



FUTURE READY

TECHNOLOGY AND IMAGINATION ARE
EXTENDING HORIZONS AT **Hero**

2012-13

ANNUAL REPORT

Hero MotoCorp Ltd.

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Forward-looking Statement

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



For Hero MotoCorp, technology and imagination are playing a bigger role than ever before.

Imagination to foresee social megatrends and customer aspirations.

Imagination to identify and invest in potential markets across the world.

And to choose top-tier technology to turn smart ideas into reality.

We are ramping up existing capacities, driving new expansion plans, creating a stronger R&D platform, penetrating into new markets and enhancing brand visibility.

Emerging, in turn, as a future-ready global enterprise.



Accelerating at Full Throttle

For nearly three decades, we have been working tirelessly to provide innovative mobility solutions to global customers, with special emphasis on the evolving aspirations of youth. This is because the 'global youth brigade' represents unabated dynamism, our core brand philosophy.



OUR MISSION

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

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

OUR VISION

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

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

FOCUSED STRATEGY

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



Accelerating at Full Throttle





PRODUCT BASKET

We offer one of the widest ranges of two-wheelers with over **19 different products** across the 100 cc, 125 cc, 150 cc, 225 cc and scooter categories.

OPERATING LOCATIONS

Two of our manufacturing plants are based at Gurgaon and Dharuhera in Haryana (India) and one manufacturing plant is located at Haridwar, Uttarakhand (India). The combined annual installed capacity is approx. **6.90 million units**.

ENHANCING REACH

We have one of the most extensive customer reaches with **5,800+ pan-India touch points** with deepening presence across **1,00,000+ villages**.

We are consistently expanding our footprint across Asia, Central & Latin America and Africa.

BEST-IN-CLASS PRACTICES

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

FOR SHAREHOLDERS

Our shares are listed on the BSE Limited and National Stock Exchange of India Limited. Our market capitalisation as on March 31, 2013 was ₹ 30,792 crores. Moreover, we

recommended a **dividend of 3000%** in 2012-13, i.e. ₹ 60 per equity share of the face value of ₹ 2 per share.

HUMAN CAPITAL

We have highly motivated and experienced team of over **5,800 people**.

EXPANSION AGENDA

We are creating capacities to ensure sustainable long-term growth by:

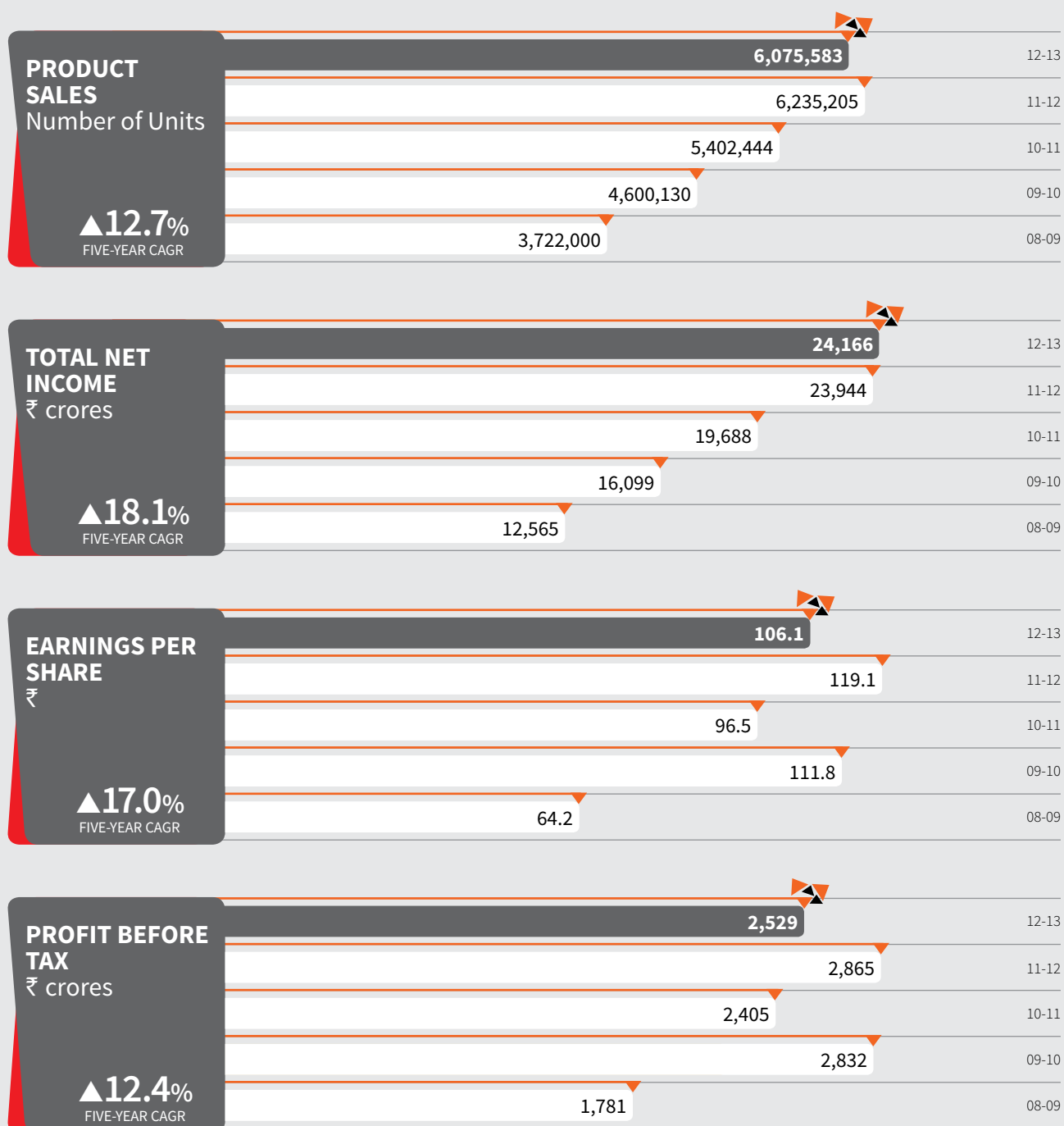
- ▶ Setting up a fourth plant at Neemrana in Rajasthan with an annual installed capacity of 750,000 units
- ▶ Setting up a fifth plant at Halol in Gujarat, with an annual installed capacity of 1.2 million in the initial phase, which will grow to 1.8 million in the next phase
- ▶ Setting up a new state-of-the-art integrated R&D centre at Kukas, Rajasthan
- ▶ Consistent expansion across all three existing plants
- ▶ Setting up a Global Parts Centre (GPC) at Neemrana, Rajasthan

6.90
million units

THE COMBINED ANNUAL INSTALLED CAPACITY OF OUR PLANTS IS 6.90 MILLION UNITS



Performing for the Long Term



DISTRIBUTION OF REVENUE

2012-13

Particulars	(₹ crores)	(%)
MATERIALS	17,397.66	66.76
OPERATIONS & OTHER EXPENSES	2,265.05	8.69
TAXES AND DUTIES	2,302.84	8.84
EMPLOYEES	820.92	3.15
INTEREST	11.91	0.05
DEPRECIATION	1,141.75	4.38
SHAREHOLDERS AND RESERVES & SURPLUS	2,118.16	8.13
TOTAL	26,058.29	100



DISTRIBUTION OF REVENUE

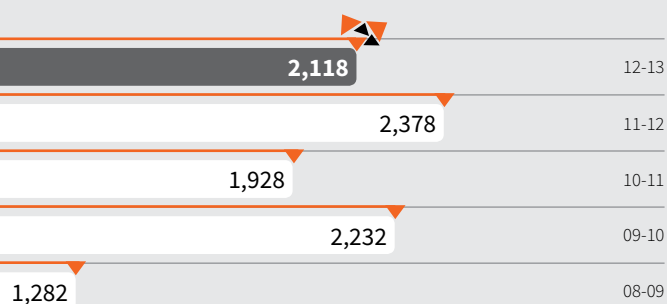
2011-12

Particulars	(₹ crores)	(%)
MATERIALS	17,281.57	67.51
OPERATIONS & OTHER EXPENSES	1,943.16	7.59
TAXES AND DUTIES	2,142.57	8.37
EMPLOYEES	735.52	2.87
INTEREST	21.30	0.08
DEPRECIATION	1,097.34	4.29
SHAREHOLDERS AND RESERVES & SURPLUS	2,378.13	9.29
TOTAL	25,599.59	100

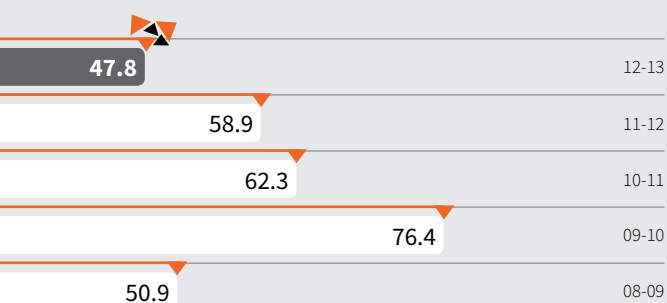


PROFIT AFTER TAX ₹ crores

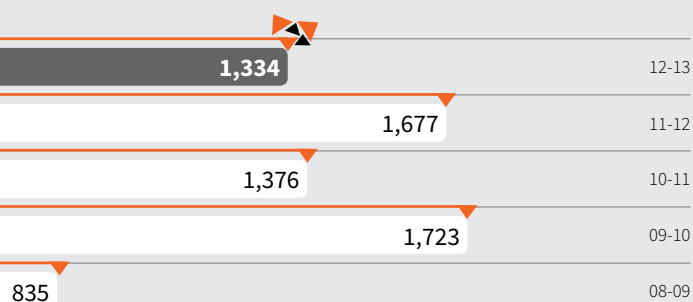
▲17%
FIVE-YEAR CAGR



RETURN ON AVERAGE CAPITAL EMPLOYED %



ECONOMIC VALUE ADDED ₹ crores



STABLE DIVIDEND PER SHARE ₹



Fundamentals Steer Future Strategies

Amid the shifting dynamics of global markets, customers count on Hero as a reliable manufacturer of products, services and solutions to meet their evolving aspirations. This hard earned trust represents the foundation of our business sustainability and future growth.



CONSISTENT VALUE

We are setting up a state-of-the-art Global Parts Centre (GPC) spread over 35 acres at Neemrana with an initial ₹ 160-crores investment. This technologically advanced GPC will be a new industry benchmark once it becomes fully-operational. The GPC will have an automated storage and retrieval system, automated packaging and sorting system, on-line tracking of parts through warehouse management system (WMS), lean manufacturing systems, and will follow the green building concept. Moreover, during 2012-13, we commenced the construction of our fourth manufacturing plant and a new Global Parts Centre (GPC) at Neemrana in Rajasthan.



HERO WARRANTY

We are India's first company to offer a 5-year warranty on all our two-wheelers*. This is also an expression of our confidence in the quality of our products, backed by strong R&D and excellent manufacturing capabilities. This initiative has resulted in strong customer commitment and trust, which will further strengthen our market position.

*(5 years or 70,000 km on motorcycles, whichever is earlier; and 5 years or 50,000 km on scooters, whichever is earlier)



LAUNCHED 125CC - HERO IGNITOR



LAUNCHED 110CC - PASSION XPRO

During FY 2012-13, we completed our process of migration to the new 'Hero' brand



ENTERED THE RACING ARENA

Hero MotoCorp debuted in the exciting world of international motorcycle racing by participating at the AMA Pro Racing National Guard Superbikes Championship in the US.



ENDORISING GREEN

Hero Terra Quiz aims to inculcate green practices, create awareness and raise environmental consciousness in youth. As a part of this initiative, we reached 2.5 lakh students across 2000 schools, spreading the message of green in the form of green Olympiad examination, workshops, banners and displays.

KEY SPONSORSHIPS

Hero Sa Re Ga Ma Pa has been one of the most popular music reality shows. In addition to the corporate brand Hero, product brands (Ignitor, Splendor, Glamour and Pleasure) were integrated in the show to enhance our association with the show and also to benefit from the show's popularity.



EASY FINANCING

We started our own retail finance arm — Hero FinCorp. We have a phase-wise expansion of Hero FinCorp services.

- ▶ Already launched in Delhi, the retail financing services will shortly be extended to the National Capital Region (NCR) and then to the rest of the northern market in the next phase
- ▶ The initial plan is to make Hero FinCorp services available at about 200 dealerships in various parts of the country by March 2014, and extend it to as many as 450 dealerships by March 2015
- ▶ We also offer easy financing options to customers through our partner-financiers – HDFC, IndusInd Bank, Shriram City Union Finance Ltd and Fullerton



Chairman's Message

Brijmohan Lall Munjal
Chairman



Dear Shareholders

Exactly three decades ago, and not very far from where I am sitting right now, I penned my first message to you. It was a message based on cautious optimism about an India Story that would unfold. Thirty years later, India is a trillion dollar economy– and Hero is a ₹ 22,000- crores story.

In my previous message, I shared with you the joy that the MD and I experienced after your Company was finally able to fly unfettered and free. With this sense of independence and strength, your Company fully completed its brand transition for its portfolio of products – from Hero Honda to Hero – during the year in review, two years before schedule. Of course, to continue flying free, birds need to fulfil their responsibilities. On occasion, they need to nest, and find the right partners. At other times, they need to mentor their young, so that growth and life can begin a new, and with renewed vigour.

2012-13 was a year of nesting for Hero MotoCorp. It was a period for recharge and renewal. We quietly completed the groundwork for a world-class technology centre, additional capacity expansion, spare part augmentation and an ambitious international foray. Your Company has nurtured three alliances. These are beginning to deliver results that have exceeded our expectations. Pawan will talk about some of the milestones that have been crossed, as well as some of the plans to take Hero global. I am confident that in the coming months, these will emerge as strong sources of strategic advantage for Hero MotoCorp.

There is, of course, the interim to deal with. Adverse economic conditions coincided with the nesting period during FY 2012-13. The two wheeler industry witnessed one of its worst performances in a decade. In 2012-13, two-wheeler customers bravely weathered high inflation, steep petrol prices and interest rates. While these headwinds continued during the year under review, a poor crop eroded the earnings and consumption potential of rural buyers dependent on the farm sector. Across cities, a sluggish service sector resulted in lower increments, widespread job uncertainty and weakening demand.

Hero MotoCorp too found the going challenging, especially in the second half of the year. This was owing to continuing economic hardship and also partially because your Company's product pipeline is in transition. Despite this adversity, three of the four products that were launched under the new

brand found resonance among customers, and Hero MotoCorp enjoyed a record-breaking festive season.

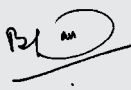
If I look back, on every setback the two wheeler industry has suffered over the past decade. I notice that every trough is followed by a recovery in demand. Therefore, I am positive that a good monsoon, plus a possible increase in government spending in the run-up to the 2014 elections, will increase consumer spending in the short term. However, as I have mentioned in my earlier communications as well, it is the medium-to-long term future playing out in the Indian countryside that I am really excited about.

We have seen the MNREGA scheme is putting more money in the hands of rural people in the form of higher wages. The 2011 Census has re-classified 2500 large villages as census towns. These settlements are mostly non-dependent on agriculture for livelihood and are experiencing rapid growth. Such drivers of rural prosperity, coupled with the on-going direct beneficiary transfer scheme -- where subsidies will be paid directly to millions of bank accounts -- will transform those parts of India that have underperformed for decades.

Against this backdrop, companies, such as yours, which has few peers when it comes to cost of ownership, distribution, reach and service – are poised to benefit from this transformation the most. Buying a motorcycle or a scooter is not the same as buying a TV or a mobile phone. There are recurring costs, which can only be effectively met through a strong sales and distribution network.

Our strengths in these areas are strategic advantages simply because they are difficult to scale and replicate quickly. In the coming years, we will do what it takes to maintain these advantages, so that we can maintain and grow our leadership position.

So keep the faith, and stay invested in us.



With regards,
Brijmohan Lall Munjal
Chairman



Managing Director's Insight

I have always believed that to be persuasive, we must first be believable; to be believable, we must be credible; to be credible, we must be truthful.

Here is the truth.

2012-13 was a significantly challenging year for the economy, for the seemingly recession proof two wheeler industry, and for Hero MotoCorp. Not surprisingly, Hero MotoCorp remained anchored in reality. There were a number of disappointments in the form of lower sales and decline in profitability. At the time of writing, with GDP growth having notched its worst in a decade, it seems the first few quarters of 2013-14 may remain disappointing.

Yet I remain fundamentally positive.

Despite the recessionary conditions, we are confident about facing the future. It is relevant to mention in this context that the construction of our fourth plant and our global spare parts centre in Rajasthan is progressing in full swing. The global parts centre will have an automated storage and retrieval system, an automated packaging and sorting system, and an on-line tracking of parts through warehouse management system.

Over the next few months, we are planning several new launches that will include new products as well as upgrades.

After debuts in Sri Lanka and Nepal, our products are now selling across a number of countries in Central America and Africa. Our footprint across both these new regions, as well as South America, will increase in the coming months, with the appointment of new distributors, showrooms and workshops. To support our global foray, we have already set up assembly operations in Sri Lanka and Kenya. A new vertical, with dedicated

manpower has also been created to drive the international push.

We have also set up our first off-shore subsidiaries in the Netherlands and the US. These arms will not only catapult our global expansion, they will also explore overseas investments and merger and acquisition opportunities.

All our products are now Hero branded. Three of the four new products launched under Brand Hero are resounding successes. To sustain this momentum, we are realigning our sales and marketing structure, in India and in other continents, to make it more focussed and penetrative.

To emerge as a powerhouse in technology, we are working at different levels with our three technology partners: AVL of Austria, EBR of the US and EE of Italy. Of course, our attempt is to become self-sufficient as quickly as possible.

I am delighted to inform you that work is on to build what we hope will be India's largest design and development ecosystem. A world-renowned architect has blueprinted a state-of-the-art facility that will come up over 250 acres of land in Kukas near Jaipur. A consortium of global experts are helping us develop test-tracks and technologies suited to overcome terrain and traffic conditions, not just in India, but for each of the markets we are entering.

This centre will have an optimal mix of world class hardware and software and will be the fulcrum from where our future products will uncoil and spring.



Pawan Munjal
Managing Director and CEO

New product development has moved well beyond the design board, and I am delighted with the work in progress. The heart of the motorcycle is the engine, and I am happy to report that we have successfully test-fired a new 100 cc engine and a 250 cc engine. As I mentioned earlier, several new launches are on the anvil.

For a number of years, we, at Hero, were used to an execution paradigm when it came to R&D; now, the rules of the game have completely changed, and we have now embarked upon an enormously exciting journey based on creation and discovery.

Of course, no company can sustain itself, if profitability doesn't form the cornerstone of its business philosophy. Operating margins at Hero MotoCorp have come under severe pressure and have slipped to single digits for various reasons. Such pressures are unlikely to abate in the near future unless we take measures on a war footing.

I am pleased to announce that, we have launched a Margin Transformation project, aiming to emerge as India's top-tier player in terms of productivity and cost excellence. The project is working extremely well on the ground. As I write this, cross-functional teams, along with third-party experts are hard at work on multiple projects that aim to make ours a leaner and more productive company. I am personally committed to this initiative.

Your Company has also launched two other projects that are potentially transformational. First, we have set up third-party assessment centres to assess employee and leadership potential– the idea is to identify leaders for the future, without carrying some of the legacy baggage of an in-house review system. The second potentially game-changing initiative is a unique Hero Ideas portal. This portal acts as a bridge that connects me directly with bright young performers and facilitates cross-pollination of ideas to promote and sustain a culture of seamless innovation across all levels.

Hero had a glorious and chequered past. But I have always believed that the past is like using a rear view mirror while driving. It is good to glance back and see how far you have travelled. But if we stare too long, we will miss what is right in front of us.

Looking ahead, I foresee the emerging tailwinds of recovery and opportunity gradually overcoming the headwinds of competition and economic hardships.

With regards,
Pawan Munjal
Managing Director and CEO



**AT HERO
MOTOCORP,
FUTURE-READY
IS NOT A
PHILOSOPHICAL
STATEMENT.**

**IT'S AN
ON-GROUND
REALITY.**

Future Ready is TECHNOLOGY LEADERSHIP

In a constantly evolving global business landscape creating the right value proposition for the relevant customer is a key challenge. Technology represents an important piece in the entire puzzle.

At Hero MotoCorp, we are strengthening strategic alliances and technological tie-ups with global majors to create an unmatched value proposition for the targeted customer.

STRATEGIC MOVE

We are investing USD 25 million for a total stake of 49.2% in the share capital of our US-based partner Erik Buell Racing (EBR). This equity partnership is a natural extension of our existing relationship with EBR, which is going to further strengthen our strategic alliance. The investment in EBR is being done through Hero MotoCorp's newly incorporated wholly owned American subsidiary - HMCL (NA), Inc.

The equity partnership with EBR reflects our long-term vision of transforming Hero MotoCorp to a truly global two-wheeler major with footprints spread across continents, offering a wide range of technologically advanced two-wheelers.

OTHER MAJOR TIE-UPS

- ▶ Partnership with well known Italian two-wheeler design firm 'Engines Engineering' for next-generation product line-up. 'Engines Engineering' will impart technological know-how in terms of superior design for our future products.
- ▶ Strategic alliances with the US-based Erik Buell Racing (EBR) for high-cc bikes and Austria-based AVL for engine technologies. We have also been scaling up our own in-house R&D capabilities.
- ▶ Forged an alliance with AVL, Austria, a global leader in engine design and development to develop different categories of engines.

10 million units



TARGETING TO ACHIEVE ANNUAL SALES OF 10 MILLION UNITS IN THE NEXT FEW YEARS



Future Ready is STRATEGIC GLOBAL FORAYS

Hero MotoCorp is already a global brand. Our strategy-next is to widen visibility across high-potential markets with a single objective: **achieve 10% of our total volumes from international business in the next four to five years.**

ENTRY INTO NEPAL

We entered into a partnership with the reputed business house NGM to foray into Nepal. NGM has been appointed as the distributor of Hero MotoCorp range of two-wheelers in Nepal.

ENDORSED BY ICONS

- ▶ Nepalese cricketer and youth icon Binod Das introduced the 150cc high performance motorcycle - 'Hero Xtreme'
- ▶ Miss Nepal 2012 Ms Shristhi Shrestha unveiled the scooter - 'Pleasure'



SRI LANKAN FORAY

We entered into a partnership with the reputed ABANS Group of Sri Lanka. Under the alliance, ABANS has been appointed as the sole distributor of Hero MotoCorp range of two-wheelers in Sri Lanka.

PRODUCTS LAUNCHED IN SRI LANKA

- ▶ Entry-level segment: HF Deluxe and HF Dawn
- ▶ Deluxe segment: Pro, Splendor NXG, Super Splendor, Glamour and Passion Pro
- ▶ Premium segment: Karizma ZMR, Hunk, Xtreme and Achiever
- ▶ Scooter: Pleasure



FOOTPRINTS ACROSS CENTRAL AMERICA

We launched our range of two-wheelers in Guatemala City, El Salvador and Honduras, marking the iconic Indian brand's first foray into new international markets.

- ▶ A partnership has been forged with Indy Motos Group of Guatemala to bring its two-wheelers to these markets
- ▶ Under the alliance, Indy Motos has been appointed as the authorised distributor of Hero MotoCorp range of two-wheelers in Guatemala, Honduras and El Salvador
- ▶ Products will be distributed through a network of outlets spread across these countries, with more new outlets to be added subsequently
- ▶ Launched Hunk, Karizma, Glamour, HF Dawn, Splendor NXG, Super Splendor and Achiever across these markets





Future ready is CREATING A CUSTOMER-FACING ECOSYSTEM

At Hero MotoCorp, we are creating an effective ecosystem to ensure one of the widest and deepest visibilities across a multi-layered Indian market. As customer aspirations are ever evolving, no iron-cast strategy works. Therefore, we are consistently strengthening the entire network of customer touch points (over 5,800) to respond to changing realities.

FRONTLINE SKILL ENHANCEMENT

We have rolled out an array of skill up-gradation programmes for our pan-India channel partners. This is part of a constant endeavour to upgrade the showroom and workshop experience for customers.

- ▶ More than 50 indigenously developed programmes were organised, cutting across channel partner functions
- ▶ 12 state-of-art technical learning centres imparted best-in-class learning experience to all service staff members
- ▶ The training programmes focus to enhance knowledge, skills and individual behavioural competence
- ▶ National level competitions are organised to enhance competitiveness; and to identify and reward dealers, channel partners and staff members
- ▶ More than 35,000 dealer staff benefited from various learning programmes during 2012-13

KEY TRAINING PROGRAMMES

vLead – Empowering People, Enabling

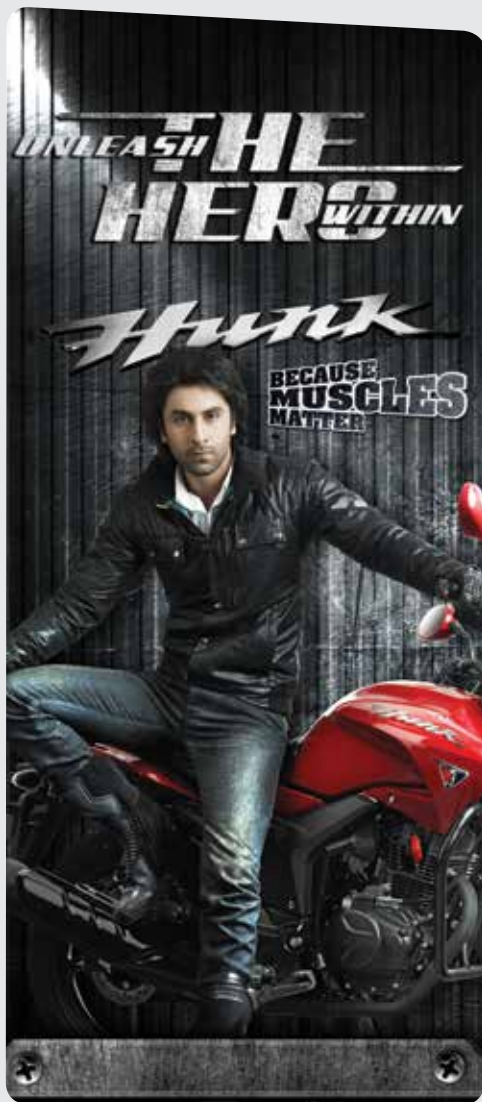
Processes: vLead has been designed and developed to help dealers deliver a customer experience that sets a new industry benchmark. It puts in place a system that makes continuous capability building a part of a dealership's culture. It also enables the dealership to constantly enhance the capability of its workforce.

Technology Wave (iLMS): This is a web-based application that manages the complete database of employees working with channel partners. The application captures the learning, development and career progression of each employee. We have already imported complete workforce data of employees working at sales functions to create unified software.

Diksha – Facilitator Development

Programme: This initiative aims to equip our facilitators with increased knowledge and make them future ready. It is an important platform for cross fertilisation of ideas and generates competitive intelligence through activity-based sessions.

Smart Ideas. Smarter Brands.



At Hero MotoCorp, we believe the journey of great brands starts from smart ideas that enrich life in more ways than one. Therefore, it's not just about the immediate convenience or the comfort a particular brand brings to the customer. It's essentially about how it adds a new perspective to life.





18 million

SPLENDOR IS AN 18-YEAR-OLD BRAND WITH MORE THAN 18 MILLION HAPPY CUSTOMERS ACROSS INDIA



Vroom Vroom

VROOM VROOM CAMPAIGN WON THE NDTV CAR AND BIKE BEST COMMUNICATION AWARD

VROOM VROOM CAMPAIGN

Hero MotoCorp has been known for its exceptional mileage delivery across its product range over the last 28 years. Who can forget the legendary 'Fill it, Shut it, Forget it' campaign that captured the imagination of India and catalysed the biking revolution.

Considering the rising fuel prices, our mileage promise becomes ever more relevant from a customer's perspective. To give wings to our promise, an exciting, fresh, simple, youthful and fun TV campaign titled Vroom Vroom was aired on television.

With a peppy soundtrack, youthful imagery and a catchy refrain to set feet tapping, the campaign had the nation go Vroom Vroom!

SPLENDOR – LAGE AISA, FAMILY JAISA

The Splendor campaign 'Lage Aisa, Family Jaisa' highlights what customers have known all along in their hearts. Set to a pulsating tone, the advertisement depicts snippets in the life of Splendor customers, and how fondly they relate to Splendor.

GLAMOUR – NAIN MATAKA LAGA RE

The attraction formula of Glamour was launched through a new campaign with an extremely catchy song 'Nain Mataka Laga Re'. The song depicts how girls want to be on the back seat of Glamour the moment they see the bike. The lyrics of the song cleverly weave some of the product features into it as well.

PLEASURE – WHY SHOULD BOYS HAVE ALL THE FUN?

Hero Pleasure has delivered strong social messages about women in a fun format. Hero Pleasure takes up this cause as Priyanka and her friends decide to have fun in the night, and deliver a stinging message to the boy next door - Raat Mein Fun Pe Brake Kyun? (Why should the fun stop at night?)

XTREME – LIVE OFF THE EDGE

Xtreme has stood for the daredevils who want adventure, action and thrills in their life. Staying true to the brand's character, the Xtreme campaign brings alive the promise of 'Living Off the Edge'. The campaign is based on the insight that we all have an extreme side to us, executed through a format of interesting contradictions. The campaign features our dynamic brand ambassador, Ranbir Kapoor.

MAESTRO – SUCH A BOY THING

The Maestro campaign squarely positioned the product as the scooter for the cool boys. It upended the traditional perceptions of scooters not being cool enough for boys, who prefer to drive a motorcycle over scooters.

IGNITOR – JEET KI CHINGARI

The new Ignitor campaign launched the best looking 125cc bike in the market, with great performance to match. The bike is positioned for the impatient youth of today, for whom success in professional life is extremely important. It acknowledges their smart thinking and their unique take on buying a bike as an investment in their professional career.

PREMIUM SEGMENT CAMPAIGN

Hero MotoCorp has an exciting range of premium bikes that were showcased in a thrilling Hollywood style blockbuster advertisement featuring Ranbir Kapoor. He plays an action hero in the film using Xtreme, Impulse, Hunk and ZMR bikes. Set in the exotic locales of Hungary, the campaign demonstrates the versatility of the Hero MotoCorp premium bikes in an edge-of-the-seat action adventure format.

