11.68 crores,) of HMC MM Auto limited and ₹1.61 crores (March 31, 2017 - ₹ 28.40 crores,) of HMCL Colombia SAS at DTF+3.5%, Libor+1.2%

22 Provisions

Particulars	As at March 31, 2018	As at March 31, 2017
Non-current		
Employee benefits (i)		
Compensated absences	16.87	12.69
Gratuity	0.81	0.18
Other employee benefits	8.26	3.30
Sub-total (A)	**25.94**	**16.17**
Warranties (Refer note (ii) below)	93.24	59.45
Sub-total (B)	**93.24**	**59.45**
Total (A+B)	**119.18**	**75.62**
Current		
Employee benefits (i)		
Compensated absences	4.74	4.77
Gratuity	0.21	0.17
Other employee benefits	0.42	0.18
Sub-total (A)	**5.37**	**5.12**
Warranties (Refer note (ii) below)	54.92	37.45
Sub-total (B)	**54.92**	**37.45**
Total (A+B)	**60.29**	**42.57**

(i) The provision for employee benefits includes compensated leaves, gratuity, and vested long service reward.

(ii) Movement in warranties provisions

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening balance	96.90	78.26
Additions during the year	112.97	70.07
Amount utilised during the year	(57.69)	(55.31)
Unwinding of discount on provisions	(4.02)	3.88
Closing balance	148.16	96.90

The provision for warranty claims represents the present value as best estimate of the future economic benefits that will be required under the Group's obligations for warranties under local sale of goods legislation. The estimated 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)

Particulars	As at March 31, 2018	As at March 31, 2017
Deferred tax liabilities on		
Property plant and equipments and intangible assets	492.75	381.88
Financial assets carried at fair value through profit and loss	66.26	77.53
Investments in associate	87.53	65.06
Others	19.95	17.38
Sub-total (A)	**666.49**	**541.85**
Less: Deferred tax assets on		
Accrued expenses deductible on payment	43.88	6.66
Deferred revenue	13.08	47.62
Others	27.64	18.67
Sub-total (B)	**84.60**	**72.95**
Total (A-B)	**581.89**	**468.90**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2018

(Amount in crores of INR)

A. Movement of Deferred tax (assets)/ liabilities

For the year ended March 31, 2018

Particulars	Opening balance	Recognised in profit and Loss*	Recognised in Other comprehensive income	Closing balance
Deferred tax liabilities on				
Property plant and equipments and intangible assets	381.88	110.87	-	492.75
Financial assets carried at fair value through profit and loss	77.53	(11.27)	-	66.26
Investments in associate	65.06	22.47	-	87.53
Others	17.38	2.57	-	19.95
Deferred tax assets on				
Accrued expenses deductible on payment	6.66	37.22	-	43.88
Deferred revenue	47.62	(34.54)	-	13.08
Re-measurement of defined benefit obligation	-	(2.53)	2.53	-
Others	18.67	7.46	1.52	27.64
Deferred tax (assets)/liabilities (net)	**468.90**	**117.03**	**(4.05)**	**581.89**

* includes ₹ 1.91 crore on account of foreign exchange fluctuation

For the year ended March 31, 2017

Particulars	Opening balance	Recognised in profit and Loss*	Recognised in Other comprehensive income	Closing balance
Deferred tax liabilities on				
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
Deferred tax assets on				
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
Deferred tax (assets)/liabilities (net)	**221.77**	**256.97**	**(9.84)**	**468.90**

*includes ₹ 0.11 crore on account of foreign exchange fluctuation

B. Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that the future taxable profit will be available against which the respective subsidiaries in its jurisdiction can use the benefits therefrom:

Particulars	31-Mar-18		31-Mar-17	
	Gross amount	Unrecognised tax effect	Gross amount	Unrecognised tax effect
Tax losses from HMC MM Auto Limited (will expire on 31 Mar 2027)	20.18	6.24	17.21	5.32
Unabsorbed depreciation losses from HMC MM Auto Limited (can be carried forward for indefinite period)	20.35	6.29	14.56	4.50
Tax losses from HMCL Columbia SAS (will expire in 2029-30)	60.28	20.86	65.18	22.56

24 Trade payables

Particulars	As at March 31, 2018	As at March 31, 2017
Total outstanding dues of creditors		
Other trade payables	3,375.26	3,266.20
Total	**3,375.26**	**3,266.20**

25 Other financial liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Current maturities of long-term borrowings	2.89	12.63
Capital creditors	70.97	205.60
Security deposits dealers and others	57.69	62.47
Interest accrued but not due on borrowings	0.07	0.52
Unclaimed dividend *	73.87	89.99
Total	**205.49**	**371.21**

* Does not include any amounts outstanding as at March 31, 2018 which are required to be credited to Investor Education and Protection Fund.

26 Other liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Statutory remittances (contributions to PF ESIC, withholding taxes, GST, excise duty, VAT, service tax, etc.)	270.41	107.96
Advance from customers	237.39	79.08
Deferred revenue	254.04	264.73
Others	3.11	4.86
Total	**764.95**	**456.63**

27. Revenue from operations

Particulars		For the year ended March 31, 2018	For the year ended March 31, 2017
(a)	**Sale of products (Gross)**		
	Two wheelers [includes excise duty of ₹ 642.57 crores (Previous year ₹ 2,373.23 crores)]	29,669.10	27,872.56
	Components	6.06	-
	Spare parts	2,556.02	2,570.22
		32,231.18	**30,442.78**
(b)	**Income from services**		
	Dealers support services	23.82	27.34
	Goodlife program for customers	47.71	51.59
	Services - others	145.64	132.92
		217.17	**211.85**
(c)	**Other operating revenue**		
	Duty drawback and other incentives	27.77	21.85
	Incentive on investment from State Governments	550.15	266.43
	Miscellaneous income	74.67	40.75
		652.59	**329.03**
	Total	**33,100.94**	**30,983.66**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended March 31, 2018

(Amount in crores of INR)

28. Other income

Particulars		For the year ended March 31, 2018	For the year ended March 31, 2017
(a)	**Interest income on financial assets carried at amortised cost**		
	Tax free bonds, debentures and other instruments classified as debt	24.89	36.48
	Deposit with bank and others	132.30	122.82
(b)	**Dividend income**		
	Dividend received on investments carried at fair value through profit or loss	70.56	37.98
(c)	**Profit on sale of investments***	216.09	137.85
(d)	**Net gain on investments carried at fair value through profit or loss**	74.59	179.60
(e)	**Other non-operating income**		
	Exchange fluctuation	4.20	6.46
	Profit on sale of property, plant and equipments	0.54	0.76
	Total	**523.17**	**521.95**

* After adjusting loss on sale of current investments aggregating ₹ 0.18 crore (previous year ₹ 0.05 crore)

29. Cost of materials consumed

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Raw materials and components consumed:		
Opening stock	424.57	389.80
Add: Purchase of raw materials and components	22,185.17	19,102.46
	22,609.74	19,492.26
Less: closing stock	558.86	424.57
	22,050.88	**19,067.69**
Less: Cash discount	54.94	48.35
Consumption of raw materials and components	21,995.94	19,019.34
Net consumption	**21,995.94**	**19,019.34**

30. Changes in inventory of finished goods and work-in-progress

Particulars		For the year ended March 31, 2018	For the year ended March 31, 2017
(a)	**Opening stock**		
	Two wheelers	104.78	194.18
	Spare parts	43.40	54.66
	Work in progress	32.01	28.09
		180.19	**276.93**
(b)	**Closing stock**		
	Two wheelers	215.68	104.78
	Spare parts	37.19	43.40
	Work in progress	37.44	32.01
		290.31	**180.19**
	Net (increase)/ decrease in inventory	**(110.12)**	**96.74**

31. Employee benefits expenses

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Employee benefits expenses		
Salaries and wages	1,368.93	1,239.89
Contribution to provident and other funds	110.01	109.52
Employee stock compensation cost (refer note no 42)	5.35	3.42
Staff welfare expenses	99.42	79.66
Total	**1,583.71**	**1,432.49**

Employee Benefit Plans

The details of various employee benefits provided to employees are as under:

A. Defined Benefit Contribution and other plans

Particulars		For the year ended March 31, 2018	For the year ended March 31, 2017
a)	Employer's contribution to provident fund & others	66.67	56.71
b)	Employer's contribution to superannuation fund	18.08	18.72
c)	Employer's contribution to gratuity fund	20.58	31.07
d)	Employer's contribution to ESIC	4.68	3.02
		110.01	**109.52**

B. Defined benefit plan:

In accordance with the Payment of Gratuity Act, 1972, the Holding 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 Holding 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 present value of the defined benefit obligation, and the related current service cost, were measured using the projected unit credit method.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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(Amount in crores of INR)

The principal assumptions (demographic and financial) used for the purposes of the actuarial valuations were as follows:-

Principal assumptions:	**Funded**	
	Gratuity As at March 31, 2018	**Gratuity As at March 31, 2017**
Discount rate	7.90%	7.20%
Future salary increase	6.00% p.a. for first year and 5% thereafter	6.00% p.a. for first two years and 5% thereafter
Retirement age	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%
In service mortality	**Indian Assured Lives Mortality Ult. (2006-08)**	**Indian Assured Lives Mortality Ult. (2006-08)**

Principal assumptions:	**Un-funded**	
	Gratuity As at March 31, 2018	**Gratuity As at March 31, 2017**
Discount rate	7.71%	7.54%
Future salary increase	5.50%	5.50%
Retirement age	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%
In service mortality	**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 :-

	For the year ended March 31, 2018	**For the year ended March 31, 2017**	**For the year ended March 31, 2018**	**For the year ended March 31, 2017**
	Gratuity- funded		**Gratuity- unfunded**	
Service cost:				
Current service cost	13.34	10.76	0.06	0.07
Net Interest expense/(income)	-	(1.22)	0.03	0.02
Components of defined benefit costs recognized in profit or loss	**13.34**	**9.54**	**0.09**	**0.09**
Remeasurement on the net defined benefit liability:				
Return on plan assets (excluding amounts included in net interest expense)	0.90	0.81	-	-
Actuarial (gains)/ losses arising from changes in financial assumptions	(11.10)	10.06	(0.00)	0.01
Actuarial (gains)/ losses arising from experience adjustments	17.44	10.66	(0.04)	0.04
Components of defined benefit costs recognized in other comprehensive income	**7.24**	**21.53**	**(0.04)**	**0.05**
Total	**20.58**	**31.07**	**0.05**	**0.14**

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows :

	As at March 31, 2018	As at March 31, 2017
Present Value of funded defined benefit obligation	220.52	202.13
Fair value of plan assets	220.52	202.13
Net liability arising from defined benefit obligation	**-**	**-**
Present Value of unfunded defined benefit obligation	0.45	0.35
Fair value of plan assets	-	-
Net liability arising from defined benefit obligation	**0.45**	**0.35**

Movements in the present value of the defined benefit obligation are as follows :-

	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2018	For the year ended March 31, 2017
	Gratuity- funded		Gratuity- unfunded	
Opening defined obligation	**202.13**	**167.32**	**0.35**	**0.21**
Acquisition adjustment	-	-	0.07	-
Current service cost	13.34	10.76	0.06	0.07
Interest cost	**14.00**	**12.84**	**0.03**	**0.02**
Remeasurement (gains)/losses:				
Actuarial (gains)/ losses arising from changes in financial assumptions	(11.10)	10.06	(0.00)	0.01
Actuarial (gains)/ losses arising from experience adjustments	17.44	10.66	(0.04)	0.04
Benefits paid	(15.29)	(9.51)	-	-
Closing defined benefit obligation	**220.52**	**202.13**	**0.45**	**0.35**

Movements in the fair value of the plan assets are as follows

	Gratuity	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening fair value of plan assets	202.13	167.32
Interest income	14.00	14.06
Remeasurement gain/(loss):		
Return on plan assets (excluding amounts included in net interest expense)	(0.90)	(0.81)
Contribution	20.58	31.07
Benefit paid	(15.29)	(9.51)
Closing fair value of plan assets	220.52	202.13

The Holding 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 ₹ 7.33 crore (increase by ₹ 7.82 crore) (as at March 31, 2017: Decrease by ₹ 7.28 crores (increase by ₹ 7.79 crores).
- If the expected salary growth increases (decreases) by 0.5%, the defined benefit obligation would increase by ₹ 7.12 crores (decrease by ₹ 7.56 crores) (as at March 31, 2017: increase by ₹ 7.90 crores (decrease by ₹ 7.45 crores)).

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(Amount in crores of INR)

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, 2018	As at March 31, 2017
Average duration of the defined benefit obligation (in years)	9.03 years	9.4 years

The Company expects to make a contribution of ₹ 14.27 crore (as at March 31, 2017 ₹23.15 crore,) to the defined benefit plans during the next financial year.

32. Finance costs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest cost on financial liabilities at amortised cost		
on dealers security deposits	3.94	1.99
on borrowings	21.88	20.11
on others	0.96	1.30
Unwinding of discount on provisions	4.02	3.88
Total	**30.80**	**27.28**

33. Other expenses

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Stores and tools consumed	108.49	91.27
(Increase)/decrease of excise duty on finished goods	-	(7.32)
Packing, forwarding, freight etc.	1,128.83	962.44
Power and fuel	139.84	112.84
Rent	43.31	37.48
Lease rent	37.84	30.91
Repairs and maintenance		
- Buildings	24.12	19.71
- Plant and machinery	100.98	94.54
- Others	7.48	7.47
Insurance charges	45.57	44.98
Rates and taxes	71.03	221.66
Royalty	-	18.44
Advertisement and publicity	852.60	779.20
Donations	0.41	0.72
Expenditure on corporate social responsibility	84.34	85.14
Payment to auditors	1.44	2.33
Exchange fluctuation	7.52	5.61
Loss on property, plant and equipment sold/discarded	9.28	9.08
Provision for doubtful debts	5.24	9.57
Bad debts written off	-	6.70
Miscellaneous expenses	995.47	953.12
Total	**3,663.79**	**3,485.89**

Payment to auditors

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
a) As Statutory Audit		
-Audit fee	0.81	1.00
-Audit fee for Internal Control Over Financial Reporting	-	0.17
-Limited Review of unaudited financial results	0.45	0.72
-Other certifications	0.06	0.36
b) Tax audit fees	0.05	0.07
c) Out of pocket expenses	0.07	0.01

Expenditure on Corporate Social Responsibility (CSR)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Gross amount required to be spent	82.60	70.62
(b) Amount spent for the purposes other than Construction/acquisition of assets in the Company	84.34	85.14

34. Income tax expense

(a) Income tax expense recognised in Statement of profit and loss

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Current tax:		
In respect of the current year	1,450.99	1,082.24
Deferred tax charge		
In respect of the current year	118.94	256.86
Total income tax expense recognised in the Statement of profit and loss	**1,569.93**	**1,339.10**

(b) Income tax on Other Comprehensive Income

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Deferred tax benefit		
Arising on income and expenses recognised in other comprehensive income:		
Re-measurement of defined benefit obligations	2.53	7.45
Others	1.52	2.39
Total income tax benefit recognised in other comprehensive income	**4.05**	**9.84**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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(Amount in crores of INR)

(c) The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit before tax	**5,292.10**	**4,885.40**
Income tax expense calculated at 34.608% (2016-17 34.608%)	1,831.49	1,690.74
Effect of deduction under section 80IC of the Income tax Act, 1961	(190.68)	(179.01)
Additional deduction on research and product development cost	(42.06)	(124.09)
Additional deduction for investment allowance under Section 32 AC of the Income tax Act, 1961	-	(28.94)
Effect of income exempt/ taxed on lower rate	(68.86)	(74.44)
Effect of unused tax losses of subsidiaries not recognised as deferred tax assets	23.90	27.47
Others	16.14	27.37
Income tax expense recognised in the Statement of profit and loss	**1,569.93**	**1,339.10**

35. Earnings per share*

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Basic earnings per share (in ₹)	**186.30**	**179.49**
Diluted earnings per share (in ₹)	**186.29**	**179.49**
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)	3,720.40	3,584.27
Opening Balance	**199,696,838**	**199,690,088**
Effect of share options exercised	**4,884**	**1,659**
Weighted average number of equity shares for the purposes of basic earnings per share	**199,701,722**	**199,691,747**
Effect of share options	**11,794**	**-**
Weighted average number of equity shares for the purposes of diluted earnings per share	**199,713,516**	**199,691,747**

* Impact of ESOP was anti dilutive for the year ended 31 March 2017

36. Contingent liabilities and commitments (to the extent not provided for)

Particulars	As at March 31, 2018	As at March 31, 2017
a) Contingent liabilities		
In respect of excise matters		
The above matter 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.	104.32	104.14
Additionally, the Group is involved in other disputes, lawsuits, claims, governmental and/ or regulatory inspections, inquiries, investigations and proceedings, including commercial matters that arise from time to time in the ordinary course of business. The Group believes that none of these matters, either individually or in aggregate, are expected to have any material adverse effect on its financial statements.		
b) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances paid amounting to ₹ 194.99 crores (March 31, 2017 ₹ 221.19 crores))	339.73	410.25

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 Group, 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, based on the guiding principles given in Ind AS 108 on 'Operating Segments', the Company's business activity fall within a single operating segment, namely automotive segment . Accordingly, the disclosure requirements of Ind AS 108 are not applicable.