Our Winners on Roads

100 cc



SPLENDOR PLUS



SPLENDOR PRO



PASSION PRO



SPLENDOR NXG

150 cc



ACHIEVER



KARIZMA

110 cc



MAESTRO



PASSION XPRO

125 cc



SUPER SPLENDOR



GLAMOUR



IGNITOR

225 cc



KARIZMA ZMR

For complete range please refer to the website www.heromotocorp.com

Awards and Recognitions



BUSINESS LEADER IN AUTOMOBILES (TWO-WHEELERS) AT THE NDTV PROFIT BUSINESS LEADERSHIP AWARDS 2012

- ▶ Awarded the Business Leader in Automobiles (two-wheelers) at the NDTV Profit Business Leadership Awards 2012
- ▶ Conferred with the Best Value for Money Bike Maker and Best Advertising in Two-Wheelers Category at the Auto India Best Brand Awards 2012
- ▶ Received the Digital Advertiser of the Year at the Indian Digital Media Awards (IDMA) 2012
- ▶ Won three awards (Launch Event of the Year, Rural Engagement Programme and Live Patron Award for Marketing Excellence) at the WOW Awards organised by EventFAQs
- ▶ Conferred with the Advertiser of the Year 2012 by Indian Digital Media Awards 2012
- ▶ Awarded the Innovation in Loyalty Marketing Award (Initiative: Hero GoodLife Utsav) by Colloquy Loyalty Awards
- ▶ Bestowed with the TPM Excellence Award 2012 by JIPM (Japan Institute of Plant Maintenance)

HUMAN RESOURCE AWARDS

Awarded at the World HRD Congress in the following categories:

- ▶ Best Learning & Development Award
- ▶ Asia's Third Best Employer Brand Award
- ▶ ET Now Talent & HR Leadership Award
- ▶ 8th Recruiting and Staffing Best-in-Class Award
- ▶ Global HR Excellence Award
- ▶ India Human Capital Award by Human Capital
- ▶ Best Garden in Industrial Area and Best Award in the Individual Category (Horticultural Competition) by HUDA

INFORMATION TECHNOLOGY AWARDS

- ▶ Business Technology Excellence Awards 2012
- ▶ Business Technology Innovation Awards 2012

AWARDS 2012 BY DATAQUEST

- ▶ Top Green IT Enterprise Award by APC Schneider
- ▶ Quality Circle Excellence Award by National Convention QC – 2012

Making Sense of Green

Environmental sustainability lies at the core of our manufacturing practices and we have been continuously introducing new steps in this regards.

We have proactively restricted the use of mercury and cadmium in painting and rubber compounding processes. All plastic parts at our facilities come in a moulded form, which facilitates easy recyclability at the end of a vehicle's life cycle.

We have also installed a waste heat recovery system to utilise waste heat from its gas generator. This enabled us to save 4,000 Standard Cubic Metre (SCM) of natural gas and thereby, prevent 2,600 tonnes of CO₂ emissions.

We also installed a vapour absorption machine, which enabled us to reduce 400 TR (340 KW) of electrical energy, thereby saving 524 tonnes of CO₂ emissions annually. We also recycled paint sludge from its paint processes, which is 5-10% of the total volumes of paint sludge generated.

Our products once used to rely on asbestos-based parts. However, they have now been replaced with non-asbestos based parts, which include brake liners, gaskets and other assembly parts. Similarly, lead was replaced by lead-free materials. Hazardous chemicals like hexavalent chromium were substituted in the plating process.

CONCEPT HYBRID SCOOTER

Our concept Hybrid Scooter – Leap was unveiled in the 2012 Auto Expo in Delhi. The concept of Series Hybrid is fuel productive and eco-friendly. Leap runs primarily on battery in urban conditions and will use range extender gasoline engine for long runs. The product is at the pre-launch stage and will be launched in the near future.

GREEN VENDOR DEVELOPMENT PROGRAMME

The Green Vendor Development Programme is a landmark initiative that disseminates and embeds green practices among suppliers. We jointly embarked on this with our suppliers to propagate an environment-friendly approach for its supply chain.

130
suppliers



130 SUPPLIERS ARE PART OF THE GREEN VENDOR DEVELOPMENT PROGRAMME

31.8
million units



6,571 KILOLITRES OF WATER AND 31.8 MILLION UNITS OF ELECTRICITY SAVED THROUGH THE GREEN VENDOR DEVELOPMENT PROGRAMME SINCE ITS INCEPTION

Decade at a Glance

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
SALES										
(NOS.)	20,70,147	26,21,400	30,00,751	33,36,756	33,37,142	37,22,000	46,00,130	54,02,444	62,35,205	60,75,583
GROWTH (%)	23.4	26.6	14.5	11.2	0.01	11.5	23.6	17.4	15.4	-2.6
FIVE-YEAR CAGR (%)				18.5	14.7	12.4	11.9	12.5	13.3	12.7
TOTAL INCOME										
(₹ CRORES)	5,997	7,559	8,870	10,090	10,517	12,565	16,099	19,688	23,944	24,166
GROWTH (%)	15.5	26	17.4	13.7	4.2	19.5	28.1	22.3	21.6	0.9
FIVE-YEAR CAGR (%)				17.3	15.1	15.9	16.3	17.3	18.9	18.1
NET SALES										
(₹ CRORES)	5,832	7,422	8,714	9,900	10,332	12,319	15,758	19,245	23,368	23,583
GROWTH (%)	14.3	27.2	17.4	13.6	4.4	19.2	27.9	22.1	21.4	0.9
FIVE-YEAR CAGR (%)				17.3	15.2	16.1	16.3	17.2	18.7	17.9
PROFIT BEFORE TAX										
(₹ CRORES)	1,072	1,217	1,412	1,246	1,410	1,781	2,832	2,405	2,865	2,529
GROWTH (%)	21.2	13.5	16	-11.8	13.2	26.3	59	-15.1	19.1	-11.7
FIVE-YEAR CAGR (%)				12.4	9.8	10.7	18.4	11.2	18.1	12.4
PROFIT AFTER TAX										
(₹ CRORES)	728	810	971	858	968	1,282	2,232	1,928	2,378	2,118
GROWTH (%)	25.4	11.3	19.8	-11.7	12.8	32.4	74.1	-13.6	23.4	-10.9
FIVE-YEAR CAGR (%)				13.1	10.8	12	22.5	14.7	22.6	17
OPERATING MARGIN										
(%)	15.6	14.6	14.6	10.8	11.8	12.7	16.2	11.4	10.7	9.0
OPBDIT MARGIN										
(%)	16.8	15.7	16.0	12.2	13.3	14.1	17.4	13.5	15.3	13.8
EARNINGS PER SHARE										
(₹)	36.5	40.6	48.6	43.0	48.5	64.2	111.8	96.5	119.1	106.1
DIVIDEND PER SHARE										
(₹)	20	20	20	17	19	20	110	105	45	60
DIVIDEND										
(%)	1,000	1,000	1,000	850	950	1,000	5,500	5,250	2,250	3,000

Economic Value-added (EVA) Statement

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
							₹ crores
Average capital employed	2,415	2,877	3,499	3,705	3,989	4,866	5,286
Average debt/ Average capital (%)	1.1	1.1	0.6	0.2	2.2	3.4	1.8
Average equity/ Average capital (%)	98.9	98.9	99.4	99.8	97.8	96.7	98.3
Cost of debt (% post-tax)	0.6	0.9	1.6	1.9	1.4	1.2	1.2
COST OF EQUITY							
Beta	0.75	0.59	0.59	0.63	0.64	0.66	0.73
Cost of risk-free debt (%)	8.15	7.94	6.99	7.50	7.99	8.53	7.96
Market premium (%)	10	10	10	10	10	10	10
Cost of equity (%)	15.65	13.83	12.85	13.80	14.39	15.16	15.22
ECONOMIC VALUE ADDED (EVA)							
Profit after tax	857.89	967.88	1,281.76	2,231.83	1,927.90	2,378.13	2,118.16
Add: Interest*(1-tax rate)	1.02	1.32	1.67	1.39	10.55	14.39	7.86
NOPAT=PAT + interest*(1-t)	859	969	1283	2233	1938	2393	2126
Cost of capital	374	394	448	510	563	715	792
EVA	485	575	835	1723	1376	1677	1334
Return on capital employed (%)	35.6	33.7	36.7	60.3	48.6	49.2	40.2
Weighted average cost of capital (%)	15.5	13.7	12.8	13.8	14.1	14.7	15
EVA/Capital employed (%)	20.1	20.0	23.9	46.5	34.5	34.5	25.2
ENTERPRISE VALUE							
Market capitalisation	13753	13869	21390	38827	31739	41041	30792
Add: Debt	165	132	78	66	1491	995	281
Less: Financial assets	2010	2698	3,588	5,833	5,200	4,041	3,805
Enterprise value (EV)	11909	11303	17880	33060	28030	37995	27268
EV/YEAR END CAPITAL EMPLOYED (TIMES)	4.5	3.6	4.6	9.4	6.3	7.2	5.2

Board of Directors



Mr. Brijmohan Lall Munjal
Chairman



Mr. Pradeep Dinodia
Non-Executive and Independent
Director



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



Mr. Suman Kant Munjal
Non-Executive Director



Mr. Paul Edgerley
Non-Executive Director



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



AUDIT COMMITTEE

Mr. Pradeep Dinodia
Chairman

Gen. (Retd.) V. P. Malik
Member

Dr. Pritam Singh
Member

Mr. M. Damodaran
Member

SHAREHOLDERS' GRIEVANCE COMMITTEE

Dr. Pritam Singh
Chairman

Mr. Pradeep Dinodia
Member

Mr. M. Damodaran
Member

REMUNERATION AND COMPENSATION COMMITTEE

Gen. (Retd.) V. P. Malik
Chairman

Mr. Pradeep Dinodia
Member

Mr. Ravi Nath
Member

SENIOR MANAGEMENT TEAM

Mr. Ravi Sud
Sr. Vice President and CFO

Mr. Anil Dua
Sr. Vice President - Sales & Marketing

Mr. Vikram S. Kasbekar
Head-Operations and Supply Chain

Mr. Neeraj Mathur
Vice President - Strategic Sourcing and Supply Chain

Dr. Anadi S. Pande
Vice President - HRM, Corporate Planning & Strategy

Mr. Vijay Sethi
CIO & Vice President - Information Systems

Mr. Harjeet Singh
Vice President - R&D

COMPLIANCE OFFICER

Ilam C. Kamboj
A.V.P. - Legal and Company Secretary



Corporate Information

STATUTORY AUDITORS

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PRINCIPAL BANKERS

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

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Fax: 011-2614 3321, 2614 3198
www.heromotocorp.com

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www.karvycomputershare.com
Toll Free No.: 1-800-3454001

PLANT LOCATIONS

Gurgaon Plant

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

Dharuhera Plant

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

Haridwar Plant

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



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Insight into Global and Indian Economy



GLOBAL ECONOMY

During FY 2012-13, the global economy had few reasons to cheer as Europe lurched from one crisis to another and emerging economies grappled with unpredictable roadblocks to their hitherto smooth economic growth. BRICS economies also ran into turbulent weather, with each member nation, including China making a desperate attempt to arrest sliding growth. China registered 7.7% growth in the first quarter of 2013, as against 7.9% in the corresponding quarter of 2012.

Although China remained the fastest growing major economy in the world, India finished the year a close second with 5% GDP growth and Russia (3.4%), South Africa (2.5%) and Brazil (0.9%) trailing behind. However, the over 15 trillion dollar US economy continued to perform better on all macro-economic fundamentals, keeping alive moderate optimism for a growth-hungry developed world. With debt default concern looming over the Eurozone, the confidence of investors in the US economy and dollar is rising considerably.

Easy growth is not on the horizon for economies and businesses around the world. Therefore, global corporations are increasingly investing in technology and innovations to improve their competitiveness and foray into pristine markets. New markets are emerging in South Asia, Africa and Latin and Central America, with enhanced focus by governments on improving infrastructure, educational standards, healthcare and the overall quality of life.

INDIAN ECONOMY

The Indian economy went through upheavals owing to global distress and persistent domestic turbulence; challenges comprised firm inflation, high fiscal deficit, lack of liquidity in the economy, policy uncertainty and currency volatility, leading to a bleak investment scenario. India's Gross Domestic Product (GDP) growth rate moderated in 2012-13, owing to the underperformance by almost all sectors of the economy. In addition, the Rupee's historic plunge against the US dollar has made the markets jittery and the government worried.

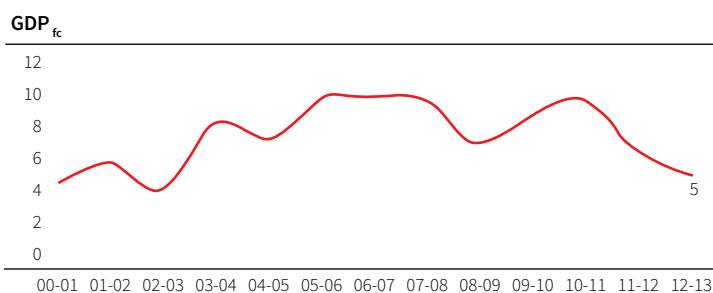


ANNUAL TRENDS IN GDP AT FACTOR COST (%)

	2008-09	2009-10	2010-11	2011-12	2012-13
Agriculture and allied activities	0.1	0.8	7.9	3.6	1.9
Industry	4.4	9.2	9.2	3.5	2.1
Services	10	10.5	9.8	8.2	7.1

(Source: Ministry of Statistics and Programme implementation, RBI)

ANNUAL TRENDS IN GDP AT FACTOR COST (%)



(Source: Ministry of Statistics and Programme Implementation)

RECOVERY INITIATIVES

The Reserve Bank of India injected liquidity into the market during the year under review by lowering interest rates in phases in order to spur investment and catalyse economic growth. The government's fiscal consolidation measures seem to have yielded some results. Fiscal deficit declined to 4.89% in 2012-13, as compared to 5.76% in 2011-12, while wholesale monthly inflation also came down to 4.7% in May, 2013 from 8% in 2012-13. India's current account deficit moderated to 3.6% of GDP in January-March 2013 from a record high of 6.7% in October-December 2012.

OUTLOOK

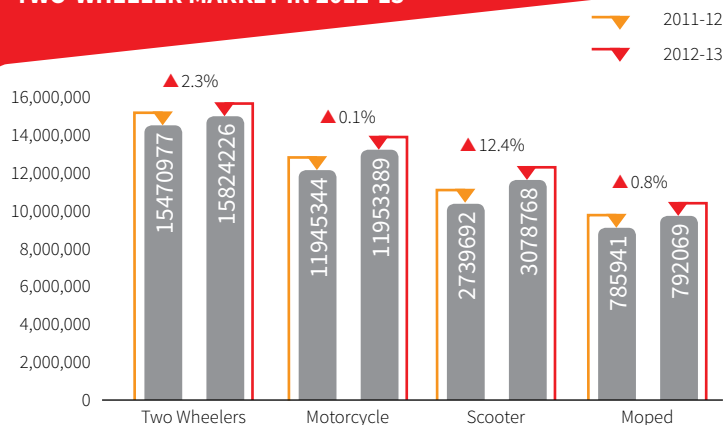
Going forward, the Reserve Bank of India may continue to ease interest rates in a phased manner to support growth, provided the depreciating rupee doesn't put undue pressure on inflation.

The IMF expects India's growth rates to pick up pace slowly but steadily, starting from 6.5 % in 2013-14 to 6.7% in 2014-15.

Industry at a Glance



TWO-WHEELER MARKET IN 2012-13



TWO-WHEELER INDUSTRY

During 2012-13, the two-wheeler industry lost the growth momentum it created over the last few years. Sales grew marginally by 2.3%, with 15.8 million units of sales in 2012 - 13, compared to 15.4 million units in 2011-12. Motorcycle volumes—which make up the bulk of the industry — grew by just 0.1% from 11.91 million units in 2011-12 to 11.95 million units in 2012 -13. Similarly, sales of mopeds grew by 0.8%, from 0.78 million units in 2011-12 to 0.79 million units in 2012-13. The scooter category was the industry's only bright spot, with 12.4% growth in sales, from 2.73 million units in 2011-12 to 3.07 million units in 2012-13.

EXPORTS

For the two-wheeler industry as a whole, export sales declined by 0.3% to 1.8 million units—an indication of the difficult economic conditions around the world.



TWO-WHEELER: SEGMENTAL REVIEW

India's two-wheeler industry has three distinct segments, based on income and lifestyle classifications. During 2012-13, the entry segment accounted for 19.3% of sales; the deluxe segment made up 64.9% and the premium category comprised 15.8% of sales.

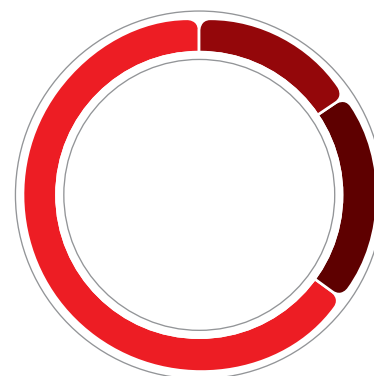
The entry segment accounted for 1.9 million units, growing at 4.3%. Hero MotoCorp's sales grew by 24.2% in entry segment to 1.03 million units, resulting in a segment share of more than 53%.

The deluxe segment grew by 2% with volumes of 6.5 million units. Hero MotoCorp continued to straddle this segment with sales of 4.1 million units and a segment share of over 63.38%. The Company's nearest competitor in this segment managed a segment share of less than 20%. Sales in the industry's premium segment declined by 10.8% to 1.59 million units. Hero MotoCorp did not perform well in this segment, and slipped to the number four. Despite growth challenges in the premium segment, three Hero MotoCorp brands – Splendor, Passion and HF Deluxe – continued to feature among the top six motorcycle brands sold in India.

The domestic scooter industry remained one of the last bastions of growth during the year under review. Our sales grew by 13.6% and accounted for 21.4% of the two-wheeler market. Volume growth progressed from 2.6 million units to 2.9 million units. With its two top-selling brands (Pleasure and Maestro), Hero MotoCorp continued to perform strongly in the scooter market.

TWO-WHEELER MARKET (SEGMENT-WISE PERFORMANCE) IN 2012-13 (%)

■ PREMIUM	15.8	10.8▼
■ ENTRY	19.3	4.3▲
■ DELUXE	64.9	2.0▲



* Growth ▲ decline ▼ in 2012-13 over 2011-12



Momentum of a Frontrunner

Headquartered in India, Hero MotoCorp is the world's largest manufacturer of two-wheelers. In 2001, the Company achieved the coveted position of being the largest two-wheeler manufacturing company in India and globally. It maintains global industry leadership till date.

OPERATIONAL PERFORMANCE

In 2012-13, Hero MotoCorp sold 6.07 million units compared to 6.23 million units in the previous year. This was on account of poor rains, firm interest rates, high fuel prices and heightened caution on the part of customers across the two-wheeler industry.

In the dominant motorcycle segment, Hero MotoCorp with sales of 5.5 million units, continued to lead the domestic market with 46% market share. This, however, was marginally lower than the 48.4% market share in 2011-12.

Sales in the domestic motorcycle market remained flat at 10.08 million units, compared to 10.07 million units in the previous year. In the Indian market, Hero MotoCorp captured 53.2% market share, with sales of 5.3 million units. Despite the slowdown, the Company sold more than the second, third and fourth placed motorcycle manufacturers in India taken together during the year.

EXPORTS

Hero MotoCorp, with sales of over 1,36,000 units, accounted for 7.3% of motorcycle exports from India.

HERO MOTOCORP'S INTERNATIONAL FOCUS

During 2012-13, the Company exported 1,61,043 units as compared to 1,65,925 units the previous year resulting in a decline of 2.94%. Moreover, the Company exported spare parts worth ₹ 38.38 crores depicting a growth of 16% over the previous year. The growth came as a result of distributor realignments in existing markets, launches across Sri Lanka and Nepal, increased promotional activities in Bangladesh and a stronger focus on the Colombian market.

In 2012-13, the Company prepared the template for an ambitious international foray covering the countries of Africa, Latin America and Central America. At the time of writing the Report, Hero MotoCorp's first consignments to new international markets across these geographies had been well received.





SUCCESSFULLY LAUNCHED TWO NEW MODELS 'IGNITOR' IN 125 CC CATEGORY AND 'PASSION XPRO' IN 110 CC CATEGORY, INCLUDING VARIANTS OF VARIOUS MODELS UNDER BRAND TRANSITION



SPLENDOR CONTINUES TO BE THE LARGEST SELLING BRAND IN 2012-13 WITH A 23.2% MARKET SHARE



Analysing Our Numbers

(%)

KEY PROFITABILITY METRICS	2012-13	2011-12
Return On Average Capital Employed	47.8	58.9
Return On Average Equity	45.6	65.6
Profit after Tax / Income from Operations	8.9	10.1
Profit before Tax / Income from Operations	10.6	12.1
Profit before Interest and Tax / Income from Operations	10.7	12.2
Operating Profit before Tax / Income from Operations	9.0	10.7
Operating Profit before Depreciation, Interest and Tax / Income from Operations	13.8	15.3

RATIOS	2012-13	2011-12
Inventory Period (in days)	11.2	10.5
Inventory and Receivable Conversion Period (in days)	17.8	13.4
Cash Cycle	-25.4	-32.2
Current Ratio	0.73	0.45
Acid Test Ratio	0.50	0.25

Notes on Working Capital

The average of inventory, receivables and payables has been taken for calculation of inventory period, operating and cash cycle.

3000% Dividend

FOR 2012-13, THE BOARD HAS RECOMMENDED A DIVIDEND OF 3000% COMPARED TO 2250% DECLARED IN THE PREVIOUS YEAR AND HAS MAINTAINED A PAYOUT RATIO OF 66.2% VIS-A-VIS 43.9% IN THE PREVIOUS YEAR

SALES

The Company registered total sales of 6.07 million units during 2012-13, recording a 2.6% decline. In value terms total sales (net of excise duty) increased by 0.9% to ₹ 23,583 crores from ₹ 23,368 crores recorded in the previous fiscal year.

PROFITABILITY

The Company's earnings before interest, depreciation and taxes (EBITDA) margins decreased from 15.35% in 2011-12 to 13.82% in 2012-13. Operating margins fell from 10.69% to 9.02% on account of higher input costs and amortisation. Operating profit (PBT before other income) decreased from ₹ 2,521 crores in 2011-12 to ₹ 2,143 crores in 2012-13. Decline in sales caused the margins to fall.

OTHER INCOME (INCLUDING OTHER OPERATING REVENUE)

Other income increased by 1.42% from ₹ 576 crores in 2011-12 to ₹ 584 crores in 2012-13.

CASH FLOWS

During the year, the free cash flow from operations stood at ₹ 1,890 crores (previous year ₹ 2,360 crores). These cash flows were deployed in capital assets, investments and also paid out as dividend during the year.

RAW MATERIAL COSTS

During the year, metal prices were volatile, particularly for steel, copper, aluminium and nickel. However, raw material costs as a proportion of sales declined from 73.95% to 73.77%.

CURRENT ASSET TURNOVER

The Company's current asset turnover, indicating sales as a proportion of average current assets (excluding investments), decreased from 18.3% to 13.5%. This was primarily due to higher average inventory, trade receivables and loans & advances.

DEBT STRUCTURE

Hero MotoCorp is debt-free for the past 12 years and incurs no borrowing costs. Finance cost includes interest on account of advances from dealers and other transactional costs.

DIVIDEND POLICY

Over the years, the Company has consistently followed a policy of paying high dividends, keeping in mind the cash-generating capacities, the expected capital needs of business and strategic considerations. For 2012-13, the Board recommended a dividend of 3000% compared to 2250% declared in previous year and has maintained a payout ratio of 66.2% vis-a-vis 43.9% in the previous year.

WORKING CAPITAL MANAGEMENT

The Company has always sought to efficiently use the various components of working capital cycle. It has also effectively controlled the receivables and inventories, enabling it to operate on a negative working capital.



Customer at the Core

Customer satisfaction is at the heart of Hero MotoCorp's business strategy. SAP data shows a secular decline in the number of customer complaints over the last three years, but the journey to enchant the customer through better products and services continues.

The voice of the customer is captured and amplified constantly through a 360 degree feedback mechanism that includes customer satisfaction surveys, online customer feedback, response from visiting field executives and market quality surveys.

The Company's approach to customers is based on the principles of increasing accessibility, facilitating product upgradability, guaranteeing low cost of ownership and ensuring continuous customer engagement.

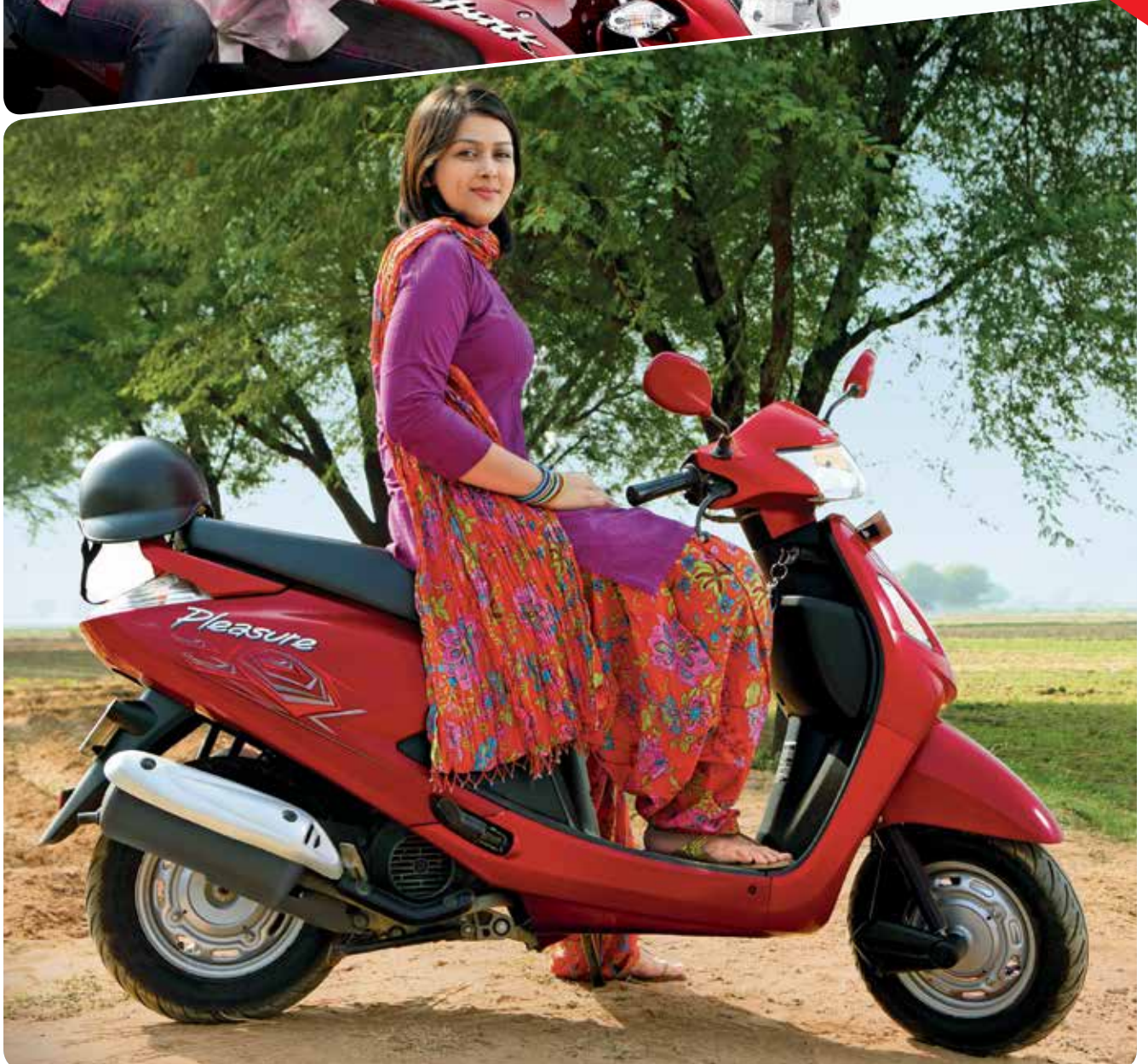
SERVICE HAR JAGAH (INCREASING ACCESSIBILITY)

In 2009, the Company kick-started a project to increase and improve Hero MotoCorp's reach across unrepresented geographies through a unique programme called Service Har Jagah. Today, on an average, around 8,500 service camps are being conducted on a monthly basis covering more than 7,500 villages. The Company was partnering 560 dealers to push this initiative into the hinterlands and 84 new dealers were added under this initiative during the year under review.

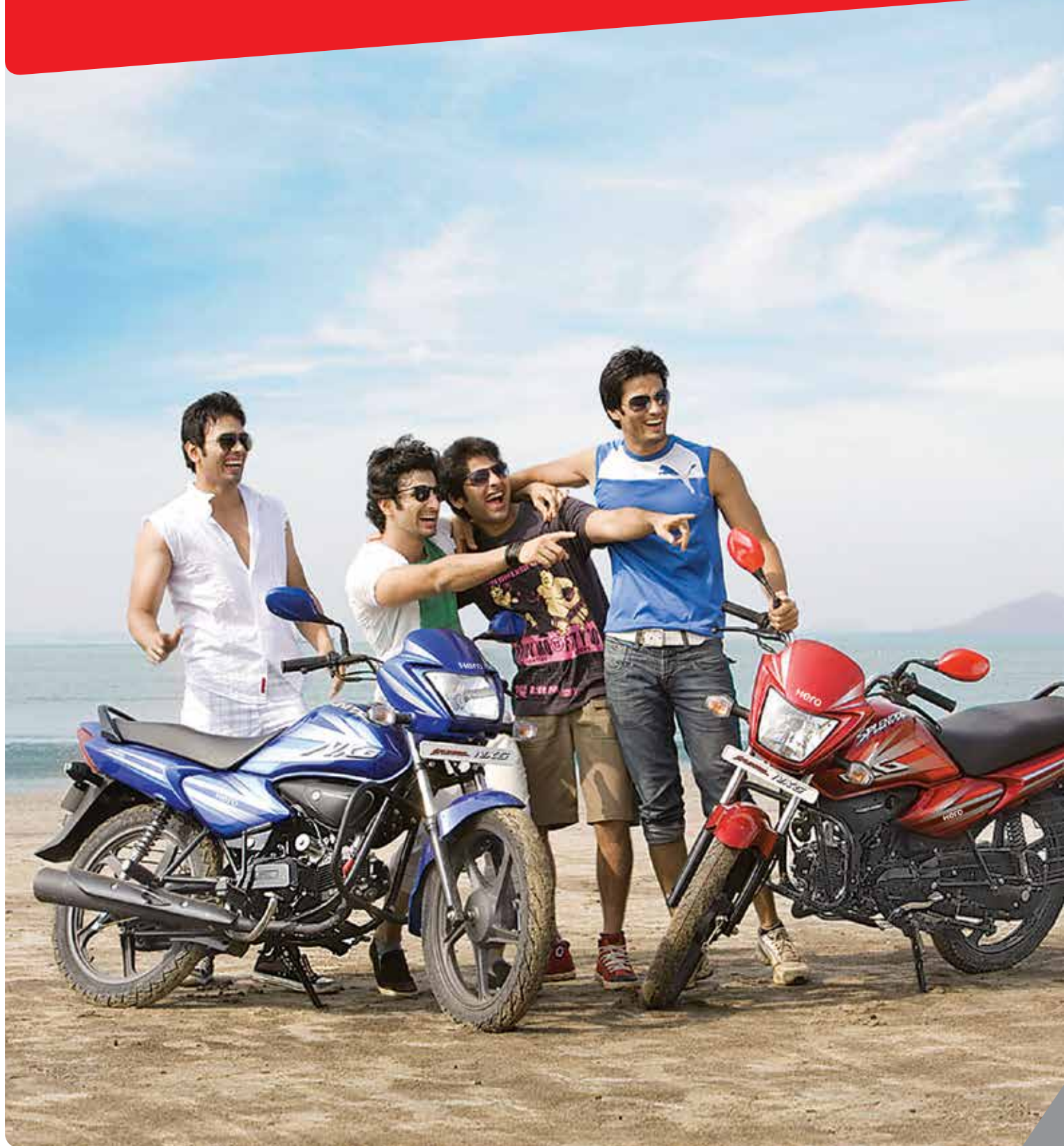
SURE (FACILITATING PRODUCT UPGRADABILITY)

Hero MotoCorp has succeeded as a Company because it is able to meet the aspirations of different socio-economic groups. To strengthen its appeal among two-wheeler aspirants both new and old, Hero MotoCorp has started a refurbishment and exchange business called Sure.