Entity wide disclosure details as per Ind AS 108 on Operating segments are given below:

	Domestic	Overseas	Total
Revenue from operations			
2017-18	32,168.75	932.19	33,100.94
2016-17	30,311.97	671.69	30,983.66
Non current segment assets			
As at March 31, 2018	5,611.92	1,469.57	7,081.49
As at March 31, 2017	5,593.60	1,318.45	6,912.05

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 property, plant and equipment, intangible assets including capital work in progress and intangible assets under development, non-current financial assets and non-current other assets.

d) There are no major external customer where revenue exceeds more than 10% of the entity's revenue.

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)
Bahadur Chand Investments Private Limited
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; Bangladesh
Nitol Machineries Ltd; Bangladesh
Nitol Insurance Company Ltd; Bangladesh
Woven Holdings LLC USA
Velvet Management LLC USA

B. Associate of the Group

Hero FinCorp Limited
Ather Energy Private Limited (w.e.f January 03, 2017)
Erik Buell Racing Inc

C. For subsidiaries of the Holding Company - Refer Note 2.4

D. Key management personnel and their relatives

Mr. Pawan Munjal	- Chairman, 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. Niranjan Kumar Gupta	- Chief Financial Officer (w.e.f April 1, 2017)
Mr. Ilam C. Kamboj	- Company Secretary (upto April 02, 2016)
Mrs. Neerja Sharma	- Company Secretary (w.e.f August 8, 2016)

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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 B. 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 Munjal 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.

Transactions with the above related parties:

a) Parties in respect of which the Group is an associate

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Dividend paid*		
Brijmohan Lall Om Prakash	237.38	346.85
Bahadur Chand Investments Private Limited	339.52	193.03
Magneti Marelli S.p.A, Italy		
Investment in equity instruments during the year	1.93	6.80
Purchase of goods	10.80	4.53
Technical Know-how	3.22	3.40
Purchase of property and other assets	0.57	0.19
Royalty	0.31	0.22
Expenses reimbursed	0.49	0.72
Niloy Motors Limited		
Investment in equity instruments during the year	0.07	8.87
Sale of goods	601.24	-
Loans Repaid	-	0.11
Share application money	-	0.23
Nitol Motors Limited		
Loans Received	-	0.13
Loans Repaid	-	0.13
Purchase of goods/services		
Niloy Motors Limited	15.87	-
Nitol Motors Limited	0.23	-
Nitol Machineries Ltd	25.24	-
Nitol Insurance Company Ltd	0.49	-
Nitol Tours & Travels	0.09	0.09
Nreach- Net (Pvt) Ltd	-	0.06
Woven Holdings LLC USA		
Investment in equity instruments during the year	-	37.25

* excludes proposed final dividend

Balance outstanding at the year end

Particulars	As at March 31, 2018	As at March 31, 2017
- Payable		
Magneti Marelli S.p.A, Italy	3.37	1.65
Nitol Machineries Ltd	1.61	-
Nitol Tour & Travels	-	0.01
- Receivable		
Niloy Motors Limited	18.42	-

b) Associates of the Holding Company

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Hero FinCorp Limited		
Lease rental expenses	30.36	25.91
Dividend received	3.83	3.83
Dividend paid	0.01	0.01
Investment in equity instruments during the year	70.03	36.40
Expenses reimbursed	0.53	9.85
Rent received	0.05	0.05
Ather Energy Private Limited		
Investment in equity instruments during the year	20.06	180.52

Balance outstanding at the year end

Particulars	As at March 31, 2018	As at March 31, 2017
- Payable		
Hero FinCorp Limited	0.65	8.04

c) Key management personnel and their relative.

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Managerial Remuneration/Sitting fees		
Mr. Pawan Munjal	75.44	59.48
Mr. Sunil Kant Munjal	-	22.02
Mr. Vikram Sitaram Kasbekar	6.25	2.28
Mr. Suman Kant Munjal	0.18	0.18
Mr. Ravi Sud		6.93
Mr. Niranjan Kumar Gupta	2.63	
Mr. Ilam C Kamboj	-	1.74
Mrs Neerja Sharma	1.63	0.97
Commission/Sitting fees to Non Executive and Independent Directors		
Mr. Pradeep Dinodia	0.91	0.92
Gen.(Retd) Ved Prakash Malik	0.76	0.81
Dr. Pritam Singh	0.58	0.70
Mr. M.Damodaran	0.79	0.81
Mr. Ravi Nath	0.56	0.50
Dr Anand C. Burman	0.20	0.12
Ms. Shobana Kamineni	0.09	0.09
Mr. Paul B. Edgerley	0.08	0.17

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For The Year Ended March 31, 2018

(Amount in crores of INR)

Balance outstanding at the year end

Particulars	As at March 31, 2018	As at March 31, 2017
-Payables (including commission)	55.07	66.23

Category-wise break up of compensation to key management personnel during the year is as follows:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Managerial remuneration*		
Short-term benefits	84.20	91.24
Post-employment benefits	1.51	2.13
Share-based payments	0.24	0.04

* Does not include provisions for incremental gratuity and compensated absences 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	For the year ended March 31, 2018	For the year ended March 31, 2017
Purchase of raw materials and components etc.	2,878.43	2,488.57
Purchase of property, plant and equipment	22.08	36.38
Payment towards services etc.	3.30	2.09
Expenditure towards Corporate Social Responsibility (CSR)	33.99	35.36

Balance outstanding at the year end

Particulars	As at March 31, 2018	As at March 31, 2017
- Payable	351.85	269.38

Significant related party transactions included in the above are as under :-

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Purchase of raw materials and components etc.		
A .G. Industries Private Limited	706.88	520.43
Rockman Industries Limited	1,924.44	1,793.70
Purchase of property, plant and equipment		
Rockman Industries Limited	16.20	23.76
A.G. Industries Private Limited	0.21	0.50
Hero Solar Energy Private Limited	5.67	12.12
Payment for services etc.		
Hero Management Services Private Limited	0.35	0.52
Hero Mindmine Institute Private Limited	1.80	1.57
Hero Solar Energy Private Limited	0.52	-
Rockman Industries Limited	0.62	-
CSR		
Raman Kant Munjal Foundation	6.86	1.45
BML Munjal University	22.40	33.67
Serendepity Arts & Trust	4.73	0.24

Significant closing balances of related parties are as under :-

Particulars	As at March 31, 2018	As at March 31, 2017
- Payables		
A .G. Industries Private Limited	53.51	18.41
Rockman Industries Limited	285.39	247.29

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 ₹ 81.15 crores (previous year ₹ 68.39 crores) have been charged under "Lease rentals" and " Rent" in Note 33 Future lease payments under operating leases non cancellable in nature is as follows:-

Particulars	As at March 31, 2018	As at March 31, 2017
Not later than one year	0.64	11.42
Later than one year and not later than five years	2.23	2.47
Later than five years	31.82	32.25

Finance leases:

Particulars	As at March 31, 2018	As at March 31, 2017
Present value of minimum lease payments payable*		
not later than one year	0.13	1.94
later than one year and not later than five years	0.18	0.20
later than five years	96.31	93.30

* Future minimum lease payments are not determinable as these are computed on floating interest rate basis.

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 ₹ 368.55 crores (previous year ₹ 427.25 crores). The capital expenditure incurred during the year for research and development purposes aggregate ₹ 128.26 crores (previous year ₹ 276.41 crores).

Capital expenditure	For the year ended March 31, 2018	For the year ended March 31, 2017
Building	7.43	61.28
Equipments	32.61	132.88
Furniture and fixtures	1.62	5.57
Software	2.51	3.49
Vehicles	6.10	4.65
Data processing equipments	6.35	4.57
	56.63	**212.44**
Capital work in progress	71.63	63.97
Total	**128.26**	**276.41**

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 Holding 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 honour outstanding creditors. Consequently the net worth of HMCL (NA) Inc. got fully eroded. In view of the above, the Holding Company in 2014-15 made a provision of ₹150.09 crores being the diminution in value of its investment.

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42. Share-based payments

Employee Stock Option 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 Holding 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 Holding Company which are convertible to one equity share of the Group. 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
ESOP 2017	29,800	31-Oct-17	31-Oct-24	2,818	1,615
RSU 2017	15,769	31-Oct-17	31-Oct-24	2	3,663

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 2017	RSU 2017
Weighted Average Fair value of option/RSU	1,615	3,663
Weighted Average share price	3,850	3,850
Exercise price	2,818	2
Expected volatility	23.98%	107.92%
Option life	7 Years	7 Years
Dividend yield	2.56%	2.56%
Risk-free interest rate	6.42%	6.42%

Movements in share options during the year

	For the year ended March 31, 2018		For the year ended March 31, 2017	
	Number of options	Weighted average exercise price ₹	Number of options	Weighted average exercise price ₹
Outstanding at the beginning of the year	52,780	2,159	18,776	2,159
Granted during the year	29,800	2,818	41,290	2,469
Forfeited during the year	3,598	2,193	536	2,159
Exercised during the year	11,258	2,355	6,750	2,159
Outstanding at the end of year	67,724	2,604	52,780	2,402
Exercisable at the end of year	1,290	2,469	960	2,159

Movements in RSU during the year

	For the year ended March 31, 2018		For the year ended March 31, 2017	
	Number of RSU	Weighted average exercise price ₹	Number of RSU	Weighted average exercise price ₹
Outstanding at the beginning of the year	11,194	2	-	-
Granted during the year	15,769	2	11,194	2
Forfeited during the year	2,191	2	-	-
Exercised during the year	3,359	2	-	-
Outstanding at the end of year	21,413	2	11,194	2
Exercisable at the end of year	-	-	-	-

Share options exercised during the year

Option Plan	No. of options exercised	Weighted Share price at exercise date ₹
ESOP 2014	4,146	3,853
ESOP 2016	7,112	3,796
RSU 2016	3,359	320

Share options/RSU outstanding at end of the year

Options/ RSU Plans	Options outstanding as at March 31, 2018	Options outstanding as at March 31, 2017	Remaining contractual life (in Years) as on March 31, 2018	Remaining contractual life (in Years) as on March 31, 2017	Exercise Price ₹
ESOP 2014	4,146	11,490	3.56	4.56	2,159
ESOP 2016	33,778	41,290	5.39	6.39	2,469
RSU 2016	7,083	11,194	5.39	6.39	2
ESOP 2017	29,800	-	6.59	-	2,818
RSU 2017	14,330	-	6.59	-	2
	89,137	**63,974**			

During the year ended March 31, 2018, the Group recorded an employee stock compensation expense of ₹5.35 crores (previous year ₹ 3.42 crore) in the Statement of Profit and Loss.

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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:

Particulars	As at March 31, 2018	As at March 31, 2017
Debt	227.89	260.61
Share capital	39.94	39.94
Equity reserves	11,931.52	10,275.57
Total Equity	11,971.46	10,315.51
Gearing Ratio	**1.90%**	**2.53%**

Categories of financial instruments

Particulars	As at March 31, 2018	As at March 31, 2017
Financial assets		
Financial assets at fair value through profit or loss		
Non-current		
Investments	651.08	236.06
Current		
Investments	5,591.12	4,423.00
Derivative instruments carried at fair value	-	4.42
Financial assets at amortised cost		
Non-current		
Investments	267.41	260.88
Loans	45.85	48.52
Current		
Investments	-	121.05
Trade receivables	1,426.97	1,551.75
Cash and bank balances	237.57	195.39
Loans	28.50	24.93
Other financial assets	543.28	140.60
Total	**8,791.78**	**7,006.60**
Financial liabilities at amortised cost		
Non-current		
Long-term borrowings	149.63	207.90
Current		
Short-term borrowings	75.37	40.08
Trade payables	3,375.26	3,266.20
Other financial liabilities	205.49	371.21
Total	**3,805.75**	**3,885.39**

43.2 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:

	Fair value as at March 31, 2017		
	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss			
Non-current			
Investments in mutual funds	-	212.33	-
Investments in equity instruments	13.73	-	-
Investments in other instruments	-	-	10.00
Current			
Investments in mutual funds	4,260.45	162.55	-
Derivative instruments carried at fair value	4.42	-	-

	Fair value as at March 31, 2018		
	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss			
Non-current			
Investments in mutual funds	-	645.77	-
Investments in equity instruments	5.31	-	-
Investments in other instruments	-	-	-
Current			
Investments in mutual funds	5,397.55	193.57	-
Derivative instruments carried at fair value	-	-	-

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, 2018		March 31, 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at amortised cost				
Non-current				
Investments in bonds	267.41	273.71	260.88	274.38
Current				
Investments in bonds	-	-	121.05	123.08

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	Fair value hierarchy	
	March 31, 2018 Level 2	March 31, 2017 Level 2
Financial assets at amortised cost		
Non-current		
Investments in bonds	273.71	274.38
Current		
Investments in bonds	-	123.08

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 - 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 cash equivalents and 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 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, Level 2 and Level 3 during the year ended March 31, 2018 and March 31, 2017.

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.

(In millions)

Foreign currency exposure as at March 31, 2017	USD	EURO	JPY
Trade Receivables	14.91	-	-
Trade Payables	16.22	-	-
Forward cover-Sold	11.00	-	-
Forward cover-Bought	9.50	-	-

Foreign currency exposure as at March 31, 2018	USD	EURO	JPY
Trade Receivables	28.98	-	-
Trade Payables	42.18	0.39	646.92

Foreign currency sensitivity

The following table details the Group'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 5% 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 negative.

Currency	As at March 31, 2018		As at March 31, 2017	
	5% decrease	5% increase	5% decrease	5% increase
Receivable	9.39	(9.39)	4.84	(4.84)
Payable				
USD	(13.67)	13.67	(5.26)	5.26
JPY	(1.97)	1.97	-	-
Euro	(0.16)	0.16	-	-
Forward cover-Sold	-	-	(3.57)	3.57
Forward cover-Bought	-	-	0.65	(0.65)
Impact on profit or loss as at the end of the reporting period	(6.41)	6.41	(3.34)	3.34
Impact on total equity as at the end of the reporting period	(4.19)	4.19	(2.18)	2.18

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.

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The Group write off the receivable in case of certainity of the irrecoverability.

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 and analysed the recoverable amount of the receivables on an individual basis 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 trade receivables

	For the year ended March 31, 2018	For the year ended March 31, 2017
Balance at beginning of the year	23.70	14.13
Add: Provided during the year	5.24	9.57
Balance at the end of the year	28.94	23.70

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, 2018 would increase/decrease by ₹ 62.37 crores (for the year ended March 31, 2017: increase/ decrease by ₹ 31.23 crores).

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, 2018 would increase/decrease by ₹ 2.59 crores (for the year ended March 31, 2017: increase/decrease by ₹ 2.39 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:

Particulars	As at March 31, 2018	As at March 31, 2017
Non current		
Borrowing		
1 year - 3 year	5.18	22.30
3-5 year	0.18	16.96
More than 5 year	144.27	168.64
	149.63	**207.90**

₹ in crores

	As at March 31, 2018		As at March 31, 2017	
	Less than 1 year	Total	Less than 1 year	Total
Current				
(i) Borrowing	75.37	75.37	40.08	40.08
(ii) Trade payables	3,375.26	3,375.26	3,266.20	3,266.20
(iii) Other financial liabilities	205.49	205.49	371.21	371.21

The surplus funds with the Group and operational cash flows will be sufficient to dispose the financial liabilities within the maturity period.

44. Information pursuant to G.S.R. 308 (E) dated 30 March 2017 issued by Ministry of corporate affairs:

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
Closing cash in hand as on 30.12.2016	**-**	**822,743**	**822,743**

* For the purpose of this disclosure, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made since the requirement does not pertain to financial year ended 31 March 2018. Corresponding amounts as appearing in the audited financial statements for the year ended 31 March 2017 have been disclosed.

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.