The programme faced some teething challenges in multiple states, as there were certain state taxation issues relating to second-hand sales. These are now gradually getting resolved, and during the year under review, the Sure business was re-launched in Kerala, Gujarat, Jharkhand and Tamil Nadu. More than 100 dealers across these states are offering re-sale and refurbishment facilities at their showrooms and workshops.



Customer at the Core



GOODLIFE (CUSTOMER ENGAGEMENT)

The Hero GoodLife Programme (Customer Relationship Programme) was conceived to enhance customer satisfaction and initiate higher levels of member engagement, by making them brand ambassadors to generate referral sales and boost service visits.

The programme also had as its objectives, increased revenue opportunities for dealers and an increase in customer volumes as well as volume of transactions. There are multiple levels of engagement, including transaction-based rewards, exclusive event invites, personal accidental insurance, service continuity bonus, transaction benefits on special occasions like birthdays, anniversaries, quarterly newsletters and interaction through a programme website.

Online member profiling and real-time customer feedback module (via select questionnaires), programme dashboard are some of the other salient features of the platform. The platform is scalable to the needs of programme requirements, coalition partners and comes at no extra cost to Hero MotoCorp.

GoodLife has not only managed to successfully build a consolidated base of 1.5 crore plus loyal customers, but has also seen an emergence of a new distribution platform for the Company.

During the year under review, more than 10 million transactions were processed under the Good Life programme and 13% of the vehicle sales in 2012-13 were contributed through member referrals.

GoodLife has won many accolades and awards on national and international platforms. The programme won an 'Order of Merit' at the PMAA awards 2011 and 2012 under different categories. It was also the winner of the Colloquy Award in the Loyalty Marketing (international) category, and qualified as an ECHO Finalist during the 2011 DMA International ECHO™ Awards competition.



HERO ADVANTAGE (LOW COST OF OWNERSHIP)

During the year under review, the Company rolled out its ambitious warranty programme Hero Advantage.

This unique programme – which can be registered online -- is the most competitively priced in the two-wheeler industry. It covers the longest distance (70,000 km), provides the longest warranty (up to five years) and encompasses the largest number of components.

The programme is tailored to help Dealers / SSPs retain customers, and in the process, help them improve revenue from the sale of spares and services.

Hero Advantage was launched in 2009, and went national during 2012-13. Over 9.5 million policies have been sold, with over 45% retail conversions.



Seamless Supply Chain

Sharp fluctuations in production plans made it difficult to foresee and manage inventory. Despite challenges, the Company managed a double-digit improvement in inventory turnover over the previous year.

In addition, over the course of the year, brand migration on vehicles was completed without any disruptions in production. Material cost performance was achieved within plan limits, despite heavy fluctuation in consumer demand, rupee movement and supply of all major inputs.





During the year, it was also possible to execute a sharp ramp-up of Maestro parts capacity at the suppliers end to cater to increased demand for this particular scooter brand. Supplier capabilities were also quickly upgraded to cater to the production of newly launched models - Ignitor and Passion Xpro.

Hero MotoCorp initiated over 50 quality improvement projects with the supply chain partners to ensure better quality products. To tackle the increasing cost pressure on Hero MotoCorp as well as on suppliers, a new department called 'Achieving Cost Excellence' (ACE) has been set up to optimise cost performance.

To ensure business growth and continuity by facilitating people process development at associate organisations of Hero MotoCorp, a Supply Chain HR IR initiative, under the consultation of AON Hewitt & Ernst & Young

was successfully implemented last year. The project is now close to completion, and is expected to result in significant benefits, in terms of de-risking these organisations from IR issues.

During the year, the sixth batch of participants were enrolled into Hero MotoCorp's Green Vendor Development Programme. The programme has enrolled 130 vendors till date.

Over the coming months and years, Hero MotoCorp's supply chain will have to be aligned to keep pace with new products rolling out from factory premises. As these products will be technologically superior, suppliers will be required to raise the bar of competence as well. The Company is also gearing to play a more significant role in developing new and existing suppliers.



Advanced Research and Development

R&D has always been one of the key business drivers at Hero MotoCorp. The Company's R&D team has been working to enhance its technology, design, prototyping and testing and people capabilities. The Company has also entered into a number of strategic technical alliances to strengthen its key business drivers.

During 2012-13, we undertook the following initiatives:

Taking international alliances a notch higher, the Company tied up with the Italian design firm Engines Engineering. The Bologna-based firm has been developing and designing scooters and motorcycles for various manufacturers over the years and is now sharing its expertise with Hero MotoCorp to help develop next generation two-wheelers.

R&D tied up with AVL of Austria for developing new engines. It also tied up with EBR of the US to launch high-performance platform bikes for meeting domestic and international needs.

Training R&D members is an intrinsic part of Hero MotoCorp's contractual relationship with alliance partners. The Company plans to train the largest portion of the Company's talent pool and equip them with the best possible domain knowledge in the shortest possible time.

Hero MotoCorp took various initiatives in the field of knowledge management. A patent system for preventing infringements of technical know-how was developed and the Company filed 13 patents and 10 design registrations in India and overseas countries, covered under the Patent Co-operation Treaty (PCT). The Company has already been granted design registration for seven of the items.

Hero MotoCorp's PLM (Product Life Cycle Management) is already in place and is

being used extensively. The TDM (Test Data Management) and Schedule Manager projects went live during the year. These knowledge processes are expected to reduce the number of iterative processes and, in turn, help increase the efficiency of product development, and improve time to market.

The Company is also aggressively ramping up the areas of Hard Core Designing and Testing, and has acquired various Design simulations and CAE Software as a part of this effort.

Prototype facilities are already in place to develop mock-ups and test-worthy models. In fact, this infrastructure was used in part to introduce the newly launched Ignitor and Passion Xpro.

R&D OUTLOOK

R&D's focus in the coming months will rest on four key planks: on refurbishing existing platforms, on developing products with alternate fuel options, on compliance with stringent safety and environment norms and finally, on achieving cost competitiveness through VA/VE and innovative cost reduction ideas.

Meanwhile, work on designing a world-class Technology & Integrated R&D Centre at Kukas, Jaipur has been completed. It will be India's largest integrated Two Wheeler Technology centre. It will have innovation labs for component design, engine and vehicle testing. These will use the latest software for collaborative design and vehicle simulation. Besides high-tech equipment, the Centre will also have an entire range of test tracks to enable R&D for self sufficiency.

This Technology Centre will be the fulcrum from where our future products will uncoil and spring.



Cutting-edge IT Architecture

Over the years, Hero MotoCorp has been leveraging IT capabilities to enhance its internal efficiencies and those of its business partners.





In 2012-13, to support the growth of the Research & Development function, many new systems were deployed and existing systems upgraded to meet the organisation's needs. Product Lifecycle Management system (PLM) was also integrated with ERP system for Bill of Materials – making Hero MotoCorp one of the very few companies in India to do so. Some of the modules of PLM that were deployed are the first deployments of those in the country.

To support the Company's expansion into international markets, new systems were introduced to enable global operations.

Hero Connect, the Company's Dealer Management System, which focuses on enhancing operational efficiency in the organisation and at the dealerships, was rolled out to cover all Company dealers. As planned in the previous fiscal year, the system was also expanded to the next tier of our customer touch points and more than 750 additional touch points were covered during the year. Many enhancements were done to improve functionality, including creating service job cards online.

To reduce the use of paper, the Company implemented a number of work flows.

The year saw a major focus on social media. The Company started sentiment analysis and social analytics to capture and analyse customer feedback, besides increasing presence significantly and running many campaigns on social media platforms.

Continuing its journey in the mobility space, Hero MotoCorp added mobile interfaces for a number of applications to help users access applications and data on the go. A WAP site for the Company's flagship loyalty programme (Goodlife) was also introduced.

An enhanced compensation management system and travel management system was implemented. To strengthen risk management and information security, the Company deployed contemporary systems like Data Leakage Prevention and Single Sign On.

During the year, the Company got recertified with Global Information Security Standard - ISO 27001 and SAP Customer Center of Expertise (CCoE). Hero MotoCorp also received multiple accolades and recognitions for excellence in IT management. The key recognitions included Business Technology Excellence Awards 2012 – Dataquest, Business Technology Innovation Awards 2012 – Dataquest and Top Green IT Enterprise Award - APC Schneider.



Empowered Human Assets

The Company is empowering the team to make Hero MotoCorp more people-centric and people-driven.





During the year, employee variable pay was aligned to match the Company's objectives and performance. The National Pension Scheme was introduced to give employees a larger stake in planning their retirement. A code of conduct was introduced to maintain standardised behaviour across the organisation.

SKILLS AND WORK CULTURE

As Hero MotoCorp grows and expands across new geographies globally, a cross-cultural Intelligence Programme was conducted to help create a multi-cultural work environment.

An Employee Induction Centre was conceptualised, designed & constructed, and operations commenced to impart compulsory induction and product training to all new recruits. A number of innovative training methodologies and tools are being used in the centre.

Training programmes have been streamlined. The 100-day PGET programme focuses on creating and increasing effectiveness of the value chain. The DET induction programme has also been developed on the basis of job knowledge and skills. The GET programme saw historically high numbers, with a 5-month long comprehensive induction programme.

EMPLOYEE ENGAGEMENT AND SUPPORT

During the year, a specially designed programme called Work Life Compass was introduced to enable women employees manage work and home more efficiently. Employee engagement activities were also organised at the Diwali Function. Just 4 Her', an e-magazine for women employees was launched on the International Women's Day. Udaan, a developmental programme for

Employees' kids, was organised in the plant. Specially-abled employees took part in the national athletic championship, T-20 cricket championship, cultural extravaganza, and so on.

INDUSTRIAL ENVIRONMENT

The Company's employee relations remained positive throughout the year. Regular dialogue with Workers' Union also helped in maintaining a harmonious work environment. At the time of writing the Report, the wage settlement with the Gurgaon Union had been completed. The Dharuhera plant remained peaceful and harmonious. During the year, capacity at the Haridwar plant was ramped up significantly and the workforce there remains harmonious and productive.

EMPLOYEE SURVEY

The attrition rate for Hero MotoCorp (management and staff levels) was at 5.1% (reduced from last year's 6.8%). The attrition rate continues to be much lower than other automotive companies in India. A recent report by The Economic Times estimates the average attrition rate of 13-15% for automotive and component manufacturers in India for 2012-13.

Hero MotoCorp had commissioned Aon Hewitt, a leading HR consulting firm, to conduct a pan-organisational Employee Engagement Survey (excluding workmen) during the year. With a response rate of around 90%, which is among the highest response levels observed in similar surveys conducted by Aon Hewitt, the survey provided important inputs on how to enhance effectiveness and help Hero MotoCorp become an 'Employer of Choice'.



Evolving a Risk-focused Strategy

At Hero MotoCorp, a risk focused strategy is the result of identifying, assessing and evaluating risks and taking proactive measures to address those risks.

CURRENCY DEPRECIATION

A flight of safety to the US dollar and India's ballooning current account deficit resulted in the Indian rupee depreciating significantly of its value in a year. If the rupee further continues its downfall, costs of imported spares, technology royalties, raw materials and capital goods can significantly shoot up, impacting the Company's bottom line.

INFLATION

Inflation is finally moderating after a two-year hiatus, but the plunging Indian rupee and uncertainty in crude oil prices have the capability to dampen sentiments. An uptick in inflation during 2013-14 can stall or pause the process of monetary easing, thereby impacting consumer sentiment.

INTEREST RATES

The Company has not been significantly affected by the higher interest rate scenario owing to a strong balance sheet and healthy cash flows. However, in the event of significant expansions being planned by the Company, rising interest rates can increase the cost of capital and also impact the operations of crucial vendors. To counter this challenge, the Company is pursuing an aggressive policy of multiple sourcing.

GLOBAL UNCERTAINTY

With the Company having firm plans to increase its footprint in Latin America and Africa, it will become more susceptible to country-specific as well as region-specific

geo-political events. Considering this, the Company is chalking out an overseas entry strategy, post careful consideration of local dynamics.

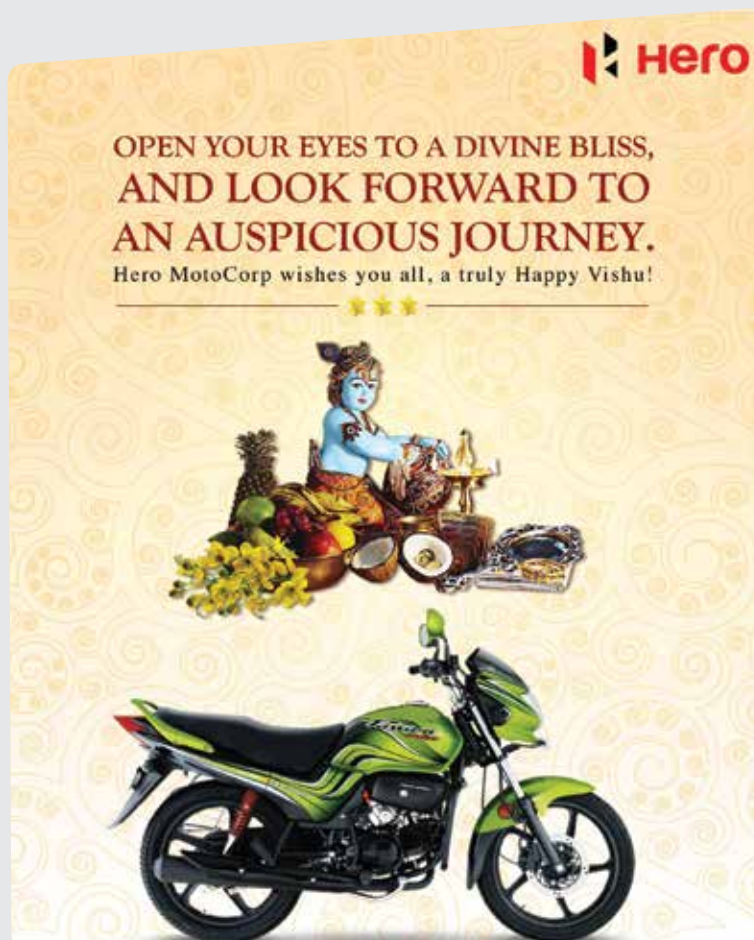
COMPETITION

The Company has completed its first full year of operations, post its new brand identity. However, the level and intensity of competition from Hero MotoCorp's erstwhile partner is expected to shoot up by many notches. Product launches pitted against Hero MotoCorp's strongest brands can exert some pressure on market share, but the Company is adequately prepared to defend and consolidate its strong turf.

R&D

To enable the Company to succeed in an altered landscape, the R&D function is being set up afresh with a strong focus on technology sourcing and new product development. New alliances and technology tie-ups were finalised during the year under review, but it will take a while before the Company is ready with a solid portfolio of its own products.

Favourite for All Festivals



Directors' Report



DEAR MEMBERS,

The Directors of Hero MotoCorp Ltd., with immense pleasure present the 30th Annual Report for the financial year 2012-13. The Report is being presented along with the Audited Statement of Accounts for the financial year ended March 31, 2013.

FINANCIAL RESULTS

₹ crores

Particulars	For the year ended	
	March 31, 2013	March 31, 2012
Gross Sales of Products	25,474.54	25,024.04
Total Revenue	24,166.49	23,943.60
Profit before Finance Costs & Depreciation	3,682.86	3,983.35
Less: Finance Costs	11.91	21.30
Depreciation	1,141.75	1,097.34
Profit before tax (PBT)	2,529.20	2,864.71
Less: Provision for tax		
- Current	502.61	569.76
- Minimum Alternate Tax	(15.72)	(44.67)
- Deferred	(75.85)	(38.51)
Profit after tax (PAT)	2,118.16	2,378.13
Add: Balance of profit brought forward	2,538.57	1,444.80
Balance available for appropriation	4,656.73	3,822.93
Appropriations		
Dividend		
Proposed Final	1,198.13	898.59
Corporate Dividend Tax	203.62	145.77
Transfer to General Reserve	215.00	240.00
Balance carried to Balance Sheet	3,039.98	2,538.57
Dividend (%)	3000	2250
Basic and Diluted Earnings Per Equity Share (EPS)(₹)		
- before exceptional items	106.07	119.09
- after exceptional items	106.07	119.09

BUSINESS PERFORMANCE

The sales for the financial year under review were 6,075,583 units as compared to 6,235,205 units for the previous financial year, lower by 2.6% in line with the downtrend across the entire industry. However in value terms total sales of products (net of excise duty) increased by 0.90% to ₹ 23,583 crores in the financial year under review from ₹ 23,368 crores in previous financial year.

The market share declined from 40.3% in the previous financial year to 38.4% in the year under review. The Company retained its position as the World's largest two-wheeler manufacturer company. Net revenue from operations of the Company grew by 0.80%, from ₹ 23,579 crores in 2011-12 to ₹ 23,768 crores in 2012-13. Profit Before Tax (PBT) has shown a decline of 11.72% from ₹ 2,865 crores in 2011-12 to ₹ 2,529 crores in 2012-13. The Company's Profit after Tax (PAT) decreased by 10.9% from ₹ 2,378 crores in 2011-12 to ₹ 2,118 crores in 2012-13. Earnings before Interest,

Directors' Report

Depreciation and Taxes (EBIDTA) margins stand at 13.82% in 2012-13 as compared to 15.35% in 2011-12. The Operating margins stood at 9.02% in 2012-13 as compared to 10.7% in 2011-12.

The Company successfully launched 2 (two) new models of two wheelers i.e. "Ignitor" in 125cc category, and "PassionXPro" in 110 cc category including variants of various models under brand transition during the year under review. Splendor continues to be the largest selling product in 2012-13 as well with 23.2% market share.

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

DIVIDEND

Continuing with its liberal payout policies, your Directors are pleased to recommend for your approval a higher dividend of 3000% i.e. ₹ 60 (2250% i.e. ₹ 45 in 2011-12) per equity share of the face value of ₹ 2, aggregating to ₹ 1,198.13 crores (exclusive of tax on Dividend), for the financial year ended March 31, 2013. The dividend, if approved, will be paid to the eligible members well within the stipulated time.

TRANSFER TO GENERAL RESERVE

In view of the robust financial strength of the Company, a sum of ₹ 215 crores being 10.15% of the Profit After Tax of the year under review has been transferred to the General Reserve of the Company.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

During the year under review, the Company transferred unpaid / unclaimed dividend for the financial year 2004-05 (final) amounting to ₹ 2.32 crores to IEPF.

MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments affecting the financial position of the Company have occurred between April 1, 2013 and the date of signing of this Report.

EMPLOYEE STOCK OPTION PLAN (ESOP)

During the year under review, your Company

The Company successfully launched 2 (two) new models of two wheelers i.e. "Ignitor" in 125cc category, and "PassionXPro" in 110 cc category including variants of various models under brand transition during the year under review.

approved the ESOP by passing a special resolution through Postal Ballot. The aggregate number of Options to be granted under the said ESOP Scheme shall not be more than 2,000,000 (Twenty lakhs). The necessary disclosure as required under the ESOP guidelines shall be made as and when the Options are granted.

AMALGAMATION

During the year under review, your Company had started the process of amalgamation of Hero Investments Pvt. Ltd. (HIPL), a promoter company holding, 43.33% of the equity share capital, subject to the necessary approvals. In the month of May, 2013 the Company received the final approval from the Hon'ble High Court of Delhi and accordingly HIPL was amalgamated on May 16, 2013. However the process of completing the allotment of shares to the shareholders of HIPL is being complied with.

CAPACITY EXPANSION, NEW PROJECTS & ALLIANCES

During the year under review, your Company has augmented capacity at its existing plants to approx. 7 million units. The construction of the fourth manufacturing plant and a new state-of-the-art Global Parts Centre (GPC) at Neemrana, Rajasthan was started. These two facilities would have a total investment of approx. ₹ 550 crores and expected to be operational towards the end of the financial year 2013-14. Both the facilities are coming up over an area of 82 acres and will provide direct employment to over 1,400 people. The fourth plant will have an installed capacity of 750,000 units per annum. As part of your Company's philosophy to grow sustainably, these facilities will be set up on Green Building Concept.

The Company will also soon set up an integrated state-of-the-art Technology/R&D centre spread over an area of 250 acres at Kukas, Jaipur in Rajasthan. This will be the largest two-wheeler R&D centre in the country.

Your Directors are happy to announce a Global alliance with Engines Engineering (EE) to augment technology & design capabilities and bring a next generation product line-up. Set up in 1979, Bologna based EE has become Europe's No.1 end-to-end motorcycle designer i.e. from conception and design right down to styling, online assembly, industrialisation and marketing.

The Company has also launched its own retail finance arm, Hero FinCorp Ltd. This arm will expand in a phased manner. The initial plan is to make the services available at about 200 dealerships in various parts of the Country by March 2014. Further by March 2015, the plan is to bring around 450 dealerships under the financing ambit of Hero FinCorp Ltd.

FOREIGN FOOTPRINT

During the current financial year, the first off-shore 100% investment subsidiary was set up in Netherlands to expedite & catapult its global expansion including overseas investments and merger and acquisition opportunities. This will stand out to be a major growth driver in the future. Another subsidiary was incorporated in US to strengthen Hero MotoCorp's international presence.

BOARD OF DIRECTORS

In terms of the provisions of the Companies Act, 1956 & the Articles of Association of the Company, Dr. Pritam Singh, Mr. M. Damodaran and Mr. Paul Edgerley, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment.

During the current financial year, the first off-shore 100% investment subsidiary was set up in Netherlands to expedite & catapult its global expansion including overseas investments and merger and acquisition opportunities.

Brief resume/details of the Directors, who are to be re-appointed as mentioned here in above has been furnished along with the Explanatory Statement to the Notice of the ensuing Annual General Meeting.

The Board recommends their re-appointment at the ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors make the following statement in terms of Section 217(2AA) of the Companies Act, 1956, 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 year ended March 31, 2013, the applicable accounting standards have been followed;
2. that appropriate accounting policies have been selected and applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the State of Affairs as at March 31, 2013 and of the Profit of the Company for the financial year ended March 31, 2013;
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, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. that the annual accounts for the year ended March 31, 2013 have been prepared on a going concern basis.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

CORPORATE GOVERNANCE

At Hero MotoCorp Ltd., it is our firm belief that the essence of Corporate Governance lies in the phrase 'Your Company'. It is 'Your' Company because it belongs to you – the shareholders. The Chairman and Directors are 'Your' fiduciaries and trustees. Their objective is to take the business forward in such a way that it maximises 'Your' long-term value.

Directors' Report

Your Company is committed to benchmarking itself with global standards for providing good Corporate Governance. It has put in place an effective Corporate Governance System which ensures that the provisions of Clause 49 of the Listing Agreement are duly complied with.

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

INTERNAL CONTROL SYSTEMS

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

An extensive programme of internal audits and management reviews supplements the process of internal control. Properly documented policies, guidelines and procedures are laid down for this purpose. The internal control system has been designed to ensure that the financial and other records are reliable for preparing financial and other statements and for maintaining accountability of assets.

The Company also has an Audit Committee, comprising 4 (four) Non-Executive & Independent and professionally qualified Directors, who interact with the Statutory Auditors, Internal Auditors, Cost Auditors and Auditees in dealing with matters within its terms of reference. The Committee mainly deals with accounting matters, financial reporting and internal controls. During the year under review, the Audit Committee met 5 (five) times.

AUDIT COMMITTEE RECOMMENDATION

During the year there was no such recommendation of the Audit Committee which was not accepted by the Board. Hence, disclosure of the same is not required in this Report.

RISK MANAGEMENT SYSTEM

Your Company follows a comprehensive system of Risk Management. Your Company has adopted a procedure for risk assessment

and its minimisation. It ensures that all the Risks are timely defined and mitigated in accordance with the well structured Risk Management Process. The Audit Committee and Board reviews periodically the Risk Management Process.

RATINGS

The rating agency ICRA Limited, has reviewed and reaffirmed [ICRA] AAA (pronounced ICRA triple A) and [ICRA] A1+ (pronounced A one plus) rating for the bank facilities. ICRA has also reaffirmed [ICRA] AAA rating for non convertible debenture programme of the Company and issuer rating of IRAAA (pronounced I R triple A). The long-term rating has been assigned a "Stable" outlook.

CRISIL, during the year under review, has reviewed and reaffirmed the rating of "CRISIL AAA" in Long term instrument category, Rating of "FAAA" for Fixed Deposits, Commercial Paper Rating of "CRISIL A1+" for short term category and CRISIL GVC Level 1 for Governance and Value Creation Rating respectively to your Company.

FIXED DEPOSITS

During the year under review, the Company has not accepted any deposit under Sections 58A and 58AA of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants, New Delhi, Auditors of the Company will retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received a certificate from the auditors to the effect that their re-appointment, if made, would be in accordance with Section 224(1B) of the Companies Act, 1956. The Board recommends their re-appointment.

AUDITORS' REPORT

The observations of Auditors in their Report, read with the relevant notes to accounts are self explanatory and therefore do not require further explanation.

COST AUDITORS

The Board has re-appointed M/s. Ramanath Iyer & Co., Cost Accountants, New Delhi, as the Cost Auditors of the Company in accordance

with Section 233B of the Companies Act, 1956 for the financial year 2013-14 and the necessary approval has been received from the Central Government. The Cost Auditors' Report for the financial year 2012-13 will be forwarded to the Central Government in pursuance of the provisions of the Companies Act, 1956.

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

Information required under Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed hereto as Annexure - II and forms an integral part of this Report.

BUSINESS RESPONSIBILITY REPORT

SEBI, vide its Circular CIR/CFD/DIL/8/2012 dated August 13, 2012, mandated the top 100 listed entities, based on market capitalisation at BSE Limited (BSE) and National Stock Exchange of India Limited (NSE), to include Business Responsibility Report as part of the Annual Report describing the initiatives taken by the companies from Environmental, Social and Governance perspective. Accordingly, the Business Responsibility Report is annexed and forms part of the Annual Report.

LISTING

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

PERSONNEL

As on March 31, 2013, the total numbers of employees on the records of the Company were over 5,800.

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

A detailed note is given in the chapter "Talent Management" of Management Discussion and Analysis, which forms part of this Annual

Report.

PARTICULARS OF EMPLOYEES

Information of Particulars of Employees as required under Section 217(2A) of the Companies Act, 1956 read with The Companies (Particulars of Employees) Rules, 1975 forms an integral part of this Report. As per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to the members of the Company excluding the Statement of Particulars of Employees under Section 217(2A) of the Companies Act, 1956. Any member interested in obtaining a copy of such statement may write to the A.V.P.- Legal & Company Secretary at the Registered Office of the Company.

ACKNOWLEDGEMENT

It is our strong belief that caring for our business constituents has ensured our success in the past and will do so in future. Your Directors acknowledge with sincere gratitude the co-operation and assistance extended by the Central Government, State Government(s), Financial Institution(s), Bank(s), Customers, Dealers, Vendors and Ancillary Undertakings.

The Board also takes this opportunity to express its deep gratitude for the continued co-operation and support received from its valued shareholders.

For and on behalf of the Board


Brijmohan Lal Munjal
Chairman

New Delhi
July 24, 2013

ANNEXURE - I TO DIRECTORS' REPORT

Corporate Governance Report



PHILOSOPHY ON ‘CODE OF CORPORATE GOVERNANCE’

The Company’s philosophy of Corporate Governance stems from a belief that the Company’s business strategy and plans should be consistent with the welfare of all its stakeholders, including shareholders. Good Corporate Governance practices enable a Company to attract financial and human capital. In turn, these resources are leveraged to maximise long-term shareholder value, while preserving the interests of multiple stakeholders, including the society at large.

Corporate Governance rests upon the four pillars of: transparency, full disclosure, independent monitoring and fairness to all, especially to minority shareholders. The Company has always strived to promote Good Governance practices, which ensure that:

- ▶ A competent management team is at the helm of affairs;
- ▶ The Board is strong with an optimum combination of Executive and Non-Executive (including Independent) Directors, who represent the interest of all stakeholders;
- ▶ The Board is effective in monitoring and controlling the Company’s affairs;
- ▶ The Board is concerned about the Company’s shareholders; and
- ▶ The Management and Employees have a stable environment.

We believe that the essence of Corporate Governance lies in the phrase “Your Company”. It is “Your” Company because it belongs to “you” – the shareholders. The Chairman and Directors are “Your” fiduciaries and trustees. Their objective is to take the business forward to maximise “Your” long-term value.

The Securities and Exchange Board of India (SEBI) has specified certain mandatory governance practices, which are incorporated in Clause 49 of the Listing Agreement of Stock Exchange.

The Company is committed to benchmark itself with the best standards of Corporate Governance, not only in form but also in spirit. This section, along with the section on ‘Management Discussion & Analysis’ and ‘General Shareholders’ Information’, constitute the Company’s compliance with Clause 49 of the Listing Agreement, entered into by the Company with the Stock Exchanges.

BOARD OF DIRECTORS (“BOARD”)

COMPOSITION OF THE BOARD

As on March 31, 2013, the Company’s Board comprised of 11 (eleven) Directors. 3 (three) Directors, including the Chairman, are Executive Directors, 2 (two) are Non-Executive Directors and 6 (six) are Non-Executive and Independent Directors. More than 50 % of the Board consists of Independent Directors, therefore the composition of the Board is in consonance with Clause 49 of the Listing Agreement. Details of the composition of the Board, number of meetings held during their tenure and attended by them etc., are given in Table 1.

Corporate Governance Report

TABLE 1 DETAILS ABOUT COMPANY'S BOARD OF DIRECTORS

ATTENDANCE RECORD DURING FINANCIAL YEAR 2012-13				DIRECTORSHIPS/MEMBERSHIPS AS ON MARCH 31, 2013		
Name of Directors	Number of Board Meetings held during his tenure and attended by him		Attendance at last AGM	Number of Committee Memberships held	Number of Committee Chairmanships held	Number of outside Directorships held
	Held	Attended				
(excluding Private Companies, Foreign Companies & Section 25 Companies)						
Executive Directors						
Mr. Brijmohan Lall Munjal	6	6	Yes	1	None	7
Mr. Pawan Munjal	6	6	Yes	1	None	4
Mr. Sunil Kant Munjal	6	6	Yes	5	1	12
Non-Executive Directors						
Mr. Suman Kant Munjal	6	5	Yes	1	None	6
Mr. Paul Edgerley	6	5	No	None	None	None
Non-Executive and Independent Directors						
Mr. Pradeep Dinodia	6	6	Yes	4	4	8
Dr. Pritam Singh	6	5	Yes	1	1	2
Gen. (Retd.) V.P.Malik	6	5	Yes	None	None	None
Mr. M. Damodaran	6	5	No	4	2	8
Dr. Anand C. Burman	6	4	No	None	None	7
Mr. Ravi Nath	6	5	Yes	1	1	3
Mr. Analjit Singh ¹	3	1	No	N.A.	N.A.	N.A.

Notes:

1. Mr. Analjit Singh did not seek re-appointment at the 29th Annual General Meeting held on September 10, 2012.
2. As required by Clause 49 of the Listing Agreement, the disclosure includes memberships/chairmanship of the Audit Committee and Shareholders' Grievance Committee in Indian Public Companies(listed and unlisted) have been considered.