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	Hero MotoCorp Limited	88.29%	10,651.18	99.19%	3,690.17	-0.13%	(4.71)	99.06%	3,685.46
Subsidiaries	**Indian**								
	HMC MM Auto Limited	0.07%	7.92	-0.22%	(8.17)	0.00%	0.05	-0.22%	(8.12)
	Foreign								
	HMCL Netherlands BV	0.01%	1.62	-0.01%	(0.48)	0.00%	-	-0.01%	(0.49)
	HMCL Colombia SAS	0.40%	47.70	-1.63%	(60.58)	-0.05%	(1.97)	-1.68%	(62.55)
	HMCL Niloy Bangladesh Limited	0.69%	83.52	2.07%	77.16	-0.03%	(0.96)	2.05%	76.20
	HMCL (NA) Inc.	0.00%	0.04	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
	HMCL Americas Inc.	0.16%	19.85	0.00%	(0.12)	0.00%	0.06	0.00%	(0.05)

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	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)
	Non controlling interest	0.77%	93.21	-0.05%	(1.77)	0.04%	1.37	-0.01%	(0.39)
Associates *	**Indian**								
	Hero FinCorp Limited	8.06%	972.28	0.89%	33.28	0.01%	0.30	0.90%	33.59
	Ather Energy Private Limited	1.55%	187.35	-0.24%	(9.08)	0.00%	(0.04)	-0.25%	(9.12)
	Foreign								
	Erik Buell Racing Inc.	-		-		-		-	
	Total	**100.00%**	**12,064.67**	**100.00%**	**3,720.40**	**-0.16%**	**(5.89)**	**99.84%**	**3,714.51**

* Investments accounted as per equity method

Form AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statements of Subsidiaries and Associates[1]

Part "A": Subsidiaries

Particulars											
Name of the Subsidiary[7]	**HMC MM Auto Limited**	**HMCL NA Inc.[5]**		**HMCL Americas Inc.**		**HMCL Netherlands BV**		**HMCL COLOMBIA SAS[3]**		**HMCL Niloy Bangladesh Limited[3]**	
Reporting period	Year ended March 31, 2018	Year ended March 31, 2018		Year ended March 31, 2018		Year ended March 31, 2018		Year ended March 31, 2018		Year ended March 31, 2018	
Reporting Currency	INR	INR	USD	INR	USD	INR	USD	INR	COP[4]	INR	BDT[4]
Exchange Rate	1.00	65.17	1.00	65.17	1.00	65.17	1.00	0.02329	1.00	0.7882	1.00
Country of Registration	India	USA		USA		Netherlands		Colombia		Bangladesh	
Reporting amounts in	INR crore	INR crore	USD MN	INR crore	USD MN	INR crore	USD MN	INR crore	COP[4] Thousand MN	INR crore	BDT[4] MN
Share Capital	43.45	163.41	25.08	22.81	3.50	241.72	37.09	136.85	58.76	77.35	981.29
Reserve	(30.27)	(163.35)	(25.07)	(2.74)	(0.42)	(2.54)	(0.39)	(73.34)	(31.49)	72.44	919.09
Total Assets	47.60	0.04	0.01	20.01	3.07	239.04	36.68	232.27	99.73	372.83	4,730.19
Total Liabilities[2]	47.60	0.04	0.01	20.01	3.07	239.04	36.68	232.27	99.73	372.83	4,730.19
Investment	-	-	-	-	-	237.02	36.37	-	-	3.19	40.50
Turnover[6]	34.63	-	-	-	-	-	-	130.56	56.06	541.43	6,869.15
Profit/(Loss) Before Taxation	(8.17)	(0.01)	(0.00)	(0.07)	(0.01)	(0.46)	(0.07)	(66.59)	(28.59)	84.08	1,066.79
Provision for Taxation	-	-	-	-	-	-	-	(0.30)	(0.13)	(6.92)	(87.83)
Profit/(Loss) after Taxation	(8.17)	(0.01)	(0.00)	(0.07)	(0.01)	(0.46)	(0.07)	(66.88)	(28.72)	77.16	978.95
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-
%age holding	60%	100%		100%		100%		68%		55%	

Notes

1 Financial information has been extracted from the standalone audited financial statements for the year ended March 31, 2018, and have been translated at the exchange rate prevailing on March 31, 2018

2 Total liabilities are inclusive of share capital and reserves

3 HMCL Colombia SAS and HMCL Niloy Bangladesh Limited are subsidiaries of HMCL Netherlands BV

4 COP- Colombian Peso; BDT - Bangladesh Taka

5 Investment made by HMCL NA Inc. into Erik Buell Racing Inc., USD 25 million has been fully provided for, on account of bankruptcy filing under chapter 128 of the Wisconsin Statutes

6 Turnover includes other income and other operating revenue

7 There are no subsidiaries which have been liquidated or sold during the year

Part "B": Associates

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies :

SL. No.	Name of Associates	Hero FinCorp Limited	Erik Buell Racing Inc. ***	Ather Energy Private Limited
1	Latest audited Balance Sheet Date	Year ended March 31, 2018	Year ended December 31, 2013	Year ended March 31, 2018
2	Shares of Associate held by the company on the year end			
	No.	40,388,576	9,686	99,186
	Amount of Investment in Associates (₹ in crores)	527.99	***	200.58
	Extend of Holding %	41.03%	49.20%	32.31%
3	Description of how there is significant influence	Equity holding more than 20% but less than 50%	Equity holding more than 20% but less than 50%	Equity holding more than 20% but less than 50%
4	Reason why the associate is not consolidated	-	-	-
5	Networth attributable to Shareholding as per latest audited Balance Sheet (₹ in crores)	925.69	***	74.03
6	Profit / (Loss) for the year*			
	i. Considered in Consolidation	55.75	-	(11.84)
	ii. Not Considered in Consolidation**	91.38	-	(24.81)

* Profit/Loss include necessary adjustment on account of dividend distribution tax

** Represent portion of Profit attributable to other shareholders

*** Investment in Erik Buell Racing Inc., an associate of Company, of ₹ 150.09 crores (USD 25 million) has been fully provided for, on account of bankruptcy filing under Chapter 128 of the Wisconsin Statutes. There are no other associate or joint venture which have been liquidated or sold during the year.

For and on behalf of the Board of Directors

Pawan Munjal
Chairman, Managing Director & CEO
DIN-00004223

Pradeep Dinodia
Chairman Audit Committee
DIN-00027995

Place : New Delhi
Date : May 02, 2018

Niranjan Kumar Gupta
Chief Financial Officer

Neerja Sharma
Company Secretary

NOTES


Xtreme
Hero



Hero MotoCorp Ltd.
(CIN:L35911DL1984PLC017354)
Registered 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

Hero MotoCorp Limited

Registered Office: 34, Community Centre, Basant Lok, Vasant Vihar, New Delhi-110 057
CIN: L35911DL1984PLC017354, **Phone:** 011- 4604 4100, **Fax:** 011-2614 3321
Email: secretarialho@heromotocorp.com, **Website:** www.heromotocorp.com

NOTICE

NOTICE is hereby given that the **35th Annual General Meeting ('AGM')** of the Members of **Hero MotoCorp Limited** will be held on **Tuesday, July 24, 2018** at **10:30 a.m.** at **Air Force Auditorium, Subroto Park, New Delhi-110 010** to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2018 together with the reports of the Directors' and Auditors' thereon and the consolidated audited financial statements of the Company for the financial year ended March 31, 2018.

2. To confirm payment of Interim dividend of ₹ 55/- per equity share and to declare a final dividend of ₹ 40/- per equity share for the financial year 2017-18.

3. To appoint a Director in place of Mr. Suman Kant Munjal (DIN: 00002803) who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

4. Ratification of remuneration of Cost Auditors for financial year 2018-19.

   To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, remuneration payable to M/s Ramanath Iyer & Co., Cost Accountants (Firm Registration No. 000019), appointed by the Board of Directors as Cost Auditors of the Company to conduct audit of the cost records of the Company for the financial year 2018-19, amounting to ₹ 7,50,000/- (Rupees Seven Lakhs Fifty Thousand only) plus applicable taxes and reimbursement of out of pocket expenses incurred in connection with the aforesaid audit be and is hereby confirmed, ratified and approved."

By Order of the Board
For Hero MotoCorp Ltd.