Mr. Brijmohan Lall Munjal is the father of Mr. Pawan Munjal, Mr. Sunil Kant Munjal and Mr. Suman Kant Munjal.

4 (four) Directors namely Mr. Brijmohan Lall Munjal (Chairman in the Whole-time employment of the Company), Mr. Pawan Munjal (Managing Director & CEO), Mr. Sunil Kant Munjal (Jt. Managing Director) and Mr. Suman Kant Munjal (Non-Executive Director) belongs to the promoter family of the Hero Group. Apart from these, the rest of the Board comprises of Non-Executive/ Non-Executive and Independent Directors.

BOARD MEETINGS

During 2012-13, the Board met 6 (six) times on Wednesday, May 2, 2012; Monday, June 4, 2012; Thursday, July 19, 2012; Tuesday, October 23, 2012; Wednesday, December 5, 2012 and Thursday, January 17, 2013.

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

The Board passed 2 (two) matters by passing Resolution by Circulation during the financial year 2012-13.

Directors' Attendance Record and Directorships / Committee Memberships

Details are given in Table 1.

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

- ▶ apart from receiving Director's remuneration, does not have any material pecuniary relationships or transactions with the Company, its promoters, its directors, its senior management, its holding company, its subsidiaries or associates which may affect independence of the director;
- ▶ is not related to promoters or persons occupying management positions at the Board level or at one level below the Board;
- ▶ has not been an executive of the Company in the immediately preceding 3 (three) financial years;
- ▶ is not a partner or an executive of the statutory audit firm or the internal audit firm that is associated with the Company and has not been a partner or an executive of any such firm for the last 3 (three) years and the legal firm(s) and consulting firm(s) that have a material association with the entity;
- ▶ is not a material supplier, service provider or customer or a lessor or lessee of the Company, which may affect independence of the director;
- ▶ is not a substantial shareholder of the Company i.e. owning 2 (two) % or more of the block of voting shares; and
- ▶ is not less than 21 (twenty one) years of age.

None of the Directors on the Board hold the office of Director in more than 15 (fifteen) companies nor are they member in Committees of the Board in more than 10 (ten) Committees or Chairman of more than 5 (five) Committees. Further, there are no pecuniary relationships or transactions between the Independent Directors and the Company, other than the sitting fees drawn by the Non-executive Directors and sitting fees and commission drawn by the Non-executive and Independent Directors for attending the meetings of the Board and its Committee(s).

Shareholding of Non-Executive Directors as on March 31, 2013

Name of Directors	Category	No. of shares held
Mr. Suman Kant Munjal	Non-Executive Director	1,03,750
Mr. Pradeep Dinodia	Non-Executive and Independent Director	650 (held jointly with his wife)

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

INFORMATION SUPPLIED TO THE BOARD

Board members are given agenda papers along with necessary documents and information in advance of each meeting of the Board and Committee(s). However, in case of business exigencies or urgencies, the resolutions are passed by way of circulation. In addition to the regular business items, the following items/ information are regularly placed before the Board to the extent applicable:

- ▶ Annual operating plans and budgets, capital budgets and updates;
- ▶ Purchase and disposal of major fixed assets;
- ▶ Quarterly and half yearly results of the Company;

Corporate Governance Report

- ▶ Minutes of the Audit Committee, Shareholders' Grievance Committee, Remuneration and Compensation Committee and Committee of Directors;
- ▶ Information on recruitment of senior management just below the Board level including appointment or removal of the Chief Financial Officer and the Company Secretary;
- ▶ Any material defaults in financial obligations to and by the Company or substantial non-payments for goods sold by the Company;
- ▶ Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems;
- ▶ Transactions that involve substantial payment towards goodwill, brand equity or intellectual property;
- ▶ Materially important show cause, demand, prosecution and penalty notices;
- ▶ Details of quarterly foreign exchange exposures and steps taken by the management to limit the risks of adverse exchange rate movement;
- ▶ Sale of material nature, of investments and assets, which are not in the normal course of business;
- ▶ Details of joint ventures and agreements or variations thereof;
- ▶ Quarterly statutory compliance report;
- ▶ Non-compliance of any regulatory, statutory nature or listing requirements and shareholder's service such as non-payment of dividend, delay in share transfer etc.;
- ▶ Investments strategy/plan;
- ▶ 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; and

- ▶ Significant labour problems and their proposed solutions. Also, any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of voluntary retirement schemes etc.

CODE OF CONDUCT

The Company has laid down a Code of Conduct ("Code") for all Board members and senior management of the Company. The Code is available on the website of the Company i.e. www.heromotocorp.com. The Code has been circulated to all the members of the Board and senior management and they have affirmed compliance with the Code. A declaration signed by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) to this effect is attached to the Annual Report.

RISK MANAGEMENT

The Company has established effective risk assessment and minimisation procedures, which are reviewed by the Board periodically. The procedures comprise of an in-house exercise on Risk Management, carried out periodically by the Company, including the functioning of a structure to identify and mitigate various risks faced by the Company from time to time.

The structure also comprises of risk identification and assessment by the concerned departments, identification of controls in place/mitigation process in place, updation of Risk registers by various departments if required. These reports are consolidated and presented by the A.V.P.- Legal & Company Secretary, before the Board of Directors of the Company.

BOARD LEVEL COMMITTEES

AUDIT COMMITTEE

The genesis of Hero MotoCorp's Audit Committee can be traced back to the Audit Sub-Committee, constituted in 1987. Since then it has been dealing with matters prescribed by the Board on a case to case basis. In general, the primary role/objective of the Audit Committee is to review the financial statements of the Company, strengthen internal controls & look into all

transactions that have monetary implications on the functioning of the Company. The nomenclature, constitution and terms of reference of the Committee were revised on January 16, 2001 and an Audit Committee was set up as per the provisions of the Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement of the Stock Exchange.

As on March 31, 2013, the Committee comprised of 4 (four) Non-Executive and Independent Directors in accordance with the prescribed guidelines. Mr. Pradeep Dinodia, a leading Chartered Accountant, is the Chairman of the Committee. The other members are Dr. Pritam Singh, Gen.(Retd.) V. P. Malik and Mr. M. Damodaran all learned personalities in their respective fields. The members of the Committee have adequate knowledge in the field of finance, accounting, and law. The role and terms of reference of the Audit Committee includes the following:

▶ **Overseeing**

- o the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.

▶ **Recommending**

- o the appointment, re-appointment, replacement and removal of the statutory auditor, fixation of audit fees and approving payments for any other services.

▶ **Reviewing**

- o the annual financial statements with the management with primary focus on matters required to be included in the Directors' Responsibility Statement, changes, if any in accounting policies and practices and reasons thereof, compliance with accounting standards and guidelines of stock exchange(s), major accounting entries & related party transactions;
- o the quarterly financial statements with the management before submission to the board for approval;

- o the adequacy of internal control systems and the internal audit function and reviewing the Company's financial and risk management policies;
- o the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- o the reports furnished by the internal auditors, discussion with internal auditors on any significant findings and ensuring suitable follow up thereon;
- o Directors' overseas traveling expenses; and
- o Foreign exchange exposure.

▶ **Complying**

- o with the provisions of listing agreement laid down by the Stock Exchange(s) and legal requirements concerning financial statements.

▶ **Discussing**

- o with external auditors before the audit commences, of the nature and scope of audit. Also post audit discussion to ascertain any area of concern.

▶ **Looking**

- o into the reasons for substantial defaults in the payments to the shareholders (in the case of non-payment of declared dividends) and creditors.

▶ **Approving**

- o the appointment of the CFO before finalisation of the same by the management. Further while approving the appointment, it shall assess the qualifications, experience & background etc. of the candidate.

The Sr. Vice President & CFO, Internal Auditors, Statutory Auditors and Cost Auditors attend

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the meetings of the Committee on the invitation of the Chairman. Mr. Ilam C. Kamboj, A.V.P. Legal & Company Secretary acts as the Secretary of the Committee.

During the year, 4 (four) meetings of the Audit Committee were held on Wednesday, May 2, 2012, Thursday, July 19, 2012, Tuesday, October 23, 2012 and Thursday, January 17, 2013 in due compliance with the stipulated provisions. The attendance record of members of the Audit Committee is given in Table 2.

TABLE 2 DETAILS OF THE AUDIT COMMITTEE

Name of Directors	Position held	No. of meetings held during his tenure	No. of meetings attended
Mr. Pradeep Dinodia	Chairman	4	4
Gen. (Retd.) V.P.Malik	Member	4	4
Dr. Pritam Singh	Member	4	4
Mr. M. Damodaran	Member	4	3

REMUNERATION AND COMPENSATION COMMITTEE

The Company had set up a Remuneration Committee on January 16, 2001 to review and recommend the payment of annual salaries, commission and finalise service agreements and other employment conditions of Executive Directors. The Committee takes into consideration the best remuneration practices being followed in the industry while fixing appropriate remuneration packages and to administer and superintend the ESOP. Accordingly during the financial year ended March 31, 2013, the nomenclature of the said Committee was changed to Remuneration and Compensation Committee.

As on March 31, 2013, the Committee had three Non-Executive and Independent Directors as its members in accordance with the prescribed guidelines. Gen. (Retd.) V.P. Malik is the Chairman of the Committee and Mr. Pradeep Dinodia and Mr. Ravi Nath are the members of the Committee. Mr. Ilam C. Kamboj, A.V.P. Legal & Company Secretary acts as the Secretary of the Committee.

During the year, 2 (two) meetings of the Committee were held on Thursday, January 17, 2013 and Wednesday, February 27, 2013, which were attended by all the members.

Mr. Pawan Munjal, Managing Director & CEO, Dr. Pritam Singh and Mr. M. Damodaran, Non-Executive and Independent Directors of the Company had attended the Meeting of Remuneration Committee held on Thursday, January 17, 2013 as Special Invitees.

TABLE 3 DETAILS OF THE REMUNERATION AND COMPENSATION COMMITTEE

Name of Directors	Position held	No. of meetings held during his tenure	No. of meetings attended
Gen. (Retd.) V.P.Malik	Chairman	2	2
Mr. Pradeep Dinodia	Member	2	2
Mr. Ravi Nath	Member	2	2

REMUNERATION POLICY

Remuneration paid to Executive Directors

The remuneration paid to Executive Directors is recommended by the Remuneration Committee and approved by the Board in the Board meeting, subject to the subsequent approval by the shareholders at the general meeting and such other authorities, as the case may be.

At the Board meeting, only the Non-Executive and Independent Directors participate in approving the remuneration paid to the Executive Directors. The remuneration is fixed considering various factors such as qualification, experience, expertise, prevailing remuneration in the industry and

the financial position of the Company. The remuneration structure comprises of Basic Salary, Commission, Perquisites and allowances, Contribution to provident fund and other funds. Besides these, a fixed commission @ 1 (one) % of the net profit, computed in accordance with Section 198 of the Companies Act, 1956, is paid as per the terms of appointment.

During the year under review, your Company by passing a resolution by postal ballot had approved the Employee Stock Option Plan. The aggregate number of Options to be granted under the said ESOP Scheme shall not be more than 20,00,000 (twenty lakhs). The terms of appointment of Executive Directors are 5 (five) years. Further, no notice period and severance fee is applicable for the above-mentioned Executive Directors.

Remuneration paid to Non-Executive Directors

The Non-Executive Directors of the Company are paid sitting fees of ₹ 20,000 for each meeting of the Board, Audit Committee, Remuneration and Compensation Committee and Shareholders' Grievance Committee attended by them.

In addition to the sitting fees, Non-Executive and Independent Directors are entitled to remuneration by way of commission aggregating upto 0.10 % of net profit of the Company.

Tables 4 and 5 gives details of remuneration paid to Directors. During 2012-13, the Company did not advance any loans to any of its Directors.

Name of Directors	Basic Salary	Perquisites and Allowances	Contribution to PF and other funds	Commission (Fixed)	Total
Mr. Brijmohan Lall Munjal	32,040,000	29,103,342	3,844,800	262,300,000	327,288,142
Mr. Pawan Munjal	28,800,000	29,155,045	7,776,000	262,300,000	328,031,045
Mr. Sunil Kant Munjal	23,956,774	22,404,726	6,468,329	262,300,000	315,129,829

Name of Directors	Sitting fees	Commission	Total
Mr. Suman Kant Munjal	100,000	NIL	100,000
Mr. Paul Edgerley	100,000	NIL	100,000
Mr. Pradeep Dinodia	320,000	2,187,500	2,507,500
Gen.(Retd.) V.P. Malik	220,000	1,512,500	1,732,500
Dr. Pritam Singh	280,000	1,793,750	2,073,750
Mr. M. Damodaran	240,000	1,375,000	1,615,000
Mr. Analjit Singh ¹	20,000	125,000	145,000
Mr. Ravi Nath	140,000	812,500	952,500
Dr. Anand C. Burman	80,000	500,000	580,000

Note:

1. Mr. Analjit Singh did not seek re-appointment at the 29th Annual General Meeting held on September 10, 2012.

SHAREHOLDERS' GRIEVANCE COMMITTEE

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

As on March 31, 2013, the Committee had 3 (three) Non-Executive and Independent Directors as its members in accordance with the prescribed guidelines. Dr. Pritam Singh is the Chairman of the Committee. The other members of the Committee are Mr. Pradeep Dinodia and Mr. M. Damodaran. Mr. Ilam C. Kamboj, A.V.P. Legal & Company Secretary acts as the Secretary of the Committee.

The Company has an efficient system of dealing with investors' grievances. The Chairman and the Managing Director & CEO of the Company take personal interest in all matters of concern for investors as and when necessary. The Company Secretary being the Compliance Officer carefully looks into each issue and reports the same to the Shareholders' Grievance

Corporate Governance Report

Committee. In the meetings of the Committee the status of all shareholders' complaints, requests, queries etc. along with letters received from all statutory authorities were reviewed.

During the year, 4 (four) meetings of the Shareholders' Grievance Committee were held on Wednesday, May 2, 2012, Thursday, July 19, 2012, Tuesday, October 23, 2012 and Thursday, January 17, 2013.

Details of shareholders complaints and their status are given in the section on "General Shareholders' Information". The attendance record of members of the Shareholders' Grievance Committee is given in Table 6.

TABLE 6 DETAILS OF SHAREHOLDERS' GRIEVANCE COMMITTEE

Name of Directors	Position held	No. of meetings held during his tenure	No. of meetings attended
Dr. Pritam Singh	Chairman	4	4
Mr. Pradeep Dinodia	Member	4	4
Mr. M. Damodaran	Member	4	3

COMMITTEE OF DIRECTORS

Apart from these Committees, the Company also has a Committee of Directors. During the year, the Committee comprised of Mr. Brijmohan Lall Munjal, Chairman; Mr. Pawan Munjal, Managing Director & CEO; Mr. Sunil Kant Munjal, Jt. Managing Director; Mr. Ravi Sud, Sr. Vice President & CFO and Mr. Ilam C. Kamboj, A.V.P.-Legal & Company Secretary as its members.

Constituted in 1985, the Committee deals with matters delegated by the Board from time to time.

The meeting of the committee is convened as per requirement. During the year under review 18 (eighteen) meetings of the Committee were held.

SHARE TRANSFER COMMITTEE

This Committee was constituted on January 31, 2007 as a measure of Good Corporate Governance practice and to streamline the work related to share transfer etc. which was earlier approved by the Committee of Directors. Mr. Ravi Sud, Sr. Vice President & CFO and Mr. Ilam C. Kamboj, A.V.P. Legal & Company Secretary are its members.

The meeting of the committee is convened as per requirement. During the year under review 17 (seventeen) meetings of the Committee were held.

DISCLOSURES

RELATED PARTY TRANSACTIONS

The Company follows the following policy in regard to disclosure of the related party transactions to the Audit Committee:

- A Statement in the Summary form of transactions with related parties in the ordinary course of business is placed periodically before the Audit Committee.
- There are no material individual transactions with related parties, which are not in the normal course of business and material individual transactions with related parties or others which are not on an arm's length basis.

DISCLOSURES ON MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS THAT MAY HAVE POTENTIAL CONFLICT WITH THE INTEREST OF THE COMPANY AT LARGE

There are no materially significant transactions made by the Company with its Promoters, Directors or Management or relatives etc. that may have potential conflict with the interest of the Company at large.

ACCOUNTING TREATMENT IN PREPARATION OF FINANCIAL STATEMENTS

The guidelines/accounting standards laid down by the Institute of Chartered Accountants of India (ICAI) and notified by the Companies (Accounting Standards) Rules, 2006 have been followed in preparation of the financial statements of the Company.

COMPLIANCES BY THE COMPANY

There has neither been any non-compliance of any legal provision of applicable law, nor any penalty, stricture imposed by the stock exchanges or SEBI or any other authority, on any matters related to capital market during the last 3 (three) years.

INSIDER TRADING

In compliance with the SEBI regulation on prevention of insider trading, the Company has instituted a comprehensive Code of Conduct ("Code") for its management, staff and relevant business associates. The Code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of the Company and cautioning them on consequences of non-compliances.

CEO & CFO CERTIFICATION

Certificate from Mr. Pawan Munjal, Managing Director & CEO and Mr. Ravi Sud, Sr. Vice President & CFO, pursuant to provisions of Clause 49 (V) of the Listing Agreement, for the year under review was placed before the Board of Directors of the Company at its meeting held on Friday, April 26, 2013. A copy of the certificate on the financial statements for the financial year ended March 31, 2013 and on the Code of Conduct is annexed along with this Report.

APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS

Dr. Pritam Singh, Mr. M Damodaran and Mr. Paul Edgerley, Directors of the Company, shall retire by rotation at the ensuing Annual General Meeting (AGM) and being eligible, offer themselves for re-appointment.

Brief resume of the said Directors proposed to be re-appointed have been provided along with the Notice of the AGM annexed along with the Annual Report.

MEANS OF COMMUNICATION

Financial Results	<p>Pursuant to Clause 41(l)(f) of the Listing Agreement, the Company has regularly furnished, both by way of post as well as by fax (within 15 (fifteen) minutes of closure of the Board meeting) the quarterly un-audited as well as annual audited results to both the Stock exchanges i.e. BSE & NSE.</p> <p>Quarterly and Annual financial results are also published in English, Hindi and other regional newspapers, i.e. The Economic Times, Financial Times, Business Standard, Dainik Bhaskar, Deccan Chronicle, Financial Chronicle, Financial Express, Jansatta, Hindustan, The Hindu, Business Line, Hindustan Times, Mint and The Times of India.</p>
Website	<p>Pursuant to Clause 54 of the Listing Agreement the Company's website www.heromotocorp.com contains a dedicated functional segment called 'INVESTORS' where all the information needed by shareholders is available including press releases, shareholding pattern and Annual Reports.</p>
Annual Report	<p>Annual Report circulated to members and other concerned including Auditors, Equity Analysts etc. Further, the Management Discussion and Analysis (MDA) Report, highlighting operations, business performance, financial and other important aspects of the Company's functioning, forms an integral part of the Annual Report.</p>
Corporate Filing and Dissemination System (Corpfilng) and NSE Electronic Application Processing System (NEAPS)	<p>Pursuant to Clause 52 of the Listing Agreement, financial information like annual and quarterly financial statements and shareholding pattern etc. are also available on the SEBI web-site www.corpfiling.co.in. The Company also files its shareholding pattern as per Clause 35 and Corporate Governance report as per Clause 49 online on the website developed and as per the advice of National Stock Exchange on the link https://www.connect2nse.com/LISTING/. The A.V.P. Legal and Company Secretary being the Compliance Officer ensures the correctness and authenticity of the information filed with the said website.</p>
Green Initiatives	<p>As per the MCA Circular Nos. 17/2011 dated April 21, 2011 & 18/2011 dated April 29, 2011, Company has issued letters to its shareholders and uploaded the information on its website for registering email IDs of Investors so that Annual Reports and other information may be sent to them in electronic forms to save paper.</p>
E-mail IDs for Investors	<p>Following designated e-mail IDs of the Compliance Officer exclusively given in the website, various materials including notices for creating investor awareness and to redress their grievances/queries:</p>

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

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

Mr. Ravi Sud, Sr. Vice President & CFO:

E-mail: ravisud@heromotocorp.com

GENERAL BODY MEETINGS

DETAILS OF EXTRAORDINARY GENERAL MEETING (EGM)/ANNUAL GENERAL MEETING (AGM)

Location, date and time of general meetings held during the last three years and Ordinary and Special Resolutions passed thereat are given in Table 7.

POSTAL BALLOT

During the financial year ended March 31, 2013, the members of the Company passed the following Special Resolution on August 16, 2012 through Postal Ballot:

Approval of ESOP pursuant to the Provisions of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the provisions of Section 81(1A) of the Companies Act, 1956.

Mr. V.P.Kapoor, Practising Company Secretary was appointed as the scrutiniser for conducting the Postal Ballot and based on his report, the Postal Ballot results were declared.

The details of Postal Ballot procedure, voting process is as under:

The procedure prescribed under Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 has been followed for the Postal Ballot conducted during the year for the resolution mentioned above.

Mr. V.P.Kapoor, Practising Company Secretary submitted his report dated August 16, 2012 to the Chairman and based on the said report, results of Postal Ballot were declared as under:

The voting pattern of vote cast in favour/against the resolution was as under:

Sl. No.	Particulars	No. of Ballot Forms	No. of Equity Shares
1	Number of valid Postal Ballot forms received	1,401	159,171,480
2	Votes in favour of the Resolution	1,129	134,055,587
3	Votes against the Resolution	283	24,847,651
4	No. of invalid Postal Ballot forms received	12	625,174

The Special Resolution contained in the Postal Ballot Notice dated July 3, 2013 was duly passed with requisite majority. None of the resolution is proposed to be passed through Postal Ballot.

TABLE 7 DETAILS OF EXTRA ORDINARY GENERAL MEETING (EGM)/ANNUAL GENERAL MEETING(AGM)**DETAILS OF EGM HELD:**

Year	Time, Day, Date & Location	Summary of Resolutions Passed in regard to Special Business
2010-11	12:30 P.M. Friday, June 17, 2011, Plot No. 3, Sector – 10, I.I.E.,SIDCUL, Roshanabad, Haridwar, Uttarakhand – 249 403	<ul style="list-style-type: none"> ▶ Change of Name of the Company. ▶ Amendment to Articles of Association of the Company.

DETAILS OF AGMs HELD:

Year	Time, Day, Date & Location	Summary of Resolutions Passed in regard to Special Business
2011-12	10:30 A.M. Monday, September 10, 2012, Air Force Auditorium Subroto Park, New Delhi 110 010	<ul style="list-style-type: none"> ▶ None
2010-11	4:30 P.M. Wednesday, September 28, 2011, Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi 110 003	<p>Ordinary Resolutions</p> <ul style="list-style-type: none"> ▶ Appointment of Mr. Paul Edgerley as Director of the Company. ▶ Reappointment of Mr. Toshiaki Nakagawa as Jt. Managing Director of the Company. ▶ Re-appointment of Mr. Pawan Munjal as Managing Director & CEO of the Company. ▶ Appointment of Mr. Sunil Kant Munjal as the Jt. Managing Director of the Company. <p>Special Resolution</p> <ul style="list-style-type: none"> ▶ Re-appointment of Mr. Brijmohan Lall Munjal as Chairman and Director in the Whole-time employment of the Company.
2009-10	10:30 A.M. Monday, September 20, 2010, Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, New Delhi 110 003	<p>Ordinary Resolutions</p> <ul style="list-style-type: none"> ▶ Appointment of Mr. Ravi Nath as Director of the Company. ▶ Appointment of Dr. Anand C. Burman as Director of the Company. ▶ Appointment of Mr. Suman Kant Munjal as Director of the Company. <p>Special Resolution</p> <ul style="list-style-type: none"> ▶ Keeping of Register of Members and Index of Members at a place other than the Registered Office.

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GENERAL SHAREHOLDERS INFORMATION

ANNUAL GENERAL MEETING

Date	: September 11, 2013
Day	: Wednesday
Time	: 10:30 A.M.
Venue	: Air Force Auditorium, Subroto Park, New Delhi – 110 010

FINANCIAL CALENDAR - FINANCIAL YEAR: APRIL 1 TO MARCH 31

FOR THE FINANCIAL YEAR 2012 - 13	RESULTS WERE ANNOUNCED ON:
First quarter ended June 30, 2012	July 19, 2012
Second quarter and half year ended September 30, 2012	October 23, 2012
Third quarter and nine months ended December 31, 2012	January 17, 2013
Fourth quarter and year ended March 31, 2013	April 26, 2013

FOR THE FINANCIAL YEAR 2013-14	RESULTS ARE LIKELY TO BE ANNOUNCED ON: (TENTATIVE AND SUBJECT TO CHANGE)
First quarter ended June 30, 2013	July 24, 2013
Second quarter and half year ending September 30, 2013	October, 2013 (3 rd week)
Third quarter and nine months ending December 31, 2013	January, 2014 (3 rd week)
Fourth quarter and year ending March 31, 2014	April, 2014 (3 rd week)

BOOK CLOSURE

The dates of book closure shall be from Thursday, September 5, 2013 to Wednesday, September 11, 2013 (both days inclusive).

DIVIDEND PAYMENT

The Board of Directors has recommended a Final Dividend @ 3000 % i.e. ₹ 60 per equity share for the financial year 2012-13. The dividend, if approved by shareholders at the ensuing AGM shall be paid to those shareholders whose names appear on the Register of Members as on Wednesday, September 11, 2013. In respect of shares held in electronic form, the dividend will be payable to the beneficial owners of the shares as on the closing hours of business on Wednesday, September 4, 2013 as per details furnished by the Depositories for this purpose.

LISTING ON STOCK EXCHANGE

As on March 31, 2013, the securities of the Company are listed on the following exchanges:

1. BSE Limited (BSE) based at Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001; &
2. National Stock Exchange of India Limited, (NSE) based at Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.

LISTING FEES

Listing fees for the year 2013-14 has been paid to the stock exchanges, wherein the equity shares of the Company are listed (i.e. BSE & NSE) within the stipulated time.

STOCK CODES

The Company's stock codes at the primary exchanges are:

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

STOCK MARKET DATA

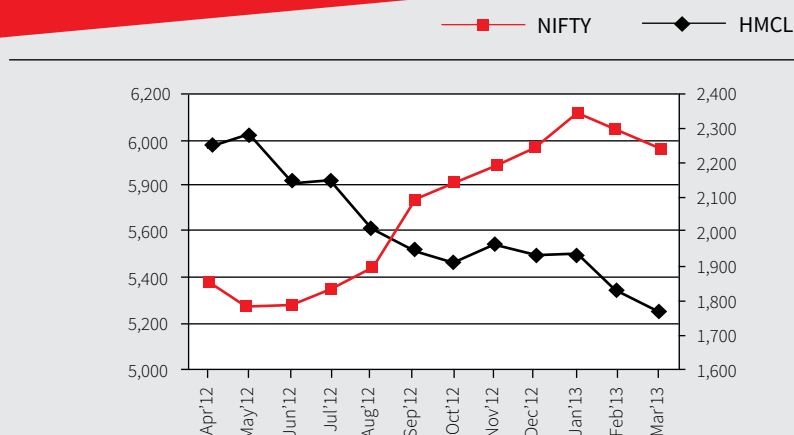
The Company's market capitalisation is included in the computation of the BSE Sensex, BSE -100, BSE- 200, BSE- 500, BSE Sectoral Indices, BSE TASI Shariah 50, S&P CNX Nifty, S&P CNX 500 and CNX 100. Monthly high and low quotations as well as the volume of shares traded at the NSE and BSE are given in Table 8.

TABLE 8 SHARE PRICE DATA FOR 2012-13 (IN ₹) (SHARES OF ₹ 2 PAID UP VALUE)

NATIONAL STOCK EXCHANGE OF INDIA LIMITED, MUMBAI (NSE)

Month	Total Volume (No. of Sh.)	High (₹)	Date	Volume on that date	Low (₹)	Date	Volume on that date
Apr '12	5,451,921	2,257.05	25-Apr-12	53,959	1,944.45	10-Apr-12	176,648
May '12	14,842,573	2,279.00	2-May-12	64,222	1,795.15	24-May-12	492,497
Jun '12	5,862,341	2,160.00	29-Jun-12	367,416	1,805.00	4-Jun-12	459,633
Jul '12	4,949,910	2,148.00	2-Jul-12	327,541	1,978.60	27-Jul-12	426,103
Aug '12	5,316,189	2,014.20	1-Aug-12	650,600	1,752.00	31-Aug-12	576,333
Sep '12	5,434,894	1,949.95	24-Sep-12	253,357	1,745.00	3-Sep-12	386,904
Oct '12	7,047,395	1,919.65	29-Oct-12	55,020	1,662.00	5-Oct-12	485,283
Nov '12	5,649,604	1,966.00	5-Nov-12	214,424	1,791.35	21-Nov-12	177,224
Dec '12	5,523,256	1,932.85	20-Dec-12	266,365	1,802.00	4-Dec-12	39,399
Jan '13	6,025,503	1,939.25	2-Jan-13	353,260	1,720.05	18-Jan-13	146,385
Feb '13	4,495,648	1,832.50	4-Feb-13	326,544	1,635.50	13-Feb-13	196,764
Mar '13	4,667,191	1,766.80	8-Mar-13	465,233	1515.95	28-Mar-13	634,551

NIFTY VS A VIS HERO MOTOCORP'S SHARE PRICE MOVEMENT



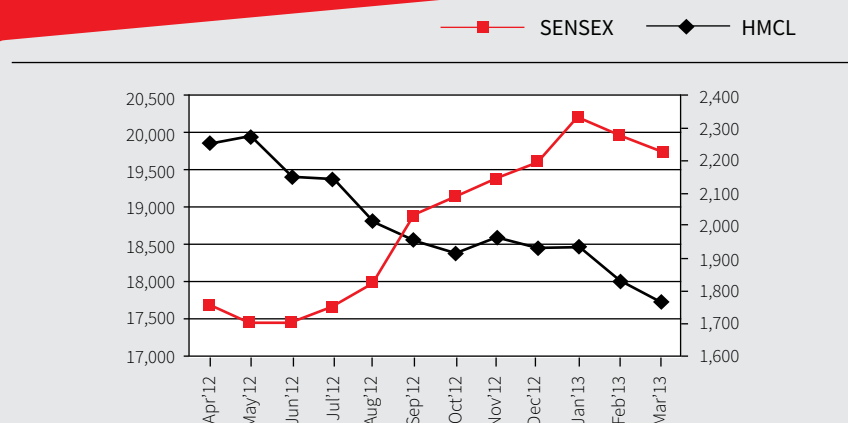
Note: The above chart depicts comparison of monthly high of Nifty and HMCL share price

Corporate Governance Report

BSE LIMITED, MUMBAI (BSE)

Month	Total Volume (No. of Sh.)	High (₹)	Date	Volume on that date	Low (₹)	Date	Volume on that date
Apr '12	582,371	2,253.70	26-Apr-12	56,202	1,947.00	10-Apr-12	20,571
May '12	750,302	2,278.50	2-May-12	75,721	1,797.00	24-May-12	41,916
Jun '12	924,443	2,149.95	29-Jun-12	54,044	1,807.65	4-Jun-12	44,944
Jul '12	666,239	2,143.95	2-Jul-12	34,086	1,981.00	27-Jul-12	69,194
Aug '12	888,084	2,011.00	1-Aug-12	64,809	1,752.45	31-Aug-12	95,855
Sep '12	723,497	1,949.90	24-Sep-12	21,804	1,743.40	3-Sep-12	62,031
Oct '12	752,673	1,918.20	29-Oct-12	59,263	1,751.00	25-Oct-12	107,444
Nov '12	498,367	1,963.00	5-Nov-12	24,561	1,793.10	21-Nov-12	22,371
Dec '12	418,398	1,933.00	20-Dec-12	27,574	1,802.00	4-Dec-12	26,346
Jan '13	630,397	1,935.00	2-Jan-13	38,857	1,720.00	18-Jan-13	173,973
Feb '13	437,015	1,832.00	1-Feb-13	22,671	1,645.00	15-Feb-13	18,023
Mar '13	494,021	1,767.00	8-Mar-13	55,951	1519.15	28-Mar-13	46,782

SENSEX VIS A VIS HERO MOTOCORP'S SHARE PRICE MOVEMENT



Note: The above chart depict comparison of monthly high of SENSEX and HMCL share price

DISTRIBUTION OF SHAREHOLDING BY SIZE

Table 9 lists the distribution of shareholding by number of shares held and Shareholding Pattern in percentage (pursuant to Clause 35 of the Listing Agreement) as on March 31, 2013.

TABLE 9

No. of shares held (₹ 2 paid up)	Folios		Shares of ₹ 2 paid up	
	Numbers	%	Numbers	%
Upto 500	67,143	88.73	4,224,553	2.12
501 – 1,000	6,278	8.30	4,730,068	2.37
1,001-5,000	1,722	2.28	3,417,253	1.71
5,001-10,000	173	0.23	1,236,287	0.62
10,001-50,000	194	0.26	4,383,413	2.20
50,001 and above	151	0.20	181,695,926	90.98
TOTAL	75,661	100.00	199,687,500	100.00

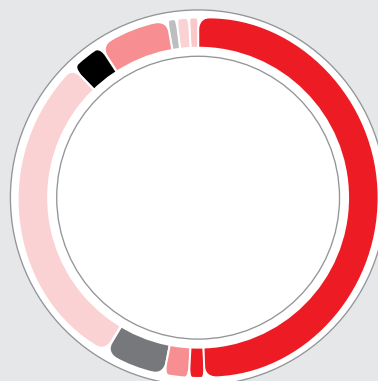
Shareholding Pattern as on March 31, 2013

Category	No. of Holders	No. of Shares Held	% total to No. of Shares	No. of Shares Dematerialised	% of Share Dematerialised
Indian Promoter Group	17	104,259,490	52.21	104,259,490	52.21
Mutual Funds / UTI	85	1,646,487	0.82	1,583,017	0.79
Financial Institutions / Banks	49	3,378,325	1.69	3,359,620	1.68
Insurance Companies	36	11,853,259	5.94	11,853,259	5.94
Foreign Institutional Investors	406	61,049,981	30.57	61,011,781	30.55
Bodies Corporate	1,198	2,883,993	1.44	2,855,277	1.43
Indian Public	72,217	13,333,575	6.69	9,728,522	4.88
Trusts	27	872,488	0.44	872,488	0.44
Clearing Members	123	161,011	0.08	161,011	0.08
Non Resident Indians	1,503	248,891	0.12	248,821	0.12
GRAND TOTAL	75,661	199,687,500	100	195,933,286	98.12

Note: Pending disposal of the application filed for Advance Ruling regarding applicability of Stamp Duty on transfer of shares pursuant to the Scheme of Arrangement for Amalgamation of Hero Investments Private Ltd. (HIPL) with the Company, the share held by HIPL are pending allotment to its individual shareholders. On such allotment, promoters shareholding will be 79,712,482 Nos. and 39.92% of total holding and correspondingly public shareholding will be 119,975,018 Nos. and 60.08% of total shareholding.

SHARE HOLDING PATTERN (%)

INDIAN PROMOTER GROUP	52.21
MUTUAL FUNDS / UTI	0.82
FINANCIAL INSTITUTIONS / BANKS	1.69
INSURANCE COMPANIES	5.94
FOREIGN INSTITUTIONAL INVESTORS	30.57
BODIES CORPORATE	1.44
INDIAN PUBLIC	6.69
TRUSTS	0.44
CLEARING MEMBERS	0.08
NON RESIDENT INDIANS	0.12

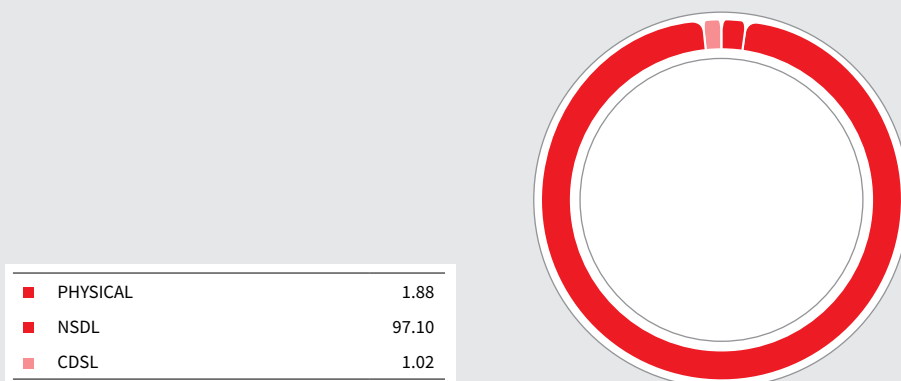


Corporate Governance Report

Category of Shareholding as on March 31, 2013

Category	No. of Holders	% to Total holders	Total Shares	% to Equity
Physical	7,381	9.75	3,754,214	1.88
NSDL	49,329	65.20	193,895,563	97.10
CDSL	18,951	25.05	2,037,723	1.02
TOTAL	75,661	100.00	199,687,500	100.00

CATEGORY OF SHARE HOLDING (%)



DEMATERIALIZATION OF SHARES AND LIQUIDITY

The shares of the Company are traded in compulsory demat segment. As on March 31, 2013, 98.12% of the total share capital is held in dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). During the year under review, share certificates involving 989,558 shares of ₹ 2 each, were dematerialised by the shareholders, however share certificates involving 2 shares of ₹ 2 each, were rematerialised. During the year under review the net dematerialisation represents 98.12% of the total share capital of the Company.

OUTSTANDING GDR'S/ADR'S/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS CONVERSION DATE AND LIKELY IMPACT ON EQUITY

Not applicable.

DETAILS OF PUBLIC FUNDING OBTAINED IN THE LAST THREE YEARS

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

Registrar & Share Transfer Agent

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

Karvy Computershare Private Ltd.

(Unit: Hero MotoCorp Ltd.)
Plot No. 17-24, Vittal Rao Nagar,
Madhapur, Hyderabad-500 081,
Tel No: 040- 2342 0818
Fax: 040-2342 0814
E-mail: einward.ris@karvy.com

Karvy Computershare Private Ltd.

(Unit: Hero MotoCorp Ltd.)
305, New Delhi House,
27, Barakhamba Road
New Delhi – 110 001
Tel : 011-4368 1700
Fax : 011-4368 1710

SHARE TRANSFER SYSTEM

The total numbers of shares transferred during the financial year 2012-13 were 16,996 (No. of cases 169), deletion of name 14,100 (No. of cases 27), transmission of shares 13,110 (No. of cases 23) and Transposition of shares 10 (No. of case 1) which were completed in the prescribed time period. Shares under objection were returned within two weeks time. Confirmations in respect of the requests for dematerialisation of shares are being sent to the respective depositories i.e. NSDL & CDSL expeditiously.

INVESTORS' SERVICES

The Company has Board Level Committees dealing with investor issues, which have been discussed in detail earlier. Table 10 lists the complaints/requests/queries received and redressed during 2012-13. During the financial year, the Company has attended to most of the investors' grievances/correspondence within a period of 10-15 days from the date of receipt of the same.

TABLE 10 COMPLAINTS/REQUESTS RECEIVED AND REDRESSED DURING 2012-13

SL. NO	NATURE OF COMPLAINTS/ REQUESTS	OPENING	RECEIVED	RESOLVED	CLOSING
1.	Non receipt of shares	0	44	43	1
2.	Request for issue of duplicate shares	0	234	227	7
3.	Non receipt of dividend warrants	0	293	293	0
4.	Change of address	0	235	235	0
5.	Mandate cases/bank description	0	26	26	0
6.	Miscellaneous (Shares)	9	0	9	0

COMPANY'S REGISTERED ADDRESS

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

PLANT LOCATIONS

GURGAON PLANT

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

Corporate Governance Report

DHARUHERA PLANT

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

HARIDWAR PLANT

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

NON-MANDATORY REQUIREMENTS

The Company has not adopted the non-mandatory requirements as specified in Annexure – ID of the Listing Agreement except clause (2) relating to Remuneration and Compensation Committee.

Investors' Correspondence may be addressed to:

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

Or

Karvy Computershare Private Limited
(Unit: Hero MotoCorp Ltd.) Plot No. 17-24, Vittal Rao Nagar,
Madhapur, Hyderabad-500 081,
Tel No.: 040- 2342 0818
Fax : 040-2342 0814 or to
E-mail : einward.ris@karvy.com

Queries relating to the Financial Statements only be addressed to:

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

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

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

For and on behalf of the Board



Brijmohan Lall Munjal
Chairman

New Delhi
July 24, 2013

CERTIFICATE

AUDITORS' CERTIFICATE ON THE COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

TO THE MEMBERS OF Hero MotoCorp Ltd.

We have examined the compliance of conditions of Corporate Governance by Hero MotoCorp Ltd. for the year ended March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

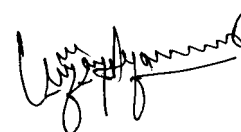
In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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 **DELOITTE HASKINS & SELLS**

Chartered Accountants

(Registration No. 015125N)



Vijay Agarwal
Partner

(Membership No.094468)

New Delhi
July 24, 2013

Corporate Governance Report

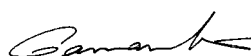
CERTIFICATE OF CEO & CFO

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

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

1. We have reviewed the Balance Sheet and Profit and Loss Account of the Company for the year ended March 31, 2013 and all its schedule and notes on accounts, as well as the Cash Flow Statement.
2. To the best of our knowledge and information:
 - a. these statements do not contain any materially untrue statement or omit to state a material fact or figures or contains statement that might be misleading;
 - b. 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.
3. We also certify, that based on our knowledge and the information provided to us, there are no transactions entered into by the Company, which are fraudulent, illegal or violate the Company's code of conduct.
4. We are responsible for establishing and maintaining internal controls and procedures for the Company, and we have evaluated the effectiveness of the Company's internal controls and procedures.
5. We have disclosed, based on our most recent evaluation, wherever applicable, to the Company's auditors and through them to the audit committee of the Company's Board of Directors:
 - a. Significant changes in internal control during the year;
 - b. Any fraud, which we have become aware of and that involves Management or other employees who have a significant role in the Company's internal control systems;
 - c. Significant changes in accounting policies during the year.
6. We further declare that all board members and senior management have affirmed compliance with the code of conduct for the year 2013-14.

For Hero MotoCorp Ltd.



New Delhi
April 26, 2013

Pawan Munjal
Managing Director & CEO

For Hero MotoCorp Ltd.



Ravi Sud
Sr. Vice President & CFO

ANNEXURE - II TO DIRECTORS' REPORT

Information under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended March 31, 2013;

I. CONSERVATION OF ENERGY

A) TECHNO-ECONOMIC VIABILITY OF FEW ENERGY SAVING PROPOSALS ARE BEING CARRIED OUT AND FEW PROPOSALS HAVE BEEN ALREADY IMPLEMENTED

ENERGY CONSERVATION MEASURES TAKEN DURING THE YEAR AND THEIR IMPACT

► Green Initiatives

Installed

- a. Third gas genset thus avoiding 2,500 KL of high speed diesel (HSD) per year;
- b. Vapour Absorption Machine (VAM) on Gas Engines;
- c. Heat recovery on 4 engines;
- d. Power saving circuits in 80 machines in order to avoid idle running;
- e. Water recovery plant for Effluent Treatment Plant; and
- f. Real time clocks for 20 blowers and Flow Divider Valves (FDVs) to avoid idle running.

Replaced

- a) 1,900 conventional tube rods with light emitting diode (LED) rods;
- b) 20 units of conventional ACs with 5 star rated energy efficient ACs;
- c) Frequency drives on 4 FDVs to reduced speed of cooling system during night;
- d) Centralised control for gear section, weld shop lights to avoid idle running during periodic breaks and C Shifts;
- e) FO engines to HSD thereby saving 2500 KWH/day in DG axillaries; and
- f) Air supply unit heating system from steam to LNG thereby saving 52,650 SCM of LNG per annum.

► Resource Conservation

- a. Enhanced STP recycle water by installing intermediate tank from 100 KL/day to 180 KL/day;
- b. Installed 4 new rain water harvesting wells;
- c. Installed filter press in weld-shop cooling tower to avoid replacement of dirty water;
- d. Modification in washing machines pumps;
- e. Propane consumption savings in paint shops;
- f. Operations of energy efficient VFD based screw compressor on non-working days; and
- g. Auto light conservation in utility and dispatch area.

► Energy efficiency measures

- a. Installed heat recovery boiler to avoid running LNG fired boiler thus saving 71 KL of HSD and 245,960 SCM of LNG per annum;
- b. Installed LED lighting in canteen and export buildings;
- c. Thyristorised controller in heaters of furnaces saving 15,500 KWH per annum;
- d. Throttle setting optimisation done in centrifugal compressor bypass valve;
- e. Installed timer in FDV panels for auto switch off and for controlling HR air conditioning through timer;

Annexure - II to Directors' Report

- f. Shifting of lights of FA DOL and dispatch on lighting transformer;
- g. Auto switching off circuits in FDV, Blowers thus saving 13,000 KWH per annum; and
- h. Focused efforts to avoid wastages in paint shop during off-days and public holidays to save 8,500 KWH per annum.

B) ADDITIONAL INVESTMENTS AND PROPOSALS BEING IMPLEMENTED FOR REDUCTION OF CONSUMPTION OF ENERGY

INVESTMENT IN THE PROPOSED AREAS ARE APPROX. ₹ 90 MILLION FOR REDUCTION OF CONSUMPTION OF ENERGY IN THE BELOW AREAS:

► Green Initiatives

- a. Installation of VAM on Gas Engines;
- b. Installation of photo voltaic solar power plant of 80 KW; and
- c. Replacement of 7,500 conventional tube rods with LED Rods.

► Resource Conservation

- a. Installation of water recovery plant with evaporator for ETP to reduce ground water extraction by 400 KL per day; and
- b. Conversion of MAN Diesel Generator set to dual fuel in HSD & LNG.

► Energy efficiency measures

- a. Installation of Separate Low capacity Compressor for Heat Treatment plant;
- b. Restoration and Installation of Capacitor panels for improving Power factor at Load;
- c. Installation of 45 VFDs for Blower application in FDV and Paint shop Blowers;
- d. Replacing old & rewound motors with Energy Efficient IE3 motors;
- e. Replacing more than 10 year old and worn out pumps with Energy Efficient pumps;
- f. Replacing more than 10 year old Air Conditioners with BEE star rated A/Cs;
- g. Replacement of more than 10 year old 651 CFM Reciprocating Compressor with Screw Type; and
- h. VFD provision in Hot water generator.

C) IMPACT OF MEASURES AT A) AND B) FOR REDUCTION OF ENERGY CONSUMPTION AND CONSEQUENT IMPACT ON THE COST OF PRODUCTION OF GOODS.

FOR THE FINANCIAL YEAR 2012-13: APPROX. ANNUAL SAVING ON VEHICLES PRODUCED - ₹ 47 MILLION. FOR FINANCIAL YEAR 2013-14: EXPECTED APPROX. ANNUAL SAVING ON VEHICLES PRODUCED - ₹ 45 MILLION

D) TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION AS PER FORM - A IS GIVEN IN TABLE - A.

II. PARTICULARS AS PER FORM B

(A) RESEARCH & DEVELOPMENT (R&D)

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

- a. New model technology development and absorption from technology partners;
- b. Indigenisation of CKD parts;

- c. Multi source approval;
 - d. Meeting Legislative norms;
 - e. Active participation in deciding the needs of future automobile Regulations in India;
 - f. Support strategic sourcing for cost down / VA/VE initiatives;
 - g. Support strategic sourcing for multi-sourcing; and
 - h. New concept development as R-Flow (Research).
- **Benefits derived as a result of the above R & D activities**
- a) Launched under Brand Transition Splendor Pro, Splendor Plus, Passion Pro, Splendor NXG, HF-Dawn, HF-Deluxe, Super Splendor, Glamour, Glamour FI, Xtreme, Hunk, Karizma R, Karizma ZMR and Pleasure - BT (Scooter);
 - b) Launched Ignitor (125cc - 4 Stroke), Passion Xpro (110cc - 4-Stroke); Dawn (100cc - 4 Stroke – Export to Nigeria), Maestro (110cc) and Splendor Pro Special Edition (100cc - 4-Stroke);
 - c) 556 multi source components added, 4 new sources added for existing models, Indigenisation completed; and
 - d) Compliance to the Regulations.
 - Regulations compliance for Nigeria; and
 - Euro-III norms development for export.
- **Future plan of action**
- a) New Model Launch for Domestic and International Business;
 - b) Achieve cost excellence programmes;
 - c) Participation at different Forums for formation of 2-W Regulations; and
 - d) Compliance Plan for Future Regulations.
 - BS-IV (Tail Pipe & Evaporative Norms);
 - GTR-3 (Brakes);
 - EMC;
 - Tell Tails, Symbols & Controls;
 - Safety Norms;
 - Euro - III and Future European Norms for environment and safety; and
 - Ethanol Mix fuel & Flexi Fuel Vehicle.

4. Expenditure on R & D

₹ crores		
	Year ended	
	March 31, 2013	March 31, 2012
i) Capital	26.45	26.37
ii) Recurring	59.76	47.30
iii) Total R & D expenditure as a percentage of Total Revenue (as per Statement of Profit & Loss) (%)	0.36	0.31

Annexure - II to Directors' Report

B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts in brief, made in technology absorption, adaptation and innovation
 - ▶ More parts development approval in India.
2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution
 - ▶ New Model Development to increase domestic & International market share;
 - ▶ Supply capacities and quality of bought out parts (BOP);
 - ▶ Increased with Multi Source Development to support the increasing production;
 - ▶ Indigenisation - To meet Cost Challenge; and
 - ▶ Compliance to Latest Regulations.

In case of Imported Technology, imported during last 5 years reckoned from the beginning of the financial year.

In last five years the Company's ancillary has imported technologies for Migration from Hexachrome to Trichrome; Low Friction High F.E Engine Technology; Rear Cushion with Reservoir Tank; Emission Devices - Low Cost Catalytic Converter; Rear Disk Brake; Oil Cooler; Engine Balancer; Combined Braking System and 'O' Ring Chain.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

A) EXPORT ACTIVITIES / INITIATIVES TO INCREASE EXPORTS / DEVELOPMENT OF NEW EXPORT MARKETS / EXPORT PLANS

EXPORT INITIATIVES 2012-13

During the year under review, the Company:

- a) Exported 161,043 two-wheelers and Spare Parts worth ₹ 38.38 crores during the FY 2012-13
- b) Following activities helped us achieve this figure -
 - ▶ Country specific project teams were created for roll out of International Business;
 - ▶ Conducted research for the markets in Angola, DRC, Burkina Faso, Togo, Ghana, Iran, Egypt & Turkey;
 - ▶ Creation of "Hero" Flagship Showrooms and Infrastructure in Sri Lanka & Nepal including successful launch of "Hero" Brand;
 - ▶ ICC T20 World Cup activation in Sri Lanka with an extensive trophy tour;
 - ▶ Dispatch of Hero brand to 6 markets i.e. Guatemala, Honduras, El Salvador, Burkina Faso, Ivory Coast & Peru;
 - ▶ Appointment of distributor in Nigeria, Kenya, Ecuador, Angola, Mozambique & DRC;
 - ▶ Conducted extensive job on hand technical training in India for the International Training Managers; and
 - ▶ Creation of Hero Flagship Showrooms and Network.

EXPORT PLAN FOR 2013-14

Under the changed scenario, your Company will have more focus on the Exports Markets. The planned activities are:

- a) Launch "Hero" Brand in New Markets namely Africa and Central/ Latin America;
- b) Strengthen Hero Brand in Sri Lanka and Nepal, where Brand has already been launched;

- c) Appointment of Distributors in New Markets which have been targeted for entry; and
- d) Brand Migration & appointment of Distributor in Bangladesh.

B) EARNINGS & OUTGO

Foreign exchange earnings during the period under report were ₹ 624.46 crores, compared to ₹ 599.55 crores in the previous year.

On account of Royalty, Technical Guidance Fee, Model Fee, Travel and other accounts and Advertisement and Publicity, the foreign exchange outgo was ₹ 203.09 crores, compared to ₹ 231.78 crores in the previous year.

Outgo for import of components, spare parts, raw materials and capital goods was ₹ 1,153.95 crores compared to ₹ 1,022.32 crores in the previous year.

TABLE – A

TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION AS PER FORM – A FOR GURGAON, DHARUHERA AND HARIDWAR PLANT(S) OF THE COMPANY.

Particulars		Gurgaon Plant		Dharuhera Plant		Haridwar Plant	
A	Power and Fuel consumption per unit of Production	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
	Product Unit (Two Wheeler in nos.)	1,820,360	1,955,856	1,969,617	2,056,691	2,271,636	2,253,200
	1. Electricity						
(A)	Purchased Units (KWH)	Nil	Nil	7,272,760	10,079,789	29,614,905	31,674,724
	Total Amount (₹)	Nil	Nil	48,393,576	53,119,013	135,626,599	136,254,702
	Rate/unit (₹)	Nil	Nil	6.65	5.27	4.58	4.30
(B)	Own generation						
(i)	Through Diesel Generator-High Speed Diesel Oil						
	Units	25,223,261	10,941,322	19,672,479	8,113,086	6,079,806	3,575,621
	Units per ltr. of diesel oil	3.69	3.77	3.64	4.05	3.63	3.60
	Cost / Unit	10.99	9.66	11.18	8.98	10.52	9.72
(ii)	Through Steam Turbine / Generator						
	Units	Nil	Nil	Nil	Nil	Nil	Nil
	Units per ltr. Of Fuel oil / Gas	Nil	Nil	Nil	Nil	Nil	Nil
	Cost / Unit	Nil	Nil	Nil	Nil	Nil	Nil
(iii)	Through Furnace Oil Generator						
	Units	Nil	251,584,82	Nil	176,423,11	Nil	Nil
	Units per kg. of furnace Oil	Nil	4.06	Nil	3.93	Nil	Nil
	Cost / Unit	Nil	8.68	Nil	8.98	Nil	Nil
(iv)	Through Natural Gas Generator						

Annexure - II to Directors' Report

TABLE - A (CONTD.)

Particulars		Gurgaon Plant		Dharuhera Plant		Haridwar Plant	
A	Power and Fuel consumption per unit of Production	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
	Units	32,850,319	26,144,388	28,126,125	22,135,991	Nil	Nil
	Units per SCM of natural Gas	3.86	3.93	3.87	4.02	Nil	Nil
	Cost / Unit	7.02	4.94	7.10	4.99	Nil	Nil
	Total Own Generation						
	Units	58,073,580	62,244,192	47,798,604	47,891,388	6,079,806	3,575,621
	Units per Fuel Unit	3.78	3.95	3.77	3.99	3.63	3.60
	Cost / Unit	8.74	7.28	8.78	7.14	10.52	9.72
2	Coal (specify quality and where used)						
	Quantity (tonnes)	Nil	Nil	Nil	Nil	Nil	Nil
	Total Cost	Nil	Nil	Nil	Nil	Nil	Nil
	Average Rate	Nil	Nil	Nil	Nil	Nil	Nil
3	LVFO						
	Quantity (K. ltrs.)	Nil	Nil	Nil	Nil	Nil	Nil
	Total Amount	Nil	Nil	Nil	Nil	Nil	Nil
	Average Rate	Nil	Nil	Nil	Nil	Nil	Nil
4	Diesel for steam generation and others						
	Quantity - ltrs.	109,783	104,962	431,179	1,189,142	1,109,937	1,074,441
	Total Cost	4,482,790	3,821,024	175,489,85	42,982,195	43,509,530	37,902,442
	Rate / Unit	40.83	36.40	40.70	36.15	39.20	35.28
5	Natural Gas for steam generation + heating						
	Quantity - SCM	147,790	463,926	1,575,249	1,017,839	Nil	Nil
	Total cost	4,025,884	8,992,429	43,319,348	20,403,243	Nil	Nil
	Rate / unit	27.24	19.38	27.50	20.05	Nil	Nil
B.	Consumption per unit of Production						
	Products (with details) unit-Production Qty	1,820,360	1,955,856	1,969,617	2,056,691	2,271,636	2,253,200
	Electricity (Kwh. / Veh.)	31.90	31.82	27.96	28.19	15.71	15.64
	LVFO (Ltrs. / Veh.)	Nil	Nil	Nil	Nil	Nil	Nil
	Diesel (Ltrs. / Veh.)*	3.76	4.71	2.75	3.20	0.74	0.44
	Natural Gas (SCM / Veh.)*	4.68	3.40	3.69	2.68	Nil	Nil

* Diesel (ltrs/Veh) and Natural Gas (SCM/Veh) are shown only w.r.t.Items No.A-1 B (i to iv).

Business Responsibility Report

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company

L35911DL1984PLC017354

2. Name of the Company

Hero MotoCorp Ltd.

3. Registered address

34, Community Centre, Basant Lok, Vasant Vihar,
New Delhi - 110 057, India

4. Website

www.heromotocorp.com

5. E-mail id

hmclbr@heromotocorp.com

6. Financial Year reported

2012-13

7. Sector(s) that the Company is engaged in (industrial activity code-wise)

*Group	Class	Sub-Class	Description
309	3091	30911	Manufacture of motorcycle, scooters, and their engine#.

*As per classification under National Industrial Classification, Central Statistical Organisation, Ministry of Statistics and Programme Implementation, Government of India, New Delhi

#It may be noted that Company manufactures the parts of motorcycles and scooters also.

8. List three key products/services that the Company manufactures/ provides (as in balance sheet).

Motorcycles, Scooters and parts thereof.

9. Total number of locations where business activity is undertaken by the Company

9.1. Number of International Locations (Provide details of major 5)

Nil.

9.2. Number of National Location

We have manufacturing plants in 3 locations across the country.

State/Union Territory	Location
Haryana	Dharuhera
Haryana	Gurgaon
Uttarakhand	Haridwar

10. Markets served by the Company – Local/State/National/International

We have a global footprint that serves both – National and International markets. International markets are served through exports.

Business Responsibility Report

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. **Paid up Capital (₹)**
₹ 39.94 crores
2. **Total Turnover (₹)**
₹ 24,166.49 crores
3. **Total Profit after Taxes (₹)**
₹ 2,118.16 crores
4. **Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit after Tax (PAT)(%)**
Our total spending on CSR is ₹ 13,960,887 which is 0.06% of our PAT.
5. **List of activities in which expenditure in 4 above has been incurred.**
 - i. Education & Vocational Training
 - ii. Social & Physical Infrastructure Development
 - iii. Healthcare

SECTION C: OTHER DETAILS

1. **Does the Company have any Subsidiary Company/ Companies?**
No.
2. **Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company?**
Not applicable.
3. **Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**
Hero actively engages with its suppliers through its BR initiatives. Currently, percentage of suppliers under the Green Vendor Development Program (GVDP) is 30-60% of total supplier universe.

SECTION D: BR INFORMATION

1. **Detail of Director responsible for BR**
 - 1.1. Detail of the Director responsible for implementation of the BR policy
 - ▶ DIN Number : 00004223
 - ▶ Name : Mr. Pawan Munjal
 - ▶ Designation : Managing Director & CEO
 - 1.2. Details of the BR head : Mr. Pawan Munjal
2. **Principle-wise (as per National Voluntary Guidelines (“NVG”)) BR Policy/policies:-**
 - 2.1. **Do you have policy/policies for:**
 - Principle 1: Ethics, transparency & accountability**
Yes. Our policies under this principle include (a) Code of Conduct (b) Insider Trading Code and (c) Policy on Sexual Harassment.

Principle 2: Sustainability in life-cycle of product

Currently we don't have any laid down policy on Product Life Cycle Sustainability. In this aspect, we are guided by our policies concerning Quality, Environment and Service. In addition, we have specific certifications that govern our management systems such as ISO 9001, ISO 14001 and OHSAS 18001.

Principle 3: Employee well-being

Yes. Our policies under this principle include several policies such as (a) Superannuation / National Pension Scheme (b) Employee Mutual Medical Benefit Scheme (c) Policy on Sexual Harassment (d) Post Retirement Medical Insurance Fund Scheme and (e) Our overarching Code of Conduct.

Principle 4: Stakeholder engagement

Yes. Our policy under this principle includes our Code of Conduct which guides the manner in which we deal with our stakeholders.

Principle 5: Promotion of human rights

Yes. Our policies under this principle include our Code of Conduct which details relevant principles concerning human rights.

Principle 6: Environmental protection

Yes. We are guided by our policies concerning Green IT and Environment. In addition, we have specific certifications that govern our management systems such as ISO 9001, ISO 14001 and OHSAS 18001.

Principle 7: Responsible public policy advocacy

No.

Principle 8: Inclusive growth

No. We are currently in the process of setting up a formal CSR Policy.

Principle 9: Customer value

Yes. We have specific policies concerning Service, Warranty and Quality that govern respective aspects in customer value management.

2.2. Has the policy been developed in consultation with relevant stakeholders?**Principle 1: Ethics, transparency & accountability**

No formal consultation was undertaken in development of relevant policies. Our policies have been designed keeping in consideration our organisation requirements, current trends and best practices in the two-wheeler industry.

Principle 2: Sustainability in life-cycle of product

Quality & Environment Policy was developed in consultation with relevant key employees and top management. Service Policy is informed by needs and expectations of customers as communicated by our field staff.

Principle 3: Employee well-being

No formal consultation was undertaken in development of relevant policies. Our policies have been designed keeping in consideration our organisation requirements, current trends and best practices in the two-wheeler industry.

Principle 4: Stakeholder engagement

No formal consultation was undertaken in development of relevant policies. Our policies have been designed keeping in consideration our organisation requirements, current trends and best practices in the two-wheeler industry.

Business Responsibility Report

Principle 5: Promotion of human rights

No formal consultation was undertaken in development of relevant policies. Our policies have been designed keeping in consideration our organisation requirements, current trends and best practices in the two-wheeler industry.

Principle 6: Environmental protection

Environment Policy was developed in consultation with relevant key employees and top management. Green IT Policy has also been developed in consultation with relevant key employees and top management.

Principle 7: Responsible public policy advocacy

Not applicable

Principle 8: Inclusive growth

Not applicable

Principle 9: Customer value

Service Policy is informed by needs and expectations of customers as communicated by our field staff. The warranty policy has been developed post taking inputs from the field and the plant. Quality Policy was developed in consultation with relevant key employees and top management.

2.3. Does the policy conform to any national /international standards?

Principle 1: Ethics, transparency & accountability

The Code of Conduct is premised upon eight key principles and is unique. As such, our Code is emblematic of comprehensive and global best practices in letter and spirit, though it does not conform to any national or international standards per se. The Code of Conduct conforms to the CODEX as researched and published by Harvard Business School Publishing (HBSP). The Policy on Sexual Harassment and Insider Trading Code has not been made based on any national / international standards. The Policy on Insider Trading Code has been made based on SEBI Regulation.