(Neerja Sharma)
Company Secretary
Membership No. A9630

New Delhi
May 8, 2018

Registered Office:
34, Community Centre, Basant Lok,
Vasant Vihar, New Delhi - 110 057
CIN: L35911DL1984PLC017354
Phone: 011- 46044100
Fax: 011-26143321
Email: secretarialho@heromotocorp.com
Website: www.heromotocorp.com

NOTES:

1. At the 34th AGM, M/s. BSR & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022) were appointed as Statutory Auditors of the Company for a term of 5 years until the conclusion of 39th AGM of the Company.

   The ratification of their appointment, pursuant to Section 139 of the Companies Act, 2013, is not required, in terms of Notification No. S.O. 1833(E) dated May 7, 2018, issued by the Ministry of Corporate Affairs and accordingly, the item has not been included in the Ordinary Business of the AGM Notice.

2. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 which sets out details relating to special business to be transacted at the AGM is annexed hereto.

3. Details under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in terms of Secretarial Standard 2 in respect of the Director seeking reappointment at the 35th AGM are annexed hereto as **Annexure A** to the Notice which forms part of the Explanatory Statement. The Company has received relevant disclosure/ consent from the Director seeking re-appointment.

4. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ANY OTHER PERSON AS A PROXY TO ATTEND AND VOTE AT THE MEETING ON HIS/HER BEHALF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY**.

As per Section 105 of the Companies Act, 2013, a person can act as proxy on behalf of members not exceeding 50 and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 (forty eight) hours before the commencement of the meeting. Proxies submitted on behalf of the companies, societies etc. must be supported by an appropriate resolution/ authority, as applicable.

The Attendance Slip and a Proxy Form with clear instructions for filling, stamping, signing and/or depositing the Proxy Form are enclosed.

5. Corporate Members intending to send their authorized representatives to attend the AGM are requested to send to the Company/Karvy Computershare Private Limited, Company's Registrar and Share Transfer Agent ('Registrar'), in advance, a duly certified copy of the relevant Board Resolution/Letter of Authority/Power of Attorney, together with the respective specimen signatures of those representative(s) authorised under the said resolution to attend and vote on their behalf at the meeting.

6. Pursuant to Section 91 of the Companies Act, 2013 and Regulation 42 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Register of Members and the Share Transfer books of the Company will remain closed from Friday, July 13, 2018 to Tuesday, July 24, 2018 (both days inclusive) for the purpose of 35th AGM of the Company and for determining the entitlement of the shareholders for final dividend for the financial year 2017-18, as may be approved by the Members at the meeting.

7. Final Dividend for the financial year 2017-18, as recommended by the Board, if approved, at the AGM will be paid to the Members within 30 days from the date of approval to those Members/beneficial owners whose names appear in the Register of Members/depository records as at close of business hours on Thursday, July 12, 2018.

8. Route map and details of prominent land mark of the venue of meeting is annexed with this Notice.

9. Members holding shares in demat form are hereby informed that bank particulars registered with their respective Depository Participants with whom they maintain their demat accounts will be used by the Company for payment of dividend. The Company or Registrar cannot act on any request received directly from the Members holding shares in demat form for any change of bank particulars or bank mandates. Members holding shares in demat form are, therefore, requested to intimate any change in their addresses and/or bank mandate immediately to their Depository Participants.

   Members holding shares in physical form who are desirous of either registering or changing their bank particulars already registered against their respective folios for payment of dividend are requested to write to the Registrar immediately.

10. Members are requested to note that under Section 124 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund ('IEPF') constituted by the Central Government of India. Further, all shares in respect of which dividends remain unclaimed/unpaid for seven consecutive years or more, are also required to be transferred to the designated Demat Account of the IEPF Authority.

    The Company during the financial year 2017-18 had, accordingly, transferred the unpaid and unclaimed dividend amount pertaining to the financial year 2009-10 along with relevant shares to the IEPF within the stipulated time period.

    The Company has uploaded the information in respect of unpaid and unclaimed dividends for financial year 2009-10 onwards and details of shares transferred to IEPF on the website of the IEPF Authority viz. www.iepf.gov.in and under 'Investors' section on the website of the Company, www.heromotocorp.com.

    Further, all the shareholders who have not claimed/ encashed their dividends in the last seven consecutive years from 2011 are requested to claim the same. The concerned members are requested to verify the details of their unclaimed amounts, if any, from the website of the Company and IEPF and write to the Company's Registrar before the same becoming due for transfer to the IEPF.

11. Members may utilise the facility extended by the Registrar for redressal of their queries by clicking on 'Investors' section at http://karisma.karvy.com. Members may also write at einward.ris@karvy.com, clearly mentioning their folio number.

12. In respect of the physical shareholding, in order to prevent fraudulent transactions, members are advised to exercise due diligence and notify the Registrar of any change in their addresses, telephone numbers, e-mail ids, nominees or joint holders, as the case may be.

13. The Securities and Exchange Board of India ('SEBI') has mandated submission of Permanent Account Number ('PAN') by every participant in securities market. Members holding shares in

electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to submit their PAN details to the Registrar.

14. Pursuant to Sections 101 and 136 of the Companies Act, 2013 read with Rules made thereunder, companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their email addresses either with the Company/Registrar or with the Depository Participant(s). Members who have not registered their email addresses with the Company can now register the same by submitting a duly filled-in request form with the Registrar. Members holding shares in demat form are requested to register their email addresses with their Depository Participant(s) only.

15. Notice of the AGM, Annual Report 2017-18 and Attendance Slip are being sent in electronic mode to Members whose email addresses are registered with the Company/Registrar or the Depository Participants, unless the Members have registered their requests for the hard copy. Physical copy of the Notice, Annual Report and Attendance Slip are being sent to those Members who have not registered their email addresses with the Company or Depository Participants. Members who have received the Notice, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled-in Attendance Slip at the Registration Counter at the AGM.

16. Members of the Company who have registered their email addresses are also entitled to receive such communication in physical form upon making a request for the same, by any permissible mode, free of cost. For any communication, the members may also send requests to the Company's investor email id: secretarialho@heromotocorp.com.

17. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 has mandated that for making dividend payments, companies whose securities are listed on the stock exchanges shall use electronic clearing services (local, regional or national), direct credit, real time gross settlement, national electronic funds transfer etc. The companies and the registrar and share transfer agents are required to seek relevant bank details of shareholders from depositories/ investors for making payment of dividends in electronic mode. It is also mandatory to print the bank details on the physical instrument if the payment is made in physical mode. Accordingly, shareholders are requested to provide or update (as the case may be) their bank details with the respective depository participants for the shares held in dematerialized form and with the registrar and share transfer agent in respect of shares held in physical form.

18. Members may also note that the Notice of the 35th AGM and Annual Report 2017-18 are available on the Company's website, www.heromotocorp.com.

19. The Annual Report along with Notice of AGM is being sent to the members, whose names appear in the Register of Members/depositories as at close of business hours on Friday, May 25, 2018.

20. Pursuant to the provisions of Section 72 of the Companies Act, 2013, the members holding shares in physical form may nominate, in the prescribed manner, a person to whom all the rights in the shares shall vest in the event of death of the sole holder or all the joint holders. Members holding shares in demat form may contact their respective Depository Participants for availing this facility.

21. **Members holding shares in physical form are requested to consider converting their holdings to dematerialized form to eliminate risks associated with physical shares and for better management of the securities. Members can write to the Registrar in this regard.**

22. **Inspection**

The documents referred to in the Notice, Explanatory Statement and Annual Report 2017-18 will be available for inspection by the Members at the Registered Office of the Company on all working days (except Saturdays, Sundays and Public Holidays) from 11:00 a.m. to 1:00 p.m. up to the date of AGM.

A member can inspect the proxies lodged at any time during the business hours of the Company from the period beginning 24 hours before the time fixed for the commencement of the AGM and ending with the conclusion of the said meeting, provided he has given to the Company a notice, in writing, of his intention to inspect not less than three days before the commencement of the said meeting.

23. **Guidelines for attending the ensuing AGM:**

a) Entry to the Auditorium/Hall will be strictly against entry coupon available at the counters at the venue and against the exchange of duly filled-in, signed and valid attendance slip;

b) Any briefcase/bags/eatables or such other articles, as may be ordered by the authorities of the venue are not allowed inside the Auditorium/Hall; and

c) Members are requested to bring their copy of the Annual Report to the meeting.

24. **Cut-off Date**

The Company has fixed **July 17, 2018** as the **Cut-off Date** for remote e-voting. The remote e-voting /voting rights of the shareholders/beneficial owners shall be reckoned on the

equity shares held by them as at close of business hours on the Cut-off Date i.e. **July 17, 2018** only. A person who is not a Member as on the Cut-off Date should treat this Notice for information purposes only.