Principle 2: Sustainability in life-cycle of product

Our policies are informed by our management systems such as ISO 9001, ISO 14001 and OHSAS 18001, which are governed by global best practices and are also externally audited.

Principle 3: Employee well-being

The Code of Conduct is premised upon eight key principles and is unique. As such, our Code is emblematic of comprehensive and global best practices in letter and spirit, though it does not conform to any national or international standards per se. The Code of Conduct conforms to the CODEX as researched and published by Harvard Business School Publishing (HBSP). The National Pension Scheme is run by Government of India and is being used on an as-is basis. The Policy on Sexual Harassment, Post Retirement Medical Insurance Fund Scheme and Employee Mutual Medical Benefit Scheme has not been made based on any national / international standards.

Principle 4: Stakeholder engagement

The Code of Conduct is premised upon eight key principles and is unique. As such, our Code is emblematic of comprehensive and global best practices in letter and spirit, though it does not conform to any national or international standards per se. The Code of Conduct conforms to the CODEX as researched and published by Harvard Business School Publishing (HBSP).

Principle 5: Promotion of human rights

The Code of Conduct is premised upon eight key principles and is unique. As such, our Code is emblematic of comprehensive and global best practices in letter and spirit, though it does not conform to any national or international standards per se. The Code of Conduct conforms to the CODEX as researched and published by Harvard Business School Publishing (HBSP).

Principle 6: Environmental protection

Our Environment policy is informed by our management systems such as ISO 9001, ISO 14001 and OHSAS 18001, which are governed by global best practices and are also externally audited. Our Green IT policy does not conform to any national/ international standards.

Principle 7: Responsible public policy advocacy

Not applicable.

Principle 8: Inclusive growth

Not applicable.

Principle 9: Customer value

The Service policy is driven by our internal service standards for ensuring customer satisfaction. It has not been prepared to conform to any national or international standards. Our quality policy is informed by ISO 9001 systems on Quality Management, which are governed by global best practices and are also externally audited.

2.4. Has the policy being approved by the Board? If yes, has it been signed by MD/ Owner/CEO/appropriate Board Director?

Principle 1: Ethics, transparency & accountability

The Code of Conduct is approved by the Chairman and MD & CEO of the Company. The Insider Trading Code has been approved by the Board. The Policy on Sexual Harassment is a HR Policy.

Principle 2: Sustainability in life-cycle of product

The policies are signed off by the MD & CEO of the Company.

Principle 3: Employee well-being

The Code of Conduct is approved by the Chairman and MD & CEO of the Company.

Principle 4: Stakeholder engagement

The Code of Conduct is approved by the Chairman and MD & CEO of the Company.

Principle 5: Promotion of human rights

The Code of Conduct is approved by the Chairman and MD & CEO of the Company.

Principle 6: Environmental protection

The policy on Environment is signed off by the Chairman and MD & CEO of the Company.

Principle 7: Responsible public policy advocacy

Not applicable.

Principle 8: Inclusive growth

Not applicable.

Principle 9: Customer value

The policy on Quality has been signed off by the MD & CEO of the Company.

Business Responsibility Report

2.5. Does the Company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?

Principle 1: Ethics, transparency & accountability

There is a committee for Code of Conduct and Policy on Sexual Harassment. The Insider Trading Code is supervised and monitored by the Board of Directors.

Principle 2: Sustainability in life-cycle of product

There is a Management Review Committee that leads the implementation and review of Quality and Environment. Internal teams are responsible for Service Policy.

Principle 3: Employee well-being

Yes. Our policies under this principle include several policies such as (a) Superannuation / National Pension Scheme (b) Employee Mutual Medical Benefit Scheme (c) Policy on Sexual Harassment (d) Post Retirement Medical Insurance Fund Scheme and (e) Our overarching Code of Conduct.

Principle 4: Stakeholder engagement

There is a committee for Code of Conduct.

Principle 5: Promotion of human rights

There is a committee for Code of Conduct.

Principle 6: Environmental protection

There is a Management Review Committee that leads the implementation and review of Environment policy. The oversight of Green IT policy rests with the CIO of the Company.

Principle 7: Responsible public policy advocacy

Not applicable.

Principle 8: Inclusive growth

Not applicable.

Principle 9: Customer value

An internal team of Sales, Marketing and Customer Care is responsible for Service Policy. There is a dedicated Warranty Management Team to oversee the implementation of Warranty Policy guidelines. There is a Management Review Committee that leads the implementation and review of Quality policy.

2.6. Web-link for the policy:

Principle 1: Ethics, transparency & accountability

(a) The Code of Conduct can be viewed over the internet at <http://www.heromotocorp.com/en-in/aboutus/keypolicies> and also be viewed over the intranet. (b) The Code on Insider Trading is available over the internet at http://www.heromotocorp.com/en-in/investors_pdf/Insider_Trading_Code.pdf as well as intranet (c) The Policy on Sexual Harassment has been circulated through email communication to all employees.

Principle 2: Sustainability in life-cycle of product

The Quality and Environment policies (in brief) can be viewed over the internet at <http://www.heromotocorp.com/en-in/aboutus/keypolicies>.

Principle 3: Employee well-being

(a) The Code of Conduct can be viewed over the internet at <http://www.heromotocorp.com/en-in/aboutus/keypolicies> and also be viewed over the intranet. (b) The Employee Mutual Medical Benefit Scheme can be viewed over the Company

intranet. (c) The Policy on Sexual Harassment has been circulated through email communication to all employees.

Principle 4: Stakeholder engagement

The Code of Conduct can be viewed over the internet at <http://www.heromotocorp.com/en-in/aboutus/keypolicies> and also be viewed over the intranet.

Principle 5: Promotion of human rights

The Code of Conduct can be viewed over the internet at <http://www.heromotocorp.com/en-in/aboutus/keypolicies> and also be viewed over the intranet.

Principle 6: Environmental protection

The Environment policy (in brief) can be viewed over the internet at <http://www.heromotocorp.com/en-in/aboutus/keypolicies>. The Green IT Policy is available on the intranet.

Principle 7: Responsible public policy advocacy

Not applicable.

Principle 8: Inclusive growth

Not applicable.

Principle 9: Customer value

The Warranty Policy and Service Maintenance schedule can be viewed over the internet at <http://www.heromotocorp.com/en-in/herocares/warrantydetailspolicy>. The warranty policy is also available on heromotocorp.biz and can be accessed by our field teams and channel partners. The Quality policy (in brief) can be viewed over the internet at <http://www.heromotocorp.com/en-in/aboutus/keypolicies>.

2.7. Has the policy been communicated to the relevant internal and external stakeholders?

Principle 1: Ethics, transparency & accountability

With regard to Code of Conduct, all our executive employees have been imparted mandatory training and acceptance to adherence have been obtained. Regular training programs are conducted across locations to explain and reiterate the importance of adherence to the Code. The Code of Conduct is informed to all stakeholders via our website and annual reports. The Code on Insider Trading has been communicated to all employees by means of the intranet and relevant posters at major notice boards. The Policy on Sexual Harassment has been communicated to all employees via email.

Principle 2: Sustainability in life-cycle of product

The Quality and Environment Policy is informed to all stakeholders via our website and intranet. HMCL Quality and Environment Policy has been communicated to all relevant internal stakeholders & communicated to all suppliers through supplier quality manual available on supplier portal. Yes, the Service Policy is communicated to all dealers through CDs and literature.

Principle 3: Employee well-being

With regard to Code of Conduct, all our executive employees have been imparted mandatory training and acceptance to adherence have been obtained. Regular training programs are conducted across locations to explain and reiterate the importance of adherence to the Code. The Code of Conduct is informed to all stakeholders via our website and annual reports. The policies on Employee Mutual Medical Benefit Scheme have been communicated to all employees by means of the intranet. The Policy on Sexual Harassment has been communicated to all employees via email.

Business Responsibility Report

The (a) Superannuation / National Pension Scheme and (b) Post Retirement Medical Insurance Fund Scheme are communicated to all employees via email.

Principle 4: Stakeholder engagement

With regard to Code of Conduct, all our executive employees have been imparted mandatory training and acceptance to adherence have been obtained. Regular training programs are conducted across locations to explain and reiterate the importance of adherence to the Code. The Code of Conduct is informed to all stakeholders via our website and annual reports. In addition, we train stakeholders such as suppliers on quality and environmental aspects.

Principle 5: Promotion of human rights

With regard to Code of Conduct, all our executive employees have been imparted mandatory training and acceptance to adherence have been obtained. Regular training programs are conducted across locations to explain and reiterate the importance of adherence to the Code. The Code of Conduct is informed to all stakeholders via our website and annual reports.

Principle 6: Environmental protection

The Environment Policy is informed to all stakeholders via our website and intranet. HMCL Environment Policy has been communicated to all relevant internal stakeholders & communicated to all suppliers through supplier quality manual available on supplier portal. The Green IT policy is informed to all stakeholders via intranet.

Principle 7: Responsible public policy advocacy

Not applicable.

Principle 8: Inclusive growth

Not applicable.

Principle 9: Customer value

Yes, the Service Policy is communicated to all dealers through CDs and literature. The Quality Policy is informed to all stakeholders via our website and intranet. HMCL Quality Policy has been communicated to all relevant internal stakeholders & communicated to all suppliers through supplier quality manual available on supplier portal.

2.8. Does the Company have an in-house structure to implement the policy?

Principle 1: Ethics, transparency & accountability

Yes. The Committees ensure smooth implementation of Code of Conduct, Policy on Sexual Harassment. The Compliance Officer ensures implementation on Insider Trading Code.

Principle 2: Sustainability in life-cycle of product

The centralised IMS Cell takes care of implementation of Quality and Environment Policy. The Service team on the field ensures the implementation of service guidelines.

Principle 3: Employee well-being

Yes. The Committees ensure smooth implementation of Employee Mutual Medical Benefit Scheme, Policy on Sexual Harassment, Post Retirement Medical Insurance Fund Scheme and Code of Conduct.

Principle 4: Stakeholder engagement

Yes. A Committee ensures smooth implementation of Code of Conduct.

Principle 5: Promotion of human rights

Yes. A Committee ensures smooth implementation of Code of Conduct.

Principle 6: Environmental protection

The centralised IMS Cell takes care of implementation of Environment Policy. The implementation of Green IT policy is overseen by the IT Department.

Principle 7: Responsible public policy advocacy

Not applicable.

Principle 8: Inclusive growth

Not applicable.

Principle 9: Customer value

The Service team on the field ensures the implementation of service guidelines. The Service team in field and members in warranty section ensure proper implementation of the warranty policy. The centralised IMS Cell takes care of implementation of Quality Policy.

2.9. Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?**Principle 1: Ethics, transparency & accountability**

We have a grievance redressal process in place. We strongly encourage employees to raise concerns regarding any violation of the Code and to report these immediately. Further, if our employees are uncomfortable about raising concerns in-person, they can drop a complaint at any of the drop-boxes or the e-mail id designated (ethics@heromotocorp.com) for the same purpose.

Principle 2: Sustainability in life-cycle of product

The Company allows for any Quality and Environment related grievances to be resolved through IMS Cell. The Management Review Committee oversees the same. We have a grievance redressal process in place. Customers can raise complaints in case any party violates any conditions on service, sales and other issues.

Principle 3: Employee well-being

We have an organisation wide grievance redressal process in place. We strongly encourage employees to raise concerns regarding any violation of the Code and to report these immediately. Our employees are free to approach our management and leadership teams if any of the entitlements are not being provided as per processes. Further, if our employees are uncomfortable about raising concerns in-person, they can drop a complaint at any of the drop-boxes or the e-mail id designated (ethics@heromotocorp.com) for the same purpose.

Principle 4: Stakeholder engagement

We have a grievance redressal process in place. We strongly encourage employees to raise concerns regarding any violation of the Code and to report these immediately. Further, if our employees are uncomfortable about raising concerns in-person, they can drop a complaint at any of the drop-boxes or the e-mail id designated (ethics@heromotocorp.com) for the same purpose.

Principle 5: Promotion of human rights

We have a grievance redressal process in place. We strongly encourage employees to raise concerns regarding any violation of the Code and to report these immediately. Further, if our employees are uncomfortable about raising concerns in-person, they can drop a complaint at any of the drop-boxes or the e-mail id designated (ethics@heromotocorp.com) for the same purpose.

Business Responsibility Report

Principle 6: Environmental protection

The Company allows for any Quality and Environment related grievances to be resolved through IMS Cell. The Management Review Committee oversees the same. The grievances regarding Green IT Policy are addressed by Enterprise Employee Service Desk (IT).

Principle 7: Responsible public policy advocacy

Not applicable.

Principle 8: Inclusive growth

Not applicable.

Principle 9: Customer value

We have a grievance redressal process in place. Customers can raise complaints in case any party violates any conditions on service, sales and other issues. The relevant stakeholder can approach our Zonal / Regional / Area office or our Warranty Sections at Gurgaon plant for redressal of any warranty related issues. The Company allows for any Quality related grievances to be resolved through IMS Cell. The Management Review Committee oversees the same.

2.10. Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?

Principle 1: Ethics, transparency & accountability

No.

Principle 2: Sustainability in life-cycle of product

Our management certifications are independently verified by external audit agency as per due protocol. This is Mandatory for us to retain the certification on qualification of these international standards. Internal and External audits are done periodically to monitor processes meant to deliver on the Service Policy.

Principle 3: Employee well-being

No.

Principle 4: Stakeholder engagement

No.

Principle 5: Promotion of human rights

No.

Principle 6: Environmental protection

Our management certifications (such as ISO 9001, ISO 14001 and OHSAS 18001) are independently verified by external agencies as per due protocol.

Principle 7: Responsible public policy advocacy

Not applicable.

Principle 8: Inclusive growth

Not applicable.

Principle 9: Customer value

Internal and External audits are done periodically to monitor processes meant to deliver on the Service Policy. Operations meant to deliver Warranty Policy are subject to audit from our finance department. Our management certifications are independently verified by external audit agency as per due protocol. This is Mandatory for us to retain the certification on qualification of these international standards.

2A. If answer to S. No. 1 against any principle, is 'No', please explain why:

Principle 1: Ethics, transparency & accountability

Not applicable.

Principle 2: Sustainability in life-cycle of product

Not applicable.

Principle 3: Employee well-being

Not applicable.

Principle 4: Stakeholder engagement

Not applicable.

Principle 5: Promotion of human rights

Not applicable.

Principle 6: Environmental protection

Not applicable.

Principle 7: Responsible public policy advocacy

We have a leadership position in initiating dialogue with policy-makers as members in various industry associations. However, no need for a formal company policy has been felt for undertaking policy advocacy activities.

Principle 8: Inclusive growth

The CSR activities have been undertaken by the organisation on an informal basis. The need to set up a formal CSR policy was not felt earlier. However, we are currently in the process of setting up a formal CSR Policy.

Principle 9: Customer value

Not applicable.

3. Governance related to BR

► **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company.**

The BR performance of the Company will be assessed annually at the end of financial year.

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

This is the first Business Responsibility Report. Henceforth, this would be published annually. This report can be accessed at <http://www.heromotocorp.com/en-in/investors/financials>.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

Currently, the Code of Conduct is applicable to only our employees. The Insider Trading Code is applicable to designated employees and the Board of Directors of the Company.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

We have not received any complaints with regard to violation of the Code of Conduct, Insider Trading Code, and Policy on Sexual Harassment in 2012-13.

Business Responsibility Report

Principle 2

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

All our products that used to rely on asbestos based parts have now been replaced with non-asbestos based parts. This includes brake liners, gaskets and other assembly parts. Similarly, lead has been eliminated through replacement by lead free-material. Hazardous chemicals like hexavalent chromium have been substituted in the plating process. We have also restricted the use of mercury and cadmium in painting and rubber compounding processes. All plastic parts come with material specification “molded” which provisions for easy recyclability at the end of vehicle life.

Our Concept Hybrid Scooter – Leap was unveiled in 2012 Auto Expo in Delhi. The concept of ‘Series Hybrid’ is fuel productive and eco-friendly.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product.

Our Concept Hybrid Scooter - Leap runs primarily on battery during city riding condition and will use range extender Gasoline Engine for long run usage, hence taking care of one of the biggest weakness of the existing 2W EVs of short range. The product is in pre-launch stage hence exact performance details are not being specified. The scooter is expected to be launched in near future. We have applied for 3 international technology patents and 9 international design registrations.

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

Our Green Vendor Development Programme is a landmark programme that disseminates and embeds green practices among suppliers. We jointly embarked on this with our suppliers, in an effort to propagate greening of our supply chain. More than 130 of our suppliers are part of this programme. We require our suppliers under this program to adopt a Green Charter. 6,571 kilolitres of water and 31.8 million units of electricity have been saved through this programme since the inception of the program. However, it is difficult to ascertain the percentage of inputs sourced from these suppliers accounting towards total inputs due to many different kinds of materials being used by us. We are also in the process of incorporating human rights issues within the supply chain.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Yes. We are procuring goods and services from local & small producers. Among a total of 256 suppliers for our components, 215 suppliers are locally based, in and around our factories in Haryana and Uttarakhand.

5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%)

We have installed waste heat recovery system for utilising waste heat from the gas generator. This has enabled us to save 4000 SCM of natural gas and thereby 2600 tonnes of CO2 emissions. We have also installed vapour absorption machine that has enabled us to reduce 400 TR (340 KW) of electrical energy thereby saving 524 tonnes of CO2 emissions annually. We recycle paint sludge from our paint processes, which is 5-10% of total volumes of paint sludge.

Principle 3

1. Please indicate the Total number of employees.
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis.
3. Please indicate the Number of permanent women employees.
4. Please indicate the Number of permanent employees with disabilities.
5. Do you have an employee association that is recognised by management?
6. What percentage of your permanent employees is members of this recognised employee association?
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.
8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

1.	Total number of employees	5,842
2.	Total number of employees hired on temporary/ contractual/ casual basis	13,800
3.	Total number of permanent women employees	66
4.	Total number of permanent employees with disabilities	32
5.	Employee Associations	Yes: Hero MotoCorp Workers Union, Gurgaon Hero MotoCorp Workers Union, Dharuhera
6.	Percentage Membership of Hero MotoCorp Workers Union, Gurgaon (as a percentage of total permanent employees)	18.4%
	Percentage Membership of Hero MotoCorp Workers Union, Dharuhera (as a percentage of total permanent employees)	31.3%
7.	Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in 2012-13 and pending, as of end 2012-13.	None received in any category and none pending.
8.	Percentage of employees who underwent safety and skill up-gradation training (as a percentage of respective total of each category) (2012-13)	
	Permanent employees	69.1%
	Permanent women employees	56.0%
	Temporary/contractual/casual	65.5%
	Employees with disabilities	75.0%

Principle 4

1. Has the Company mapped its internal and external stakeholders?

Yes. We have mapped and identified external stakeholders, including disadvantaged, vulnerable and marginalised stakeholders. Our stakeholders include – employees, customers, NGOs and communities, dealers, suppliers, investors, media, government and regulators and peers and industry ecosystem.

Business Responsibility Report

2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders?

Our disadvantaged and vulnerable stakeholders include differently-abled employees, women and rural communities in and around our plants.

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

Differently-abled employees: We endeavour to make Hero a workplace which is conducive to differently abled employees and employees with special needs. We aim to make these employees self confident through an array of events, forums and trainings specifically crafted for their benefit. The number of differently-abled employees is 32, majority of them being operators at our Gurgaon plant. A bespoke training plan is being designed for the differently-abled with a special focus on personality development.

To facilitate clear communication and lend a helping hand, around 20 people from different areas have been trained at the Gurgaon plant on sign language. Differently-abled employees have a dedicated human resource coordinator, who is the single point of contact for issues and concern and development initiatives.

To showcase the unique talents of our differently-abled employees, we had organised a talent show "Power of Silence". A dedicated team is now formed for development and involvement initiatives for these employees. The activities include special in-house newsletter, classroom training, sports and cultural events at plant and at external forums. This is now embedded in the annual planning of the human resource team at Hero.

Women customers: Hero has maintained that mobility has the potential to be a major driver for emancipation of women. A mobile female driver be it on a two-wheeler or a four wheeled vehicle, has the independence and flexibility to move around at her convenience. To this end, there have been a slew of initiatives. Exclusive dealerships for women customers exist called "Just for Her". We have 36 of these in 20 cities. The marketing campaign of our "Pleasure" scooters is devoted entirely to the female driver and her independence. We ask "Why should boys have all the fun?". Similarly, Hero GoodLife Lady Rider Club was conceptualised with the prime objective of creating a unique community with strong emphasis on women empowerment. It is a one-of-its-kind relationship program with over 5 Lakh lady riders that aims at extending loyalty benefits to female customers of the Company by providing tangible and intangible benefits exclusive to ladies.

Rural Communities: These are covered under Principle 8.

Principle 5

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?

Currently, the Code of Conduct is applicable to only our employees, though we expect our stakeholders to adhere and uphold the standards contained therein.

2. How many stakeholder complaints have been received in the past financial year and what % was satisfactorily resolved by the management?

We have not received any complaints with regard to violation of the Code of Conduct in 2012-13.

Principle 6

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ others?

Our policy on environment extends to our suppliers through our Green Vendor Development Programme and Green Charter.

2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc?

Yes. We do have strategies in place to address these issues including energy conservation, energy efficiency, water management, waste management. They are available at <http://www.heromotocorp.com/en-in/wecare/greenmanufacturing>.

We have switched from diesel to natural gas as cleaner fuel option for our power generation processes at the Gurgaon plant in 2012. Estimated carbon emissions avoided as a result of this are to the tune of nearly 8,100 tonnes of CO₂ during 2012-13.

Further, the heat exhaust from the gas engines is used to produce chilled water for air conditioning through vapour absorption machines. This has fructified into savings of 340 KW of electrical energy translating to avoided emissions of 524 tonnes of CO₂ during 2012-13. Waste heat from gas engine exhaust gases is also utilised to generate hot water which is further utilised in processes. This has enabled savings of 4000 cubic metres per day of natural gas thereby saving 2,600 tonnes of CO₂ emissions. There are knock-on effects on the amount of fuel consumed. We are able to run the gas engines at approximately 85% efficiency as compared to 40% efficiency of diesel engines.

Over the years, we have been engaged in a number of rain water harvesting projects, and now we are implementing advanced rain water harvesting systems. Across two plants, 16 rainwater harvesting catchments were set up in 2008 covering a total area of more than 31,540 square meters. In a single year, we managed to save 18 million litres of water. The Centre for Science and Environment (CSE) has adapted Hero MotoCorp's rainwater harvesting project as a model project for enhancing public awareness.

3. Does the Company identify and assess potential environmental risks?

Yes. As part of our management certifications of ISO 14001, ISO 9001 and OHSAS 18001, we undertake continuous assessment.

4. Does the Company have any project related to Clean Development Mechanism? If Yes, whether any environmental compliance report is filed?

As of now we do not have any CDM project.

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.?

Yes, we have several environment protection related initiatives, broadly classified as:

- i. Green initiatives (e.g. installation of vapour absorption machines on gas engines, installation of photovoltaic solar power plant);
- ii. Resource conservation (e.g. conversion of MAN diesel generator set to dual fuel in HSD & LNG.);
- iii. Energy efficiency measures (e.g. installation of separate low capacity compressor for heat treatment plant).

A more detailed list of such initiatives is available at <http://www.heromotocorp.com/en-in/wecare/greenmanufacturing>.

6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

No such notices were received in the FY 2012-13.

Business Responsibility Report

Principle 7

1. Is your Company a member of any trade and chamber or association? If yes, name only those major ones that your business deals with.

Major associations we deal with are as follows:

- ▶ Confederation of Indian Industry
- ▶ Gurgaon Chamber of Commerce & Industries
- ▶ PHD Chamber of Commerce
- ▶ Society of Indian Automobile Manufacturers

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? If yes, specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).

We strongly champion the cause of road safety through several initiatives. Our safety initiatives were launched more than a decade back in 1999. Since then, we have been steadily working with a cross-section of stakeholders that include enforcement agencies, commuters, corporate and special groups such as school children and women on aspects germane to safety. Our safety initiatives are underpinned by our firm belief that a culture of safety requires three fundamental things:

- ▶ Knowledge of road rules and regulations
- ▶ Skill of driving
- ▶ Right behaviour and attitude

We are knowledge partners to programs run by traffic and general police in several cities in India. We routinely collaborate and partner with traffic police and enforcement agencies on special initiatives. Our dealerships inform customers right at the point of sale about safety aspects, and it is ingrained into the motorcycle delivery process. In fact, we pride ourselves on the “4S Concept” (Sales, Service, Spares, Safety) at our dealerships which among firsts for the automobile industry in India. There is a safety corner at our showrooms. All our vehicles are sold with “Good Rider” booklets, and we have created bespoke safety education videos for our customers.

Our traffic park in Gurgaon testifies to our efforts to disseminate safety and good-ridership practices. The park routinely trains members of the general public, senior secondary school students and women riders. We have initiated training programs for corporates. The training module is structure to impart training on riding posture, braking, slalom riding, balancing and bumpy roads. We can say with pride that there are over 700 trained instructors at Hero who impart these training modules, among which 76 are advanced trainers who are eligible to “train the trainers”.

Principle 8

1. Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8?

Yes. True wealth of our communities is built by progressive endogenous development of assets such as cultural heritage, human resources and long lasting physical infrastructure. We help communities create such assets. We undertake purposeful activities with the goal to maintain and improve the state of environmental resources affected by human activities. Our environment management aims toward ensuring that the ecosystem services in areas where we operate are protected and maintained for equitable use by future generations.

We organise a number of projects on literacy and health education in collaboration with government and local agencies. We work with the objective of providing village children with additional support to improve their educational standard and to achieve their overall development. Healthcare outreach is an important cog in our social matrix and we organise several community health camps across the year. With a view to increasing income generation opportunities leading to social and economic development, especially those of women members of the community, we set up a vocational training schedule. We also facilitate dissemination of training programmes leading to enhancement of the value of rural youth in the job market.

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

The programmes are undertaken through our Foundation - Raman Kant Munjal Foundation.

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

As of now no impact assessment of our initiatives has been undertaken.

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

Project	Amount (₹) for 2012-13
Education & Vocational Training	8,901,142
Social & Physical Infrastructure development	4,879,637
Healthcare	180,108
Total expenditure	13,960,887

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

We make attempts to ensure that projects continue and sustain within communities beyond our interactions. For example, with a view to increasing income generation opportunities leading to social and economic development, we set up a vocational training schedule. We also facilitate dissemination of training programmes leading to enhancement of the value of rural youth in the job market.

Principle 9

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

At the end of financial year ("FY") 2011-12, 993 consumer complaints were pending on our customer loyalty program Goodlife. The Company received 1,777 more customer complaints during FY 2012-13. Out of these cases, the Company successfully resolved 1,014 (36.57%) complaints. Balance complaints are currently being followed up for resolution.

A total of 5 complaints on sales were pending at the end of FY 2011-12. The Company received 786 complaints in FY 2012-13 and resolved a total of 789 complaints. Thus, only 2 complaints (0.3%) were pending at the end of FY 2012-13.

A total of 134 complaints on service were pending at the end of FY 2011-12. The Company received 2,700 complaints in FY 2012-13 and resolved a total of 2,722 complaints. Thus, only 112 (4%) complaints were pending at the end of FY 2012-13.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws?

Yes. We provide information as required by the Standards of Weights and Measures Act, 1956. We voluntarily and actively inform all our dealers on any changes in product packaging

Business Responsibility Report

through notices. We have also been running educative campaigns informing customers to operate vehicles in a more fuel efficient manner and to read the operating manual and the Good-Rider booklet. The Good-Rider booklet enumerates good to emulate riding practices in a reader-friendly and easy to understand manner. Our spare part products come with a dedicated consumer cell phone number, address and email ID, where consumers can reach our executives with feedback, grievances and even queries regarding our products. Besides, consumers can also log in to the corporate website and send in their feedback or complaints.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year?

We had received no observations from the Advertising Standards Council of India in the last financial year.

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

In pursuit of customer delight we have undertaken mystery shopping exercise across our dealerships to gauge customer experience. We have covered 680 dealers in last financial year as part of this exercise. This exercise covered all dealers who have completed minimum one year of operations. We also undertake customised surveys on customer satisfaction once every three years through a third party agency. However in the FY 2012-13 no such consumer survey/ consumer satisfaction were undertaken as the brands were under transition (due to portfolio rebranding from “Hero Honda” to “Hero MotoCorp” set of brands).

DETAILS OF DIRECTORS OF HERO MOTOCORP LTD.

S. No.	Name of the Director DIN	Status	Type of Company	Directorship held	Committee	
					Membership	Chairmanship
1	Mr. Brijmohan Lall Munjal 00004134	EC	L	Hero MotoCorp Limited	—	—
			L	Munjal Showa Limited	—	—
			L	Shivam Autotech Limited	—	—
			UL	Easy Bill Limited	—	—
			UL	Hero FinCorp Limited	Audit	—
			UL	Hero InvestCorp Limited	—	—
			UL	Rockman Industries Limited	—	—
			UL	Survam Infrastructure Limited	—	—
			UL	Hero Future Energies Limited	—	—
			P	Bahadur Chand Investments Private Limited	—	—
			P	BCM Energies Private Limited	—	—
			P	BML Investments Private Limited	—	—
2	Mr. Pawan Munjal 00004223	MD & CEO	L	Hero MotoCorp Limited	—	—
			UL	Hero FinCorp Limited	—	—
			UL	Hero InvestCorp Limited	Audit	—
			UL	Hero Realty And Infra Limited	—	—
			UL	Rockman Industries Limited	—	—
			UL	Hero Future Energies Limited	—	—
			P	Bahadur Chand Investments Private Limited	Audit	—
			Sec 25	Indian School of Business		
			Sec 25	BML Educorp Services		
3	Mr. Sunil Kant Munjal 00003902	JMD	L	DCM Shriram Consolidated Limited	—	—
			L	Hero MotoCorp Limited	—	—
			L	Shivam Autotech Limited	—	—
			UL	Easy Bill Limited	—	—
			UL	Hero Corporate Services Limited	—	—
			UL	Hero InvestCorp Limited	—	—
			UL	Hero Life Insurance Company Limited	—	—
			UL	Hero Management Service Limited.	—	—
			UL	Hero Mindmine Institute Limited	—	—
			UL	Hero Realty And Infra Limited	—	—
			UL	Hero Realty Limited	—	—
			UL	Rockman Industries Limited	—	—
			UL	Satyam Auto Components Limited	—	—

Details of Directors of Hero MotoCorp Ltd.

S. No.	Name of the Director DIN	Status	Type of Company	Directorship held	Committee	
					Membership	Chairmanship
4	Mr. Suman Kant Munjal 00002803	NED	UL	Hero Future Energies Limited	—	—
			P	Bahadur Chand Investments Private Limited	—	—
			P	BML Investments Private Limited	—	—
			P	Thakurdevi Hydro Private Limited	—	—
			L	Hero MotoCorp Limited	—	—
			UL	Hero Corporate Services Limited	—	—
			UL	Hero InvestCorp Limited	—	—
			UL	Hero Steels Limited	—	—
			UL	Munjal Acme Packaging Systems Limited	—	—
			UL	Rockman Industries Limited	—	—
			UL	Survam Infrastructure Limited	—	—
			UL	Hero Future Energies Limited	—	—
			P	Bahadur Chand Investments Private Limited	—	—
			P	BCM Energies Private Limited	—	—
			P	Rockman Auto Private Limited	Audit	—
			P	Survam Investments Private Limited	—	—
			P	Survam Real Estate Private Limited	—	—
			P	Thakurdevi Hydro Private Limited	—	—
			P	Queen Building Solutions Private Limited	—	—
			Sec 25	BML Educorp Services	—	—
5	Mr. Paul Edgerley 02213279	NED	L	Hero MotoCorp Limited	—	—
6	Gen. (Retd.) V. P. Malik 00006628	NEID	L	Hero MotoCorp Limited	Remuneration and Compensation and Audit	—
7	Mr. Pradeep Dinodia 00027995	NEID	L	DFM Foods Limited	Remuneration	Audit
			L	DCM Shriram Consolidated Limited	Committee of Board for payment of Remuneration to Managing Director & Audit	Shareholders' and Investors Grievance

S. No.	Name of the Director DIN	Status	Type of Company	Directorship held	Committee	
					Membership	Chairmanship
			L	Hero MotoCorp Limited	Shareholders' Grievance & Remuneration and Compensation	Audit
			L	Shriram Pistons And Rings Limited	Audit Remuneration Shareholders Grievance	Nomination
			L	JK Lakshmi Cement Limited	Corporate Governance	—
			UL	Ultima Finvest Limited	—	—
			UL	Hero Corporate Services Limited	—	Audit
			UL	Micromatic Grinding Technologies Limited	—	—
			UL	SPR International Auto Exports Limited	—	—
8	Dr. Pritam Singh 00057377	NEID	L	Hero MotoCorp Limited	Audit	Shareholders' Grievance
			L	Parsvnath Developers Limited	Remuneration	—
			L	Godrej Properties Limited	Remuneration	—
9	Mr. M. Damodaran 02106990	NEID	L	Hero MotoCorp Limited	Audit & Shareholders Grievance	—
			L	Hindalco Industries Limited	—	—
			L	ING Vysya Bank Limited	Board Credit	—
			L	Larsen & Toubro Limited	Audit	—
			L	Sobha Developers Limited	Audit	—
			L	Tech Mahindra Limited	—	Audit
			L	Ultratech Cement Limited	—	—
			L	Triveni Turbine Ltd.	—	—
			UL	Bennett, Coleman & Co. Ltd.	—	—
			UL	L&T Infrastructure Finance Company Limited	—	Audit
			UL	TVS Automobile Solutions Limited	—	—
			P	Excellence Enablers Private Limited	—	—
			P	Glocal Healthcare Systems Private Limited	—	—
			P	L&T Infra Investment Partners Advisory Private Limited	—	—

Details of Directors of Hero MotoCorp Ltd.

S. No.	Name of the Director DIN	Status	Type of Company	Directorship held	Committee	
					Membership	Chairmanship
10	Mr. Ravi Nath 00062186	NEID	L	Hero MotoCorp Limited	Remuneration and Compensation	—
			L	Kanoria Chemicals & Industries Limited	Remuneration	—
			L	Somany Ceramics Limited	—	—
			L	Voith Paper Fabrics India Limited	Audit & Remuneration	Investor Grievance
			P	Agora Developers Private Limited	—	—
			P	Air Partner Jet Charter And Sales Private Limited	—	—
			P	Citron Holdings Private Limited	—	—
			P	Geeztek Solutions Private Limited	—	—
			P	Kadimi Construction Private Limited	—	—
			P	Knowcross Solutions Private Limited	—	—
			P	LEGO India Private Limited	—	—
			P	Rajinder Narain And Company Consultants Private Limited	—	—
			P	RNC IT Solutions Private Limited	—	—
11	Dr. Anand C. Burman 00056216	NEID	L	Dabur India Limited	Remuneration cum Compensation	—
			L	Hindustan Motors Limited	—	—
			L	Hero MotoCorp Limited	—	—
			L	Ester Industries Limited	—	—
			UL	Dabur Research Foundation	—	—
			UL	Dabur Pharmaceutical Limited	—	—
			UL	A.Cee Enterprises	—	—
			UL	H & B Stores Limited.	—	—
			UL	Aviva Life Insurance Company India Limited	—	—
			UL	Althea Lifesciences Limited	—	—
			UL	A. V. B. Finance Private Limited.	—	—
			UL	Young Mumbai Hockey Limited	—	—
			P	Puran Associates Private Limited	—	—
			P	Interx Laboratories Private Limited	—	—
			P	Milky Investment And Trading Company	—	—
			P	Moon Light Ranch Private Limited	—	—
			P	Excellent (India) Private Limited	—	—

S. No.	Name of the Director DIN	Status	Type of Company	Directorship held	Committee	
					Membership	Chairmanship
		P		B.A. Holdings Private Limited	—	—
		P		Windy Investments Private Limited	—	—
		P		M.B. Finmart Private Limited	—	—
		P		V I C Enterprises Private Limited	—	—
		P		I M B Infrastructures Private Limited	—	—
		P		Vansh Holdings Private Limited	—	—
		P		KBC India Private Limited	—	—
		P		Diwan Chand Medical Services Private Limited	—	—
		P		Diwan Chand Radnet Services Private Limited	—	—
		P		Diwan Chand Integral Health Services Private Limited	—	—
		P		Asia Pacific Healthcare Advisors Private Limited	—	—
		P		Windy Finvest Private Limited	—	—
		P		Dabur Securities Private Limited	—	—
		P		Health Care at Home India Pvt. Ltd.	—	—
		P		Berkeley HealthEDU Private Ltd.	—	—

Note: Details as on July 24, 2013

EC - Executive Chairman

MD & CEO- Managing Director & Chief Executive Officer

JMD - Joint Managing Director

NED - Non-Executive Director

NEID - Non-Executive & Independent Director

Independent Auditors' Report

To the Members of

Hero MotoCorp Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of HERO MOTOCORP LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements; whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
 - (e) On the basis of the written representations received from the directors as on March 31, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

Vijay Agarwal
(Partner)

New Delhi
April 26, 2013

(Membership No. 094468)

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

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

Having regard to the nature of the Company's business/ activities/result, clauses 4(x) and (xiii) of Companies (Auditor's Report) Order, 2003 (hereinafter referred to as the Order / CARO) are not applicable.

(i) In respect of its fixed assets:

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a programme of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified by the Management during the year other than for assets lying with third parties, for which confirmations have been obtained by the Company. According to the information and explanations given to us discrepancies noticed on such verification were not material and have been properly dealt in the books of account.
- (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(ii) In respect of its inventories:

- (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals other than for inventories lying with third parties at the end of the year for which confirmations have been obtained in most of the cases.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and discrepancies noticed on such verification were not material and have been properly dealt in the books of account.

(iii) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register maintained under Section

301 of the Companies Act 1956, according to the information and explanations given to us:

- (a) The Company has granted loans aggregating ₹ 385 crores to a party during the year. At the year-end, the outstanding balances of such loans granted aggregated ₹ 240 crores and the maximum amount involved during the year was ₹ 240 crores.
- (b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interest of the Company.
- (c) The receipts of principal amounts and interest have been regular.
- (d) There are no overdue amounts in respect of the loans granted as referred to in paragraph 4(iii)(a) above and interest thereon.

The Company has, during the year, not taken any loans, secured or unsecured from companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraph 4(iii) (f) and (g) of the CARO are not applicable.

- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - (b) Where each of such transaction is in excess of ₹ 5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time, other than certain purchases which are of a special nature for which comparable quotations are not available.

Independent Auditors' Report

- (vi) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year.
- (vii) In our opinion, the internal audit functions carried out during the year by firms of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, *prima facie*, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund,

Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

- (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues, in arrears as at 31st March, 2013 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us and the records of the Company examined by us, there are no disputed dues in respect of wealth tax, customs duty and cess which have not been deposited. The following are the particulars of excise duty, service tax, sales tax and income tax dues not deposited/ deposited under protest by the Company on account of disputes:

Name of the Statute	Nature of the Dues	Amount* (₹ in crores)	Amount paid under protest (₹ in crores)	Period to which the amount relates	Forum where dispute is pending
Central Excise Laws	Excise Duty	663.85	177.06	2000-01 and 2002 - 2013	CESTAT
		0.19	0.04	2006-2013	Commissioner (Appeals)
	Service Tax	23.22	0.45**	2004-05 to 2005-06, 2008-09 to 2010-11	CESTAT
Sales Tax	Sales Tax	1.90	1.90	1998-99 to 2000-2001	Haryana Tax Tribunal
Income tax Act, 1961	Income tax	1,823.84	120**	2006-07	Income Tax Appellate Tribunal
		1.11	-	2005-06	
		81.60	29.90**	2004-05	Commissioner (Appeals)

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

** Balance of unpaid amount has been stayed as the said cases have been decided in favour of the Company in previous assessment years on the similar matters.

The following matters have been decided in favour of the Company but the department has preferred appeals at higher levels:

Name of the Statute	Nature of the Dues	Amount (₹ in crores)	Period to which the amount relates	Forum where dispute is pending
Central Excise Laws	Excise duty	2.57	1986-87 to 1990-91	Supreme Court
		16.03	2006-07 to 2009-10	CESTAT
	Service Tax	0.17	2005	High Court
Income-tax Act, 1961	Income-Tax	16.31	1987-88, 1989-90, 1992-94, 1995-96 to 2002-03	High Court
		16.96	2002-03, 2003-04	Income Tax Appellate Tribunal

- (x) According to the records of the Company examined by us and on the basis of information and explanations given to us, the Company has not defaulted in repayment of dues to banks during the year. The Company has not taken any loans from financial institutions and has not issued debentures during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances during the year on the basis of security by way of pledge of shares, debentures and other securities.
- (xii) In our opinion, the Company and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xiii) According to the information and explanations given to us, the Company has not given any guarantees during the year for loans taken by others from banks or financial institutions.
- (xiv) In our opinion and according to the information and explanations given to us, the Company has not taken any term loans during the year.
- (xv) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, *prima facie*, not been used during the year for long-term investment.
- (xvi) The Company has not made any preferential allotment of shares during the year.
- (xvii) The Company has not issued any debentures during the year.
- (xviii) The Company has not raised any money by way of public issue during the year.
- (xix) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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

New Delhi
April 26, 2013

Vijay Agarwal
(Partner)
(Membership No. 094468)

Balance Sheet

as at March 31, 2013

₹ crores

Particulars	Note No.	As at March 31, 2013	As at March 31, 2012
I EQUITY AND LIABILITIES			
1 SHAREHOLDERS' FUNDS			
(a) Share capital	3	39.94	39.94
(b) Reserves and surplus	4	4,966.30	4,249.89
2 NON - CURRENT LIABILITIES			
(a) Long term liabilities	5	302.16	1,011.39
(b) Deferred tax liabilities (Net)	6	132.41	208.26
(c) Long - term provisions	7	30.16	38.00
3 CURRENT LIABILITIES			
(a) Trade payables	8	1,873.34	2,293.17
(b) Other current liabilities	9	887.64	996.20
(c) Short - term provisions	10	1,409.70	1,052.07
TOTAL		9,641.65	9,888.92
II ASSETS			
1 NON - CURRENT ASSETS			
(a) Fixed assets	11		
(i) Tangible assets		1,891.76	1,743.14
(ii) Intangible assets		1,179.22	2,042.37
(iii) Capital work-in-progress		62.09	38.84
(b) Long term investments, non- current	12	614.47	673.96
(c) Long - term loans and advances	13	780.06	533.64
(d) Other non- current assets	14	36.44	26.01
2 CURRENT ASSETS			
(a) Current investments	12	3,009.36	3,290.30
(b) Inventories	15	636.76	675.57
(c) Trade receivables	16	665.00	272.31
(d) Cash and cash equivalents	17	181.04	76.82
(e) Short - term loans and advances	18	553.55	475.60
(f) Other current assets	19	31.90	40.36
TOTAL		9,641.65	9,888.92

Accompanying notes forming part of the financial statements

1 & 2

In terms of our report attached

For and on behalf of the Board of Directors

For **DELOITTE HASKINS & SELLS**

Chartered Accountants

Brijmohan Lall Munjal
Chairman

Vijay Agarwal
Partner

Pawan Munjal
Managing Director & CEO

Pradeep Dinodia
Chairman-Audit Committee

New Delhi
April 26, 2013

Ravi Sud
Sr. Vice President & CFO

Ilam C. Kamboj
A.V.P. Legal & Company Secretary

Statement of Profit and Loss

for the year ended March 31, 2013

₹ crores

Particulars	Note No.	For the year ended March 31, 2013	For the year ended March 31, 2012
I REVENUE FROM OPERATIONS	20		
(a) Gross sales of products		25,474.54	25,024.04
Less: Excise duty		1,891.80	1,655.99
		23,582.74	23,368.05
(b) Other operating revenue		185.37	210.98
Net revenue from operations		23,768.11	23,579.03
II OTHER INCOME	21	398.38	364.57
III TOTAL REVENUE (I + II)		24,166.49	23,943.60
IV EXPENSES:			
(a) Cost of materials consumed	22	17,364.86	17,365.41
(b) Changes in inventories of finished goods and work-in-progress	23	32.80	(83.84)
(c) Employee benefits expenses	24	820.92	735.52
(d) Finance costs	25	11.91	21.30
(e) Depreciation and amortisation expenses	11	1,141.75	1,097.34
(f) Other expenses	26	2,265.05	1,943.16
Total Expenses		21,637.29	21,078.89
V PROFIT BEFORE TAX (III - IV)		2,529.20	2,864.71
VI TAX EXPENSES:			
(a) Current tax		502.61	569.76
(b) Minimum alternate tax		(15.72)	(44.67)
(c) Net current tax		486.89	525.09
(d) Deferred tax		(75.85)	(38.51)
		411.04	486.58
VII PROFIT FOR THE YEAR (V-VI)		2,118.16	2,378.13
VIII BASIC AND DILUTED EARNINGS PER EQUITY SHARE:	27	106.07	119.09

Accompanying notes forming part of the financial statements

1 & 2

In terms of our report attached

For and on behalf of the Board of Directors

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Brijmohan Lall Munjal
Chairman

Vijay Agarwal
Partner

Pawan Munjal
Managing Director & CEO

Pradeep Dinodia
Chairman-Audit Committee

New Delhi
April 26, 2013

Ravi Sud
Sr. Vice President & CFO

Ilam C. Kamboj
A.V.P. Legal & Company Secretary

Cash Flow Statement

for the year ended March 31, 2013

₹ crores

	Year ended March 31, 2013	Year ended March 31, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX	2,529.20	2,864.71
Adjustments for:		
Add: Depreciation and amortisation	1,141.75	1,097.34
Loss on fixed assets sold/discarded	7.07	13.57
Loss on sale of non-trade current investments	0.35	2.60
Provision for diminution in value of investment:		
Long term non trade investment	0.59	0.65
Finance cost	11.91	21.30
Provision for doubtful debts trade receivables	0.28	0.29
	1,161.95	1,135.75
Less: Interest on long term and current non-trade investments	60.17	58.08
Interest on loans, deposits etc.	46.14	21.76
Profit on sale of fixed assets	1.13	2.40
Exchange differences	1.43	0.24
Dividend income:		
On current Investments - Non-Trade	0.13	0.21
On long-term investments-Trade and Non trade	2.80	2.93
Profit on sale of non-trade current investments	288.36	281.79
	400.16	367.41
Operating profit before working capital changes	3,290.99	3,633.05
Changes in working capital:		
Adjustment for (increase)/decrease in operating assets:		
Inventories	38.81	(150.64)
Trade receivables	(391.55)	(141.77)
Short-term loans and advances	42.05	(30.88)
Long-term loans and advances	(19.86)	(53.84)
	(330.55)	(377.13)
Adjustment for increase/(decrease) in operating liabilities:		
Trade payables	(419.83)	219.87
Other current liabilities	(33.70)	(540.99)
Other long-term liabilities	4.43	3.95
Short-term provisions	0.25	1.37
Long-term provisions	(7.84)	2.32
	(456.69)	(313.48)
CASH GENERATED FROM OPERATIONS	2,503.75	2,942.44
Less: Direct taxes paid	613.32	582.66
Net cash from operating activities	1,890.43	2,359.78

₹ crores

	Year ended March 31, 2013	Year ended March 31, 2012
B. CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of fixed assets	7.25	61.65
Sale / Purchase of investments (net)	627.85	1,443.02
Inter corporate deposits received back	265.00	355.00
Interest received on long term and current non-trade investments	58.20	44.93
Interest received on loans, deposits etc.	46.14	21.76
Dividend income		
On current Investments - Non-Trade	0.13	0.21
On long-term investments-Trade and Non trade	2.80	2.93
	1,007.37	1,929.50
Less: Capital expenditure on fixed assets, including capital advances	607.64	565.05
Payment of deferred credits	747.67	816.66
Inter corporate deposits paid	385.00	455.00
	1,740.31	1,836.71
Net cash (used) in investing activities	(732.94)	92.79
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	11.91	21.30
Dividends paid	898.59	2,096.72
Tax on dividend	145.77	340.14
	1,056.27	2,458.16
Net cash (used) in financing activities	(1,056.27)	(2,458.16)
D. INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	101.22	(5.59)
Cash and cash equivalents at the beginning of the year	33.73	39.32
Cash and cash equivalents at the end of the year		
Cash and bank balances	134.95	33.73
	134.95	33.73
Accompanying notes forming part of the financial statements		

In terms of our report attached
For **DELOITTE HASKINS & SELLS**
Chartered Accountants

For and on behalf of the Board of Directors

Brijmohan Lall Munjal
Chairman

Vijay Agarwal
Partner

Pawan Munjal
Managing Director & CEO

Pradeep Dinodia
Chairman-Audit Committee

New Delhi
April 26, 2013

Ravi Sud
Sr. Vice President & CFO

Ilam C. Kamboj
A.V.P. Legal & Company Secretary

Notes to the Financial Statements

for the year ended March 31, 2013

NOTE NO.1 CORPORATE INFORMATION

Hero MotoCorp Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956 on January 19, 1984. The name of the Company has been changed from Hero Honda Motors Limited to Hero MotoCorp Limited on July 29, 2011. The shares of the Company are listed on two stock exchanges in India i.e. National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The Company is engaged in the manufacturing and selling of motorised two-wheelers, spare parts and related services. The Company is a leading two wheeler manufacturer and has a dominant presence in domestic market.

NOTE NO.2 SIGNIFICANT ACCOUNTING POLICIES

i) Accounting convention

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention.

ii) Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

iii) Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

iv) Fixed / Intangible assets and depreciation / amortisation

Fixed assets are stated at cost less accumulated depreciation. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses. Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets.

Depreciation is charged on a pro-rata basis at the straight line method rates prescribed in schedule XIV to the Companies Act, 1956. Assets covered under employee benefit schemes are amortised over a period of five years. Assets costing upto ₹ 5000 each are fully depreciated in the year of purchase.

Intangible assets, comprising of expenditure on model fee etc, incurred are amortised on a straight line method over a period of five years. Licenses for Technical know-how / export licenses have been amortised on a straight line basis upto June 30, 2014 i.e. forty two months (refer note 11).

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment.

Leasehold land has been amortised over the period of lease.

v) Investments

Current investments are stated at lower of cost and fair value computed categorywise. Long term investments are stated at cost less provision for permanent diminution, if any. Premium paid on purchase of debt securities is amortised over the period of maturity.

vi) Inventories

Stores and spares and loose tools are stated at cost or under.

Raw materials and components, finished goods and work in progress are valued at cost or net realisable value, whichever is lower.

The basis of determining cost for various categories of inventories are as follows:-

Stores and spares, loose tools, raw materials and components	- Weighted average cost
Materials in transit	- Actual cost
Work in progress and finished goods	- Material cost plus appropriate share of labour, manufacturing overheads and excise duty

vii) Employee benefits

a) Defined contribution plan

Provident fund, Superannuation fund and Employee' State Insurance Corporation (ESIC) are the defined contribution schemes offered by the Company. The contributions to these schemes are charged to the profit and loss account of the year in which contribution to such schemes becomes due.

b) Defined benefit plan and Long term Employee benefits

Gratuity liability and long term employee

benefits, are provided on the basis of an actuarial valuation made at the end of each financial year as per projected unit credit method. Actuarial gains or loss arising from such valuation are charged to revenue in the year in which they arise.

viii) Foreign currency transactions

Exchange differences are dealt with as follows:-

Transactions in foreign currency are recorded at the exchange rate prevailing at the time of the transaction. All loss or gain on translation is charged to revenue in the year in which it is incurred.

Monetary assets and liabilities denominated in foreign currency are restated at the rate prevailing at the year end and resultant gain or loss is recognised.

The exchange differences arising on restatement / settlement of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets or amortised on settlement / over the maturity period of such items in line with Notification No. GSR 378(E) dated May 11, 2011 issued by The Ministry of Corporate Affairs, Government of India.

In respect of forward contracts, the forward premium or discount is recognised as income or expense over the life of contract in the profit and loss account and the exchange difference between the exchange rate prevailing at the year end and the date of the inception of the forward exchange contract is recognised as income or expense in the profit and loss account.

ix) Sales

Sale of goods is recognised at the point of dispatch of finished goods to the customers. Gross sales are inclusive of applicable excise duty and freight but are exclusive of sales tax. Services income is recognised when the services are rendered.

- Scrap is accounted for on sale basis.

x) Warranty claims

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claim will arise - being typically two to three years.

The Company accounts for the post-contract support / provision for warranty on the basis of the information available with the Management duly taking into account the current and past technical estimates.

xi) Leases

Lease arrangements where the risks and rewards

incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss.

xii) Research and development expenses

Research and development expenditure of a revenue nature is expensed out under the respective heads of account in the year in which it is incurred.

Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Tangible Fixed Assets and Intangible Assets.

xiii) Earnings per share

Earnings per share are computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year.

xiv) Taxation

The provision for taxation is ascertained on the basis of assessable profits computed in accordance with the provisions of the Income-tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

xv) Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

xvi) Derivatives

Foreign currency derivatives are used to hedge risk associated with foreign currency transactions. All open positions as at the close of the year are valued by marking them to the market and provision is made for losses, if any.

Notes to the Financial Statements

for the year ended March 31, 2013

NOTE NO. 3 SHARE CAPITAL

Particulars	As at March 31, 2013		As at March 31, 2012	
	Number	₹ crores	Number	₹ crores
AUTHORISED				
Equity shares of ₹ 2 each with voting rights	250,000,000	50.00	250,000,000	50.00
Cumulative convertible preference shares of ₹ 100 each	400,000	4.00	400,000	4.00
Cumulative redeemable preference shares of ₹ 100 each	400,000	4.00	400,000	4.00
	250,800,000	58.00	250,800,000	58.00
ISSUED, SUBSCRIBED AND FULLY PAID UP				
Equity Shares of ₹ 2 each with voting rights				
(Refer (i), (ii) and (iii) below)	199,687,500	39.94	199,687,500	39.94
Total	199,687,500	39.94	199,687,500	39.94

- (i) There is no movement in share capital during the year, previous year and immediately preceding previous year
- (ii) Shareholder holding more than 5 percent shares:

Particulars	Equity Shares As at March 31, 2013		Equity Shares As at March 31, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
M/s Hero Investments (P) Ltd	86,531,210	43.33%	86,531,210	43.33%
M/s Bahadur Chand Investments (P) Ltd	17,306,250	8.67%	17,306,250	8.67%

- (iii) Rights, preference and restriction attached to shares:

Equity shares of ₹ 2 each:

- In respect of equity shares, voting right shall be in same proportion as the capital paid upon such equity share.
- The dividend proposed by the Board of Directors which is subject to the approval of the shareholders in the Annual General Meeting shall be in the same proportion as the capital paid upon such equity share.
- In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion to capital paid upon such equity share.

NOTE NO. 4 RESERVES AND SURPLUS

₹ crores

Particulars	As at March 31, 2013	As at March 31, 2012
(A) CAPITAL RESERVES		
On shares forfeited (# ₹ 4,250)	#	#
Share premium account on forfeited shares reissued(## ₹ 25,500)	##	##
(B) GENERAL RESERVE		
Opening balance	1,711.32	1,471.32
Add: Transferred from Statement of profit and loss	215.00	240.00
Closing balance	1,926.32	1,711.32
(C) SURPLUS - IN STATEMENT OF PROFIT AND LOSS		
Opening balance	2,538.57	1,444.80
Add: Profit for the year	2,118.16	2,378.13
Less: Dividend proposed to be distributed to equity share holders (₹ 60 per share, (previous year ₹ 45 per share))	1,198.13	898.59
Tax on dividend	203.62	145.77
Transfer to General Reserve	215.00	240.00
Closing balance	3,039.98	2,538.57
Total	4,966.30	4,249.89

NOTE NO. 5 LONG TERM LIABILITIES

₹ crores

Particulars	As at March 31, 2013	As at March 31, 2012
(A) DEFERRED PAYMENT CREDITS (REFER NOTE (I) AND (II) BELOW)	281.18	994.85
(B) OTHERS	20.98	16.54
Total	302.16	1,011.39

- (i) In year 2010-11, the Company has entered into a Memorandum of Understanding (MOU) with Honda Motor Company Limited Japan (Honda) dated December 16, 2010, which was effective from January 1, 2011, and in accordance therewith has entered into New License Agreements, wherein Honda has given, to the Company, right and license to manufacture, assemble, sell and distribute certain products/parts and export license for certain products and their service parts under the intellectual property rights. Liability payable upto March 31, 2014 has been included under other current liabilities and the balance has been disclosed as Deferred payment credits above.
- (ii) For current maturities of deferred payment credits, refer item (a) in Note 9, Other current liabilities.

NOTE NO. 6 DEFERRED TAX LIABILITIES (NET)

₹ crores

Particulars	As at March 31, 2013	As at March 31, 2012
DEFERRED TAX LIABILITIES		
Accumulated depreciation	136.23	212.56
Others	3.51	2.19
	139.74	214.75
DEFERRED TAX ASSETS		
Accrued expenses deductible on payment	3.28	2.72
Others	4.05	3.77
	7.33	6.49
Deferred tax liabilities (net)	132.41	208.26

Notes to the Financial Statements

for the year ended March 31, 2013

NOTE NO. 7 LONG TERM PROVISIONS

₹ crores

Particulars	As at March 31, 2013	As at March 31, 2012
(a) Employees Benefits - Accumulated Leaves	7.36	6.38
(b) Warranties	22.80	31.62
Total	30.16	38.00

NOTE NO. 8 TRADE PAYABLES

₹ crores

Particulars	As at March 31, 2013	As at March 31, 2012
Trade payables	1,873.34	2,293.17
Total	1,873.34	2,293.17

- (i) According to the records available with the Company, dues payable to entities that are classified as Micro and Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 during the year is ₹ Nil (previous year ₹ Nil). Further no interest has been paid or was payable to such parties under the said Act during the year.

Dues to Micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Company. This has been relied upon by the auditors.

NOTE NO. 9 OTHER CURRENT LIABILITIES

₹ crores

Particulars	As at March 31, 2013	As at March 31, 2012
(a) Current maturities of deferred payment credits (unsecured) (Refer Note 5 above)	641.58	719.44
(b) Other payables		
Statutory dues	55.59	53.37
Security deposits dealers and others	38.67	36.26
Advances from dealers	92.42	130.75
Unclaimed dividend	46.10	43.09
Other liabilities	13.28	13.29
Total	887.64	996.20

NOTE NO. 10 SHORT TERM PROVISIONS

₹ crores

Particulars	As at March 31, 2013	As at March 31, 2012
(a) Employees benefits - accumulated leaves	2.29	2.01
(b) Provisions -Others		
Proposed equity dividend	1,198.13	898.59
Tax on proposed dividend	203.62	145.77
Warranties	5.66	5.70
Total	1,409.70	1,052.07

₹ crores

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Note:

Includes land of ₹ 48.46 crores at Haridwar and ₹ 61.31 crores at Jaipur pending for registration in the name of the Company.

* Includes net decrease of ₹ 43.86 crores (previous year net increase of ₹ 379.15 crores) due to fluctuation in exchange rates.

@ Including pre operative expenses ₹ 0.23 lakhs (previous year nil) relating to salaries, wages and other related project expenses of Neemrana plant.

In line with Notification No. G.S.R. 378 (E) dated May 11, 2011 issued by The Ministry of Corporate Affairs, Government of India, the exchange differences arising after April 1, 2007 on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, have been added to or deducted from the cost of the asset and is depreciated over the balance useful life of the asset.