25. **Remote e-voting**

Pursuant to Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide the facility of voting by electronic means viz. 'remote e-voting' (e-voting from a place other than venue of the AGM) through Karvy Computershare Private Limited ('Karvy'), for all Members of the Company to enable them to cast their votes electronically, on the resolutions mentioned in the Notice of 35th AGM of the Company.

The remote e-voting period begins on **July 21, 2018 at 09:00 a.m.** (IST) and ends on **July 23, 2018** at **05:00 p.m.** (IST). During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form as on the Cut-off Date i.e. **July 17, 2018,** may cast their votes electronically. The remote e-voting module shall be disabled by Karvy for voting after 05:00 p.m. (IST) on **July 23, 2018**.

The facility for voting, either through electronic voting system or through poll, shall also be made available at the venue of 35th AGM. The Members attending the AGM, who have not cast their votes through remote e-voting, shall be able to exercise their voting rights at the AGM. The Members who have already cast their votes through remote e-voting may attend the meeting but shall not be entitled to cast their votes again at the AGM.

The Members desirous of voting through remote e-voting are requested to refer to the detailed procedure given hereinafter. Once the vote on a resolution is cast by a Member, the Member shall not be allowed to change it subsequently.

Instructions and other information related to remote e-voting are as under:

A. For members who receive Notice of AGM through email, i.e. for Members whose email IDs are registered with the Company/ Depository Participant(s):

(i) Launch an internet browser by typing the URL: https://evoting.karvy.com.

(ii) Enter the login credentials (i.e. User ID and password mentioned in the email). Your Folio No./DP ID-Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.

(iii) After entering these details appropriately, click on "LOGIN".

(iv) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@,#,$,etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

(v) You need to login again with the new credentials.

(vi) In case you are already registered with Karvy for remote e-voting, then you can use your existing User ID and password for casting your vote. If you have forgotten your password, you can reset your password by using "Forgot Password" option available on https://evoting.karvy.com or contact Karvy at toll free no. 1-800-3454-001 or email at evoting@karvy.com. In case of any other queries/grievances connected with e-voting, you may also contact Mr. Ramesh Desai at telephone no. 040-67161528.

(vii) On successful login, the system will prompt you to select the E-voting Event Number for Hero MotoCorp Ltd.

(viii) On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/ AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding. You may also choose to "ABSTAIN" by not entering any number in "FOR/AGAINST" and the shares held will not be counted under either head.

(ix) Members holding multiple folios / demat accounts shall choose the voting process separately for each of the folios / demat accounts.

(x) Voting has to be done for each item of the AGM Notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.

(xi) You may then cast your vote by selecting the appropriate option and clicking on "SUBMIT".

(xii) A confirmation box will be displayed. Click "OK" to confirm or "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).

(xiii) Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution / Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: contact@cssanjaygrover.in. They may also upload the same in the remote e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_EVENT NO".

B. In case a Member receives physical copy of the AGM Notice by Post/Courier [for Members whose email IDs are not registered with the Company / Depository Participant(s)]:

(i) User ID and initial password as provided in attendance sheet.

(ii) Please follow all steps from Sr. No.(i) to (xiii) as mentioned in (A) above, to cast your vote.

26. In case any person becomes a Member of the Company after despatch of the AGM Notice and holds shares as on the Cut-off Date for e-voting i.e., July 17, 2018, he/she may obtain the User ID and password in the manner as mentioned below:

(i) If the mobile number of the Member is registered against shares held in demat form, the Member may send SMS: MYEPWD<space> DP ID Client ID to 9212993399.

Example for NSDL:
MYEPWD <SPACE> IN12345612345678

Example for CDSL:
MYEPWD <SPACE> 1402345612345678

(ii) If the mobile number of the Member is registered against shares held in physical form, the Member may send SMS: MYEPWD<SPACE> Event no. Folio no. to 9212993399.

Example for Physical:
MYEPWD <SPACE> XXXXHML0123456

(iii) If e-mail address of the Member is registered against Folio No. / DP ID Client ID, then on the home page of https://evoting.karvy.com, the Member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.

(iv) For Member, whose mobile number and email address is not registered, may call Karvy's toll free number 1-800-3454-001 or may send an e-mail request at evoting@karvy.com or to the Company at secretarialho@heromotocorp.com.

27. The Company has designated Mr. Dhiraj Kapoor, Deputy General Manager to address the grievances connected with the voting by electronic means. The Members can reach Company official at +91-11-46044100 or secretarialho@heromotocorp.com. Members are also advised to visit Help & FAQ section available at Karvy's website https://evoting.karvy.com for clarity on the e-voting process.

28. The voting rights of the Members shall be in proportion to the paid-up value of their shares in the equity capital of the Company as on the Cut-off Date, being July 17, 2018.

29. The Board of Directors has appointed Mr. Sanjay Grover, Managing Partner, M/s. Sanjay Grover & Associates, Company Secretaries, New Delhi, as Scrutinizer to scrutinize the remote e-voting process and voting through electronic voting system or through poll at the AGM in a fair and transparent manner.

30. The Scrutinizer shall, after conclusion of voting at the AGM, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least 2 (two) witnesses not in the employment of the Company and shall within 2 days of conclusion of the AGM, submit a Consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised who shall countersign the same and declare the results of voting forthwith.

31. The resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favour of the Resolutions. The results will be declared by posting the same on the website of the Company (www.heromotocorp.com), website of Karvy (https://evoting.karvy.com) and by filing with the Stock Exchanges. It shall also be displayed on the Notice Board at the Registered Office of the Company.

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

Item No. 4.

Pursuant to Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, ratification of remuneration payable to the Cost Auditors is required by the Members of the Company.

Based on the recommendation of Audit Committee, the Board at its meeting held on May 2, 2018 has approved appointment of M/s. Ramanath Iyer & Co., Cost Accountants (Firm Registration No. 000019) as Cost Auditors for the financial year 2018-19 at a remuneration of ₹ 7,50,000/- (Rupees Seven Lakhs Fifty Thousand only) plus applicable taxes and reimbursement of out of pocket expenses.

The Board recommends ratification of remuneration of Cost Auditors by passing an Ordinary Resolution.

None of the Directors or Key Managerial Personnel or their relatives is/are in anyway concerned or interested in passing of the above resolution.

By Order of the Board
For Hero MotoCorp Ltd.