Notes to the Financial Statements

for the year ended March 31, 2013

NOTE NO. 12 INVESTMENTS		₹ crores				
	Units as at March 31, 2013	Units as at March 31, 2012	As at March 31, 2013		As at March 31, 2012	
			Current	Non Current	Current	Non Current
LONG TERM INVESTMENTS						
Non Trade						
In Debentures / Bonds						
Quoted						
Face Value of ₹ 1,000 each						
12.25% Muthoot Finance Limited- Maturity-14.09.2016	500,000	500,000	-	49.79	-	49.79
10.75% Shriram Transport NCD -Maturity-26.08.2012	-	52,201	-	-	5.35	-
12.15% Religare Finvest Limited- Maturity-23.09.2014	250,000	-	-	25.00	-	-
7.34% HUDCO -Maturity-16.02.2023	250,000	-	-	25.00	-	-
7.18% IRFC -Maturity-19.02.2023	250,000	-	-	25.00	-	-
Face Value of ₹ 1,00,000 each						
6.70% IRFC Bonds -Maturity-08.03.2020	1,500	1,500	-	15.23	-	15.23
6.85% India Infrastructure Finance Company Limited 2014 Tax Free Bonds-Maturity 22.01.2014	10,000	10,000	100.90	-	-	100.90
Face Value of ₹ 500,000 each						
10.70% Tata Motors Finance Limited-Maturity-28.04.2020	138	138	-	7.18	-	7.18
10.70% Tata Motors Finance Limited-Maturity-10.04.2020	400	400	-	20.82	-	20.82
Face Value of ₹ 1,000,000 each						
7.90% Rural Electrification Corporation -Maturity-06.10.2012	-	200	-	-	20.15	-
8.45% Rural Electrification Corporation -Maturity-19.02.2015	200	200	-	20.07	-	20.08
13% Religare Finvest Limited- Maturity-30.05.2017	100	-	-	10.00	-	-
Zero Coupon Bonds						
Rural Engineering Corporation Ltd Bonds @ 13578 maturity ₹ 30,000 per bond	37,000	37,000	-	50.24	-	50.24
			100.90	248.33	25.50	264.24
Less: Provision for dimuntion/ amortisation			(0.74)	(0.45)	(0.54)	(0.83)
Market value ₹ 353.28 crores (previous year ₹ 285.58 crores)			100.16	247.88	24.96	263.41

NOTE NO. 12 INVESTMENTS

₹ crores

	Units as at March 31, 2013	Units as at March 31, 2012	As at March 31, 2013		As at March 31, 2012	
			Current	Non Current	Current	Non Current
Unquoted						
Face Value of ₹ 1,000 each						
8.40% L&T Finance Limited- Maturity-08.03.2013*	-	247,377	-	-	24.74	-
Face Value of ₹ 1,000,000 each						
7.65% HDFC Bonds- Maturity-15.12.2012*	-	150	-	-	15.03	-
11% Religare Finvest Limited- Maturity-16.08.2012*	-	120	-	-	12.00	-
Face Value of ₹ 1,000 each						
12.15% Religare Finvest Limited- Maturity-23.09.2014*	-	250,000	-	-	-	25.00
Face Value of ₹ 100,000 each						
12.00% Shriram Transport NCD -Maturity-18.07.2014*	1,300	1,300	-	13.85	-	13.85
Face Value of ₹ 1,000,000 each						
8.91% L&T Finance Limited- Maturity-15.04.2016*	150	150	-	15.00	-	15.00
13% Religare Finvest Limited- Maturity-30.05.2017*	-	100	-	-	-	10.00
			-	28.85	51.77	63.85
Less: Provision for dimunition/ amortisation			-	(0.62)	(0.02)	(0.44)
Maturity Value ₹ 28.00 crores (previous year ₹ 114.74 crores)			-	28.23	51.75	63.41
National Bank For Agriculture and Rural Development*						
Bhavishya Nirman Bonds @ 8182 each. A 10 Year Zero Coupn Bond of NABARD- maturity ₹ 20,000.00 per bond	50,200	50,200	-	41.07	-	41.07
			-	41.07	-	41.07
Total Investment in Bonds/ Debentures			100.16	317.18	76.71	367.89
In Mutual fund units:						
Unquoted						
Debt fund						
(Units of the face value of ₹ 10 each)						
ICICI Prudential Mutual Fund						
FMP Series 63-378 Days Plan I Cumulative*	25,325,762	25,325,762	25.32	-	-	25.32

Notes to the Financial Statements

for the year ended March 31, 2013

NOTE NO. 12 INVESTMENTS		₹ crores				
	Units as at March 31, 2013	Units as at March 31, 2012	As at March 31, 2013		As at March 31, 2012	
			Current	Non Current	Current	Non Current
FMP Series 63-1 Year Plan E Cumulative*	10,057,705	10,057,705	10.06	-	-	10.06
Interval Fund Annual Interval Plan IV Institutional Cumulative*	10,294,508	43,545,045	12.00	-	50.76	-
FMP Series 59-1 Year Plan A Cumulative*	-	30,555,582	-	-	30.56	-
FMP Series 64-367 Days Plan D Cumulative*	30,000,000	-	30.00	-	-	-
FMP Series 64-3 Years Plan I Cumulative*	10,000,000	-	-	10.00	-	-
FMP Series 65-367 Days Plan B Cumulative*	25,000,000	-	25.00	-	-	-
FMP Series 65-502 Days Plan C Cumulative*	10,000,000	-	-	10.00	-	-
FMP Series 65-367 Days Plan H Cumulative*	15,000,000	-	15.00	-	-	-
FMP Series 65-366 Days Plan I Regular Plan Cumulative*	20,000,000	-	20.00	-	-	-
FMP Series 66-420 Days Plan A Direct Plan Cumulative*	25,000,000	-	-	25.00	-	-
Interval Fund Annual Interval Plan 1 Institutional Cumulative*	21,168,142	-	25.00	-	-	-
Birla Sunlife Mutual Fund						
Fixed Term Plan Series EY Growth*	25,000,000	25,000,000	25.00	-	-	25.00
Fixed Term Plan Series FM Growth*	30,421,453	-	30.42	-	-	-
Fixed Term Plan Series FU Growth*	20,000,000	-	20.00	-	-	-
Fixed Term Plan-Series GM (367 Days) -Gr.-Direct*	25,000,000	-	25.00	-	-	-
Interval Income Fund-Annual Plan 2-Gr.-Direct*	15,000,000	-	15.00	-	-	-
 HDFC Mutual Fund						
FMP 390D March 2012 (1)-Growth-Series XXI*	25,000,000	25,000,000	25.00	-	-	25.00
FMP 13M September 2011(1)-Growth-Series XVIII*	-	150,000,000	-	-	150.00	-
FMP 371D Nov 2012 (2)-Growth-Series XXIII*	20,000,000	-	20.00	-	-	-
IDFC Mutual Fund						
FMP-2 Year Series-1-Growth*	20,000,000	20,000,000	20.00	-	-	20.00
Fixed Maturity Plan -Thirteen Months Series 8-Growth*	25,000,000	25,000,000	25.00	-	-	25.00

NOTE NO. 12 INVESTMENTS

₹ crores

	Units as at March 31, 2013	Units as at March 31, 2012	As at March 31, 2013		As at March 31, 2012	
			Current	Non Current	Current	Non Current
Fixed Maturity Plan -Yearly Series 65-Growth*	10,000,000	10,000,000	10.00	-	-	10.00
FMP-Yearly Series 45-Growth*	-	25,223,822	-	-	25.22	-
FMP-Yearly Series 46-Growth*	-	25,000,000	-	-	25.00	-
Fixed Term Plan Regular Plan-Series 7-Growth*	15,000,000	-	15.00	-	-	-
Yearly Series Interval Fund Regular Plan-Series I-Growth*	25,000,000	-	25.00	-	-	-
Yearly Series Interval Fund Direct Plan-Series II-Growth*	25,000,000	-	25.00	-	-	-
Fixed Term Plan Series 9 Direct Plan-Growth*	25,000,000	-	-	25.00	-	-
Reliance Mutual Fund						
Dual Advantage Fixed Tenure Fund-Plan I -Growth Plan*	-	20,014,191	-	-	20.01	-
Dual Advantage Fixed Tenure Fund-Plan A -Growth Plan*	40,000,000	40,000,000	40.00	-	-	40.00
Dual Advantage Fixed Tenure Fund-Plan B -Growth Plan*	20,031,895	20,031,895	20.03	-	-	20.03
Fixed Horizon Fund -XXI-Series 11-Growth Plan*	30,000,000	30,000,000	30.00	-	-	30.00
Fixed Horizon Fund -XX-Series 22-Growth Plan*	-	25,024,308	-	-	25.02	-
Fixed Horizon Fund -XX-Series 24-Growth Plan*	-	25,054,227	-	-	25.06	-
Fixed Horizon Fund -XX-Series 11-Growth Plan*	-	15,000,000	-	-	15.00	-
Fixed Horizon Fund -XXI-Series 13-Growth Plan*	-	50,108,563	-	-	50.11	-
Fixed Horizon Fund -XXII-Series 14-Growth Plan*	20,000,000	-	20.00	-	-	-
Fixed Horizon Fund -XXII-Series 15-Growth Plan*	20,000,000	-	20.00	-	-	-
Fixed Horizon Fund -XXII-Series 21-Growth Plan*	20,000,000	-	-	20.00	-	-
Fixed Horizon Fund -XXII-Series 31-Growth Plan*	25,000,000	-	25.00	-	-	-
Annual Interval Fund -Series I-Institutional Plan Growth*	40,825,730	-	44.97	-	-	-
Fixed Horizon Fund -XXII-Series 34-Growth Plan*	5,000,000	-	-	5.00	-	-
Fixed Horizon Fund -XXIII-Series 5-Direct Plan-Growth Plan*	15,000,000	-	-	15.00	-	-

Notes to the Financial Statements

for the year ended March 31, 2013

NOTE NO. 12 INVESTMENTS		₹ crores				
	Units as at March 31, 2013	Units as at March 31, 2012	As at March 31, 2013		As at March 31, 2012	
			Current	Non Current	Current	Non Current
BNP Paribas Mutual Fund						
Fixed Term Fund Ser 24 A Direct Growth*	20,000,000	-	-	20.00	-	-
Religare Mutual Fund						
FMP Series XIII Plan F-Growth Plan*	35,000,000	35,000,000	35.00	-	-	35.00
Fixed Maturity Plan Series VIII-Plan F (369 Days)*	-	20,000,000	-	-	20.00	-
Fixed Maturity Plan Series XVII-Plan D (399 Days)-Direct Plan*	15,000,000	-	-	15.00	-	-
Axis Mutual Fund						
Fixed Term Plan-Series 15 (370 Days)-Growth*	-	10,000,000	-	-	10.00	-
DSP BlackRock Mutual Fund						
FMP- Series 6-12 M -Growth*	-	20,000,000	-	-	20.00	-
FMP- Series 16-12 M -Growth*	-	10,000,000	-	-	10.00	-
FMP- Series 81-12 M -Growth*	15,000,000	-	15.00	-	-	-
FMP - Series 84 -12 M - Direct - Growth*	15,000,000	-	15.00	-	-	-
UTI Mutual Fund						
Fixed Income Interval Fund Annual Interval Plan III-INST Growth Plan*	14,164,105	14,164,105	20.00	-	20.00	-
Fixed Term Income Fund Series XIV-I(366 Days)-Direct Growth Plan*	25,000,000	-	25.00	-	-	-
Taurus Mutual Fund						
Fixed Maturity Plan 370 Days Series -G-Growth Plan*	-	6,000,000	-	-	6.00	-
Fixed Maturity Plan 369 Days Series P-Growth Plan*	-	16,522,500	-	-	16.52	-
Fixed Maturity Plan 374 Days Series S-Growth Plan*	10,000,000	-	10.00	-	-	-
Fixed Maturity Plan 369 Days Series U-Growth Plan*	10,000,000	-	10.00	-	-	-
Fixed Maturity Plan 369 Days Series X-Direct Plan*	20,504,409	-	20.50	-	-	-
Fixed Maturity Plan 369 Days Series Y-Direct Plan*	5,017,448	-	5.02	-	-	-
Fixed Maturity Plan 369 Days Series Z-Direct Plan*	5,036,817	-	-	5.04	-	-
L&T Mutual Fund						
FMP-V (March 395 D A)-Growth*	5,000,000	5,000,000	5.00	-	-	5.00
FMP-V (December 368 D A)-Growth*	-	5,000,000	-	-	5.00	-

NOTE NO. 12 INVESTMENTS

₹ crores

	Units as at March 31, 2013	Units as at March 31, 2012	As at March 31, 2013		As at March 31, 2012	
			Current	Non Current	Current	Non Current
FMP-VII (February 419 D A) Direct Plan Growth*	15,000,000	-	-	15.00	-	-
FMP-VII (March 13 M A) Direct Plan Growth*	15,000,000	-	-	15.00	-	-
FMP-VII (March 381 D A) Direct Plan Growth*	10,000,000	-	-	10.00	-	-
J P Morgan Mutual Fund						
Fixed Maturity Plan Series 302 Growth*	10,000,000	-	-	10.00	-	-
Deutsche Mutual Fund						
Fixed Maturity Plan -Series 23-Direct Plan-Growth*	25,000,000	-	-	25.00	-	-
Fixed Maturity Plan -Series 27-Direct Plan-Growth*	5,000,000	-	5.00	-	-	-
(Units of the face value of ₹ 1,000 each)						
Pramerica Mutual Fund						
Fixed Duration Fund series 5-Direct Plan-Growth option*	100,000	-	-	10.00	-	-
(Units of the face value of ₹ 10 each)						
Escorts Mutual Fund						
Fixed Maturity Plan Series II-Growth*	-	1,000,000	-	-	1.00	-
Total Investment in Mutual Funds			808.32	235.04	525.26	270.41
Repurchase Price ₹ 1,108.01 crores (previous year ₹ 831.36 crores)						
In Equity Shares:						
Unquoted						
Face Value of ₹ 10 each						
National Stock Exchange Limited	-	75,000	-	-	-	26.26
Face Value of ₹ 1 each						
Bombay Stock Exchange Limited	140,400	140,400	-	5.94	-	5.94
Total Investment in Equity Shares			-	5.94	-	32.20
Trade						
Unquoted						
Equity shares of ₹ 10 each fully paid up of Hero FinCorp Limited	7,296,900	2,715,000	-	56.31	-	3.46
Total Long Term Investments			908.48	614.47	601.97	673.96
Other than Long Term Investments						
Non-trade						
In Mutual fund units:						

Notes to the Financial Statements

for the year ended March 31, 2013

NOTE NO. 12	INVESTMENTS		₹ crores			
	Units as at March 31, 2013	Units as at March 31, 2012	As at March 31, 2013		As at March 31, 2012	
			Current	Non Current	Current	Non Current
Unquoted						
Debt fund						
(Units of the face value of ₹ 10 each)						
ICICI Prudential Mutual Fund						
Blended Plan B Institutional Growth Option-II	-	56,179,832	-	-	63.24	-
Short Term Plan Inst. Growth	11,770,847	11,770,847	25.01	-	25.01	-
Banking and PSU Debt Fund Growth	-	130,115,480	-	-	146.53	-
Medium Term Premium Plus Growth	-	30,676,723	-	-	34.05	-
Long Term Plan Premium Plus-Cumulative	83,887,311	-	100.00	-	-	-
Gilt Treasury Plan Growth	7,077,165	-	20.00	-	-	-
Birla Sunlife Mutual Fund						
Medium Term Plan -INSTL-Growth	-	134,183,852	-	-	144.91	-
Dynamic Bond Fund- Retail-Growth	90,522,800	-	164.32	-	-	-
IDFC Mutual Fund						
Money Manager Fund -Investment Plan -Inst Plan B-Growth	15,203,322	15,203,322	25.03	-	25.03	-
Ultra Short Term Fund -Growth	-	72,338,706	-	-	100.60	-
SSIF-Short Term -Plan C-Growth	43,198,719	43,198,719	50.45	-	50.45	-
SSIF Medium Term -Plan B -Growth	16,729,050	-	20.04	-	-	-
Ultra Short Term Fund-Growth-(Regular Plan)	31,783,566	-	50.00	-	-	-
Dynamic Bond Fund-Growth-(Regular Plan)	18,776,803	-	25.00	-	-	-
Ultra Short Term Fund-Growth-(Direct Plan)	10,483,731	-	17.00	-	-	-
Banking Debt Fund-Direct plan-Growth	19,980,419	-	20.00	-	-	-
Reliance Mutual Fund						
Quarterly Interval Fund -Series II-Institutional Growth Plan*	-	49,081,163	-	-	69.65	-
Dynamic Bond Fund- Growth Plan	-	12,758,643	-	-	17.00	-
Short Term Fund Growth Plan	14,056,349	-	29.00	-	-	-
Floating Rate Fund Short Term Plan-Growth	27,897,922	-	50.28	-	-	-
UTI Mutual Fund						

NOTE NO. 12 INVESTMENTS

₹ crores

	Units as at March 31, 2013	Units as at March 31, 2012	As at March 31, 2013		As at March 31, 2012	
			Current	Non Current	Current	Non Current
Short Term Income Fund Institutional Growth Option	15,314,052	-	20.00	-	-	-
Taurus Mutual Fund						
Quarterly Interval Fund Series 2-Growth Plan*	-	10,000,000	-	-	10.00	-
L&T Mutual Fund						
MIP- Wealth Builder Fund Growth	9,217,609	6,000,000	10.00	-	6.00	-
Short Term Opportunities Fund-Growth	13,816,734	-	15.00	-	-	-
Escorts Mutual Fund						
Short Term Debt Fund-Growth	861,553	2,848,111	1.30	-	4.30	-
Edelweiss Mutual Fund						
Ultra Short Term Bond Fund -Institutional -Growth Plan	-	8,258,456	-	-	10.00	-
Religare Mutual Fund						
Credit Opportunities Fund-Growth	19,517,831	-	25.00	-	-	-
Active Income Fund Growth	18,483,878	-	25.00	-	-	-
JP Morgan Mutual Fund						
India Active Bond Fund Retail-Growth	3,981,937	-	5.00	-	-	-
BNP Paribas Mutual Fund						
Short Term Income Fund-Growth	26,700,674	-	35.02	-	-	-
Deutsche Mutual Fund						
Banking & PSU Debt Fund-Direct Plan-Growth	15,000,000	-	15.00	-	-	-
(Units of the face value of ₹ 100 each)						
ICICI Prudential Mutual Fund						
Flexible Income -Regular Plan Growth	8,413,334	19,635,285	144.08	-	336.25	-
Birla Sunlife Mutual Fund						
Floating Rate Fund-Long Term-Growth-Direct Plan	1,225,641	-	17.00	-	-	-
(Units of the face value of ₹ 1,000 each)						
Reliance Mutual Fund						
Money Manager Fund-Growth plan-Growth Option	2,021,295	2,416,389	250.57	-	299.55	-
Pramerica Mutual Fund						
Short Term Income Fund-Growth Option	58,723	49,951	6.00	-	5.00	-

Notes to the Financial Statements

for the year ended March 31, 2013

NOTE NO. 12 INVESTMENTS		₹ crores				
	Units as at March 31, 2013	Units as at March 31, 2012	As at March 31, 2013		As at March 31, 2012	
			Current	Non Current	Current	Non Current
Treasury Advantage Fund-Growth Option	48,903	48,903	5.00	-	5.00	-
Credit Opportunities Fund -Growth	70,000	70,000	7.00	-	7.00	-
Dynamic Bond Fund-Growth Plan	50,000	50,000	5.00	-	5.00	-
Religare Mutual Fund						
Bank Debt Fund-Growth	100,000	-	10.00	-	-	-
Ultra Short Term Fund-Direct Plan Growth	93,039	-	15.00	-	-	-
DSP BlackRock Mutual Fund						
Strategic Bond Fund -Institutional Plan-Growth	190,666	203,432	24.20	-	25.03	-
Indiabulls Mutual Fund						
Ultra Short Term Fund -Growth Plan	200,000	200,000	20.00	-	20.00	-
Repurchase Price ₹ 1,423.55 crores (previous year ₹ 1,566.34 crores)			1,251.30	-	1,409.60	-
In Equity fund units:						
(Units of the face value of ₹ 10 each)						
Escorts Mutual Fund						
Opportunities Fund -Dividend	8,376,943	16,258,483	8.56	-	16.62	-
High Yield Equity Plan-Dividend	-	1,463,414	-	-	1.50	-
			8.56	-	18.12	-
Less: Provision for diminution in value			-	-	(0.11)	-
Repurchase Price ₹ 9.19 crores (previous year ₹ 18.01 crores)			8.56	-	18.01	-
In Liquid fund units:						
(Units of the face value of ₹ 10 each)						
Reliance Mutual Fund						
Liquidity Fund- Growth Option	-	141,164,892	-	-	227.36	-
Escorts Mutual Fund						
Liquid Plan-Growth	28,969,842	15,982,468	50.49	-	25.48	-
Birla Sunlife Mutual Fund						
Cash Plus-Instl.Prem.-Growth	-	8,970,236	-	-	154.00	-
HDFC Mutual Fund						
Liquid Fund-Direct Plan-Growth Option	17,310,696	-	40.00	-	-	-
(Units of the face value of ₹ 100 each)						

NOTE NO. 12 INVESTMENTS

₹ crores

	Units as at March 31, 2013	Units as at March 31, 2012	As at March 31, 2013		As at March 31, 2012	
			Current	Non Current	Current	Non Current
ICICI Prudential Mutual Fund						
Liquid Super Institutional Plan-Growth	-	17,681,863	-	-	279.03	-
Liquid Direct plan-Growth	2,885,170	-	50.00	-	-	-
Birla Sunlife Mutual Fund						
Cash Plus-Growth-Direct Plan	13,464,953	-	252.65	-	-	-
(Units of the face value of ₹ 1,000 each)						
Reliance Mutual Fund						
Liquidity Fund- Direct Growth Plan Growth Option	254,933	-	45.00	-	-	-
Taurus Mutual Fund						
Liquid Fund-Super Institutional Growth	-	1,449,840	-	-	164.00	-
Liquid Fund-Direct Plan-Super Institutional Growth	367,557	-	46.06	-	-	-
IDFC Mutual Fund						
Cash Fund -Super Inst Plan C-Growth	-	1,786,685	-	-	232.19	-
Cash Fund -Growth-(Direct Plan)	280,758	-	40.00	-	-	-
Baroda Pioneer Mutual Fund						
Liquid Fund Institutional Growth Plan	-	244,450	-	-	30.00	-
L&T Mutual Fund						
Liquid Fund Direct Plan-Growth	386,639	-	61.62	-	-	-
Axis Mutual Fund						
Liquid Fund-Direct Plan-Growth	307,984	-	40.00	-	-	-
Pramerica Mutual Fund						
Liquid Fund-Direct Plan-Growth Option	1,385,633	-	171.87	-	-	-
Repurchase Price ₹ 802.96 crores (previous year ₹ 1,119.56 crores)			797.69	-	1,112.06	-
Investment in Mutual Funds			2,057.55	-	2,539.67	-
In Equity Shares:						
Quoted						
Face Value of ₹ 1 each						
Titan Industries Limited	-	727,250	-	-	16.37	-
Market value ₹ Nil (previous year ₹ 16.62 crores)			-	-	16.37	-
Investments under Portfolio Management Services #						

Notes to the Financial Statements

for the year ended March 31, 2013

NOTE NO. 12	INVESTMENTS		₹ crores			
	Units as at March 31, 2013	Units as at March 31, 2012	As at March 31, 2013		As at March 31, 2012	
			Current	Non Current	Current	Non Current
Unquoted						
In Mutual fund units:						
Debt Fund						
(Units of the face value of ₹10 each)						
Escorts Mutual Fund						
Short Term Debt Fund Growth	-	2,872,150	-	-	4.50	-
Repurchase price ₹ Nil (previous year ₹ 4.60 crores)			-	-	4.50	-
Liquid Fund						
(Units of the face value of ₹10 each)						
Escorts Mutual Fund						
Liquid Plan Growth	-	6,026,394	-	-	9.81	-
Repurchase price ₹ Nil (previous year ₹ 9.91 crores)			-	-	9.81	-
Debentures / Bonds						
Face Value of ₹ 75,000,000 each						
Avantha Holdings Ltd. NCD 12.09.2012 *	-	3	-	-	23.32	-
Face Value of ₹ 1,000,000 each						
Sky Deck Properties and Development Pvt. Limited ZCB 28.01.2013*	-	350	-	-	35.00	-
Tata Housing Development Co. ZCB DOM 15.10.2013*	200	200	20.03	-	20.03	-
9.20% Bank Of Baroda RR Perpetual BD*	50	50	5.15	-	5.15	-
8.60% Sardar Sarovar Narmada Nigam Limited 09MR 15*	75	75	7.62	-	7.64	-
8.60% Sardar Sarovar Narmada Nigam Limited 09MR 15*	5	7.50	0.51	-	0.76	-
8.60% Sardar Sarovar Narmada Nigam Limited 09MR 15*	50	112.50	5.09	-	11.43	-
8.8% Hindustan Organic Chemicals Ltd. 28 AUGUST,2012*	-	100	-	-	10.09	-
Face Value of ₹ 1,000 each						
12.15% Religare Finvest Ltd 12.15NCD 23SEP14 *	50,000	50,000	5.01	-	5.01	-
			43.41	-	118.43	-
Less: Provision for dimunition/ amortisation			(0.08)	-	(0.45)	-
Maturity Value ₹ 43.00 crores (previous year ₹ 117.00 crores)			43.33	-	117.98	-

NOTE NO. 12 INVESTMENTS

₹ crores

	Units as at March 31, 2013	Units as at March 31, 2012	As at March 31, 2013		As at March 31, 2012	
			Current	Non Current	Current	Non Current
Investment under Portfolio Management Services			43.33	-	132.29	-
Total Other than Long Term Investments			2,100.88	-	2,688.33	-
			3,009.36	614.47	3,290.30	673.96

	As at March 31, 2013		As at March 31, 2012	
	Book value	Market value	Book value	Market value
AGGREGATE VALUE OF				
Quoted investments -Non Current	247.88	254.48	263.42	260.64
Quoted investments-Current	100.16	98.80	41.33	41.56
Unquoted investments* (Re purchase price / maturity value/ cost ₹ 3,518.04 crores(Previous year ₹ 3,858.14 crores)	3,275.79	-	3,659.51	-
	3,623.83	-	3,964.26	-

* Investments listed on Stock Exchange but for which quotes are not available have been considered as unquoted

The Company has entered into Discretionary Portfolio Management Agreements, administered through Escorts Securities Limited, Reliance Capital Asset Management Ltd collectively called Portfolio Managers. In terms of the said agreements, the Portfolio Managers have dealt in mutual funds, debentures, bonds, government securities, equity shares, equity stock futures, equity stock options, equity index options and such other securities, made on behalf of the Company. However, there are no outstanding derivative contracts as at March 31, 2013

NOTE NO. 13 LONG - TERM LOANS AND ADVANCES

₹ crores

Particulars	As at March 31, 2013	As at March 31, 2012
UNSECURED, CONSIDERED GOOD		
(a) Security Deposits	8.49	5.50
(b) Balance with Government authorities		
Excise duty	3.63	3.63
VAT/ sales tax	156.14	140.88
(C) Other loans and advances		
Capital advances	255.24	155.11
Loans to employees	22.51	21.99
Prepaid expenses	2.61	1.52
Advance income tax net of provisions	163.09	67.42
MAT credit entitlement	168.35	137.59
Total	780.06	533.64

Notes to the Financial Statements

for the year ended March 31, 2013

NOTE NO. 14 OTHER NON -CURRENT ASSETS

₹ crores

Particulars	As at March 31, 2013	As at March 31, 2012
UNSECURED, CONSIDERED GOOD		
Accruals		
Interest accrued on investments	36.44	26.01
Total	36.44	26.01

NOTE NO. 15 INVENTORIES

₹ crores

Particulars	As at March 31, 2013	As at March 31, 2012
Raw materials and components *	368.68	396.52
Goods in transit of raw materials and components *	42.59	28.69
Stores and spares (at cost or under)	55.51	43.66
Loose tools (at cost or under)	14.25	13.52
Finished goods *		
Two wheelers	99.36	136.38
Spare parts	25.86	22.32
Work in progress (Two wheelers)*	30.51	34.48
Total	636.76	675.57

* Lower of cost and net realisable value

NOTE NO. 16 TRADE RECEIVABLES

₹ crores

Particulars	As at March 31, 2013	As at March 31, 2012
A) OUTSTANDING FOR A PERIOD EXCEEDING SIX MONTHS FROM THE DATE THEY WERE DUE FOR PAYMENT		
Secured, considered good	0.82	0.26
Unsecured, considered good	1.73	0.98
Unsecured considered doubtful	9.54	9.26
	12.09	10.50
Less: Provision for doubtful trade receivables	9.54	9.26
	2.55	1.24
B) OTHERS		
Secured, considered good	15.62	11.51
Unsecured, considered good	646.83	259.56
	665.00	272.31

NOTE NO. 17 CASH AND CASH EQUIVALENTS

₹ crores

Particulars	As at March 31, 2013	As at March 31, 2012
(a) Cash on hand	0.21	0.24
(b) Balances with banks		
In current accounts	13.97	9.65
In EEFC accounts	-	3.12
In deposit accounts (Refer (i) below)	120.77	20.72
In dividend current accounts (Earmarked accounts)	46.09	43.09
Total	181.04	76.82

- (i) Balance with banks include deposits amounting to ₹ 120.77 crores (previous year ₹ Nil) which have an original maturity of more than 12 months and now maturing during the year.

NOTE NO. 18 SHORT - TERM LOANS AND ADVANCES

₹ crores

Particulars	As at March 31, 2013	As at March 31, 2012
UNSECURED, CONSIDERED GOOD		
(a) Loans and advances to related party		
Inter corporate deposits	240.00	120.00
(b) Balance with Government authorities		
CENVAT/ Service tax credit	103.68	161.32
VAT/ sales tax	118.70	81.65
Excise duty -current account	0.66	0.84
Export incentive receivables	13.74	25.73
(c) Others		
Advance to vendors	26.68	17.18
Loans and advances to employees	17.38	15.69
Security deposits	0.50	2.09
Prepaid expenses	28.73	46.39
Others	3.48	4.71
Total	553.55	475.60

Notes to the Financial Statements

for the year ended March 31, 2013

NOTE NO. 19 OTHER CURRENT ASSETS

₹ crores

Particulars	As at March 31, 2013	As at March 31, 2012
UNSECURED, CONSIDERED GOOD		
(a) Accruals		
Interest accrued on investments	26.01	35.06
Other accruals	5.89	5.30
Total	31.90	40.36

NOTE NO. 20 REVENUE FROM OPERATIONS

₹ crores

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
(A) SALE OF PRODUCTS		
Two wheelers	23,759.73	23,494.05
(60,75,583 Nos. (previous year 62,35,205 Nos.))		
Spare parts	1,714.81	1,529.99
	25,474.54	25,024.04
Less: Excise duty	1,891.80	1,655.99
	23,582.74	23,368.05
(B) OTHER OPERATING REVENUE		
Income from services		
Dealers support services	36.94	30.52
Goodlife program for customers	64.88	77.39
Services - others	50.59	53.48
	152.41	161.39
Duty drawback and other incentives	28.96	48.70
Miscellaneous income	4.00	0.89
	32.96	49.59
	185.37	210.98
Total	23,768.11	23,579.03

NOTE NO. 21 OTHER INCOME

₹ crores

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
(A) INTEREST INCOME		
Intercompany deposits	2.95	5.76
Long term - Non trade investments	47.82	38.28
Current - Non trade investments	12.35	19.80
Others	43.19	16.00
(B) DIVIDEND INCOME		
Current investments - Non trade	0.13	0.21
Long term investments - Trade	2.72	2.72
Long term investments - Non trade	0.08	0.21
(C) NET GAIN ON SALE OF NON TRADE *		
Current investments	232.86	191.70
Long term investments	55.15	87.49
(D) OTHER NON OPERATING INCOME		
Profit on sale of fixed assets	1.13	2.40
Total	398.38	364.57

* After adjusting loss on sale of current investments aggregating ₹ 0.35 crores (previous year ₹ 2.60 crores)

NOTE NO. 22 COST OF MATERIALS CONSUMED

₹ crores

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
(A) RAW MATERIALS AND COMPONENTS CONSUMED:		
Opening stock	425.21	374.53
Add: Purchase of raw materials and components	17,629.50	17,791.60
	18,054.71	18,166.13
Less: Closing Stock	411.27	425.21
	17,643.44	17,740.92
Less: Sale of components to ancillaries on cost to cost basis	185.13	292.05
	17,458.31	17,448.87
Less: Cash discount	72.53	65.50
Consumption of raw materials and components	17,385.78	17,383.37
Less: Scrap sales	20.92	17.96
Net consumption	17,364.86	17,365.41
Materials consumed comprises:		
Steel sheets	57.17	57.72
Components	17,401.14	17,391.15
Total	17,458.31	17,448.87

NOTE NO. 23 CHANGES IN INVENTORY OF FINISHED GOODS AND WORK-IN-PROGRESS

₹ crores

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
(A) OPENING STOCK		
Two wheelers	136.38	44.22
Spare parts	22.32	24.79
Work in progress	34.48	30.14
	193.18	99.15
Less: Excise duty on opening stock	19.20	9.01
Net opening stock	173.98	90.14
(B) CLOSING STOCK		
Two wheelers	99.36	136.38
Spare parts	25.86	22.32
Work in progress	30.51	34.48
	155.73	193.18
Less: Excise duty on closing stock	14.55	19.20
Net closing stock	141.18	173.98
Net (increase)/ decrease	32.80	(83.84)

Notes to the Financial Statements

for the year ended March 31, 2013

NOTE NO. 24 EMPLOYEE BENEFITS EXPENSES

₹ crores

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
Employee benefits expenses (Refer (i) & (ii) below)		
(i) Salaries and wages	723.45	650.08
(ii) Contribution to provident and other funds	56.24	51.62
(iii) Staff welfare expenses	41.23	33.82
Total	820.92	735.52

(i) Defined Contribution Plans and Other Plans	2012-13	2011-12
Employer's contribution to provident fund	26.22	22.19
Employer's contribution to superannuation fund	13.93	10.60
Employer's contribution to Gratuity fund	14.15	17.21
Employer's contribution to ESIC	1.94	1.62
Total	56.24	51.62

(ii) Defined benefit plans

In accordance with the Payment of Gratuity Act 1972, Company provides for gratuity, as defined benefit plan. The gratuity