(Neerja Sharma)
Company Secretary
Membership No. A9630

New Delhi
May 8, 2018

Registered Office:
34, Community Centre, Basant Lok,
Vasant Vihar, New Delhi - 110 057
CIN: L35911DL1984PLC017354
Phone: 011-46044100
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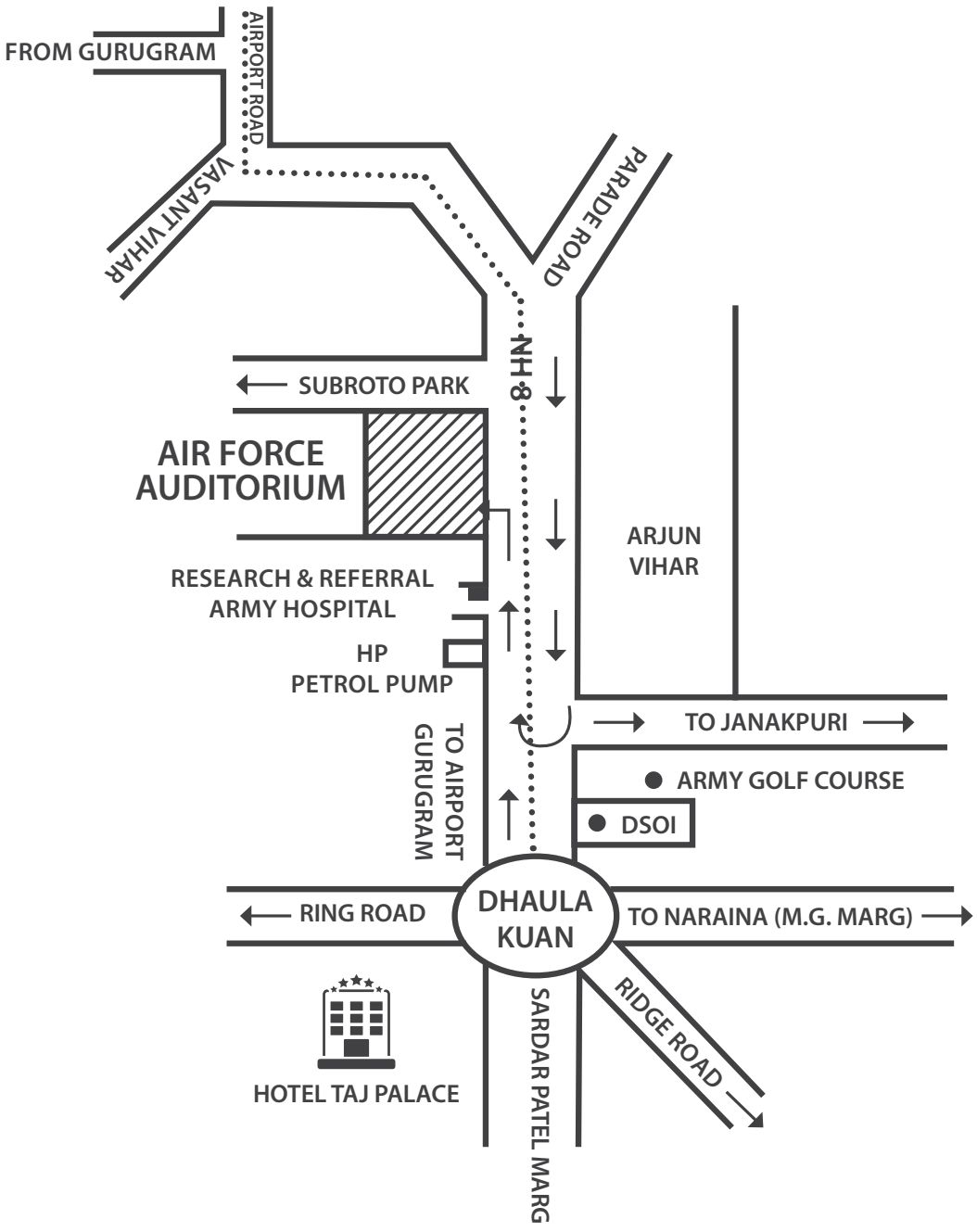
Annexure A

Details under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in terms of Secretarial Standard 2, in respect of the Directors seeking appointment/reappointment.

Name of Director	Mr. Suman Kant Munjal
DIN	00002803
Brief Resume	Mr. Suman Kant Munjal was appointed as an Additional Director on the Board effective July 29, 2010. He is the Managing Director of Rockman Industries Ltd., one of the leading suppliers of aluminum die casting, machined and painted assemblies to Hero MotoCorp Limited. 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.
Date of Birth (Age in years)	February 26, 1953 (65)
Qualification	Graduate in Commerce
Experience and expertise in specific functional area	Business Management
Terms and conditions of re-appointment	At the 33rd AGM held on September 23, 2016, he was appointed as Non-Executive Director, liable to retire by rotation. Being eligible, he has now offered himself for re-appointment.
Details of remuneration and remuneration last drawn	Details mentioned in the Corporate Governance Report
Date on which first appointed on the Board	July 29, 2010
Details of shareholding in the Company	Holding 93,91,101* equity shares of ₹ 2/- each aggregating to 4.70%
Relationship with other Directors/Key Managerial Personnel (if any)	Brother of Mr. Pawan Munjal, Chairman, Managing Director & CEO
Number of Board Meetings attended during the year	Details mentioned in the Corporate Governance Report
Details of Directorships/Committee Chairmanship and Memberships in other Companies	As detailed herein below

Type of Company	Directorships held	Committee Membership	Committee Chairmanship
Unlisted Public Company	Rockman Industries Limited	Audit	CSR
	Hero Steels Limited	-	-
Private Limited Company	Rockman Auto Private Limited	-	-
	Bahadur Chand Investments Private Limited	-	CSR
	Rockman Industries Chennai Private Limited	-	-
	Hero InvestCorp Private Limited	-	CSR
	Munjal Acme Packaging Systems Private Limited	-	-
	Hero Corporate Services Private Limited	-	-
	Hero Electronix Private Limited	-	-
	Mybox Technologies Private Limited	CSR	-
	Moldex Composites Private Limited	CSR Nomination & Remuneration	-
	Tessolve Semiconductors Private Limited	-	CSR
	Survam Private Limited	-	-
Section 8	BML EduCorp Services	-	-

* Comprise of 71,250 equity shares held in his own name, 10,833 equity shares as Karta of HUF and 93,09,018 equity shares held on behalf of Brijmohan Lal Om Parkash, partnership firm.


FROM GURUGRAM
AIRPORT ROAD
VASANT VIHAR
PARADE ROAD
NH 8
SUBROTO PARK
AIR FORCE AUDITORIUM
ARJUN VIHAR
RESEARCH & REFERRAL ARMY HOSPITAL
HP PETROL PUMP
TO JANAKPURI
TO AIRPORT GURUGRAM
ARMY GOLF COURSE
DSOI
RING ROAD
DHAULA KUAN
TO NARAINA (M.G. MARG)
HOTEL TAJ PALACE
SARDAR PATEL MARG
RIDGE ROAD

Hero MotoCorp Limited

Registered Office: 34, Community Centre, Basant Lok, Vasant Vihar, New Delhi-110 057
CIN: L35911DL1984PLC017354, **Phone:** 011- 4604 4100, **Fax:** 011-2614 3321
Email: secretarialho@heromotocorp.com, **Website:** www.heromotocorp.com

35th Annual General Meeting
ATTENDANCE SLIP

1. Name

2. Registered Address of the sole/first named shareholder

3. Name(s) of the Joint Shareholder(s), if any

   1.

   2.

4. Registered Folio No./DP ID & Client ID

5. No. of Shares held

I/we being the registered Shareholder/ proxy for the registered Shareholder of the Company, hereby record my/our presence at the **35th Annual General Meeting** of the Company held on **Tuesday, July 24, 2018** at **10:30 a.m.** at **Air Force Auditorium, Subroto Park, New Delhi - 110 010** and at any adjournment(s) thereof.

Signatures as per specimen registered with the Company or Registrar

1st Holder	2nd Holder	3rd Holder	Proxy

E-voting

Users who wish to opt for e-voting may use the following login credentials.

EVEN (E-Voting Event No.)	User Id	Password

Please follow steps for e-voting procedures as given in the Notice of AGM or by logging on to https://evoting.karvy.com.

Hero MotoCorp Limited

Registered Office: 34, Community Centre, Basant Lok, Vasant Vihar, New Delhi-110 057
CIN: L35911DL1984PLC017354, **Phone:** 011- 4604 4100, **Fax:** 011-2614 3321
Email: secretarialho@heromotocorp.com, **Website:** www.heromotocorp.com

PROXY FORM

Form No. MGT - 11

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN	L35911DL1984PLC017354
Name of the Company	Hero MotoCorp Limited
Registered Office	34, Community Centre, Basant Lok, Vasant Vihar, New Delhi - 110 057
Name of the Member(s)	
Registered Address	
Email Id	
Folio No./ DP ID & Client ID	

I/We, being the member(s) of _____ shares of Hero MotoCorp Limited, hereby appoint:

1) Name: _____

Address: _____

Email Id: _____ Signature _____ or failing him/her

2) Name: _____

Address: _____

Email Id: _____ Signature _____ or failing him/her

3) Name: _____

Address: _____

Email Id: _____ Signature _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **35th Annual General Meeting** of the Company to be held on **Tuesday, July 24, 2018** at **10:30 a.m**. at **Air Force Auditorium, Subroto Park, New Delhi -110 010** and at any adjournment(s) thereof, in respect of such resolutions as are indicated below:

Sl. No.	Resolutions	For	Against
Ordinary Business:			
1.	To receive, consider and adopt the audited financial statements (including consolidated financial statements) of the Company for the financial year ended March 31, 2018 together with the reports of the Directors' and Auditors' thereon.		
2.	To confirm payment of Interim dividend of ₹ 55/- per equity share and to declare a final dividend of ₹ 40/- per equity share for the financial year 2017-18.		
3.	To re-appoint Mr. Suman Kant Munjal (DIN: 00002803), Director retiring by rotation.		
Special Business:			
4.	Ratification of remuneration of Cost Auditors for financial year 2018-19.		

Signed this _____ day of _____ 2018

Affix revenue stamp of ₹ 1

Signature of the Member: _____

Signature of the Proxy holder(s): _____

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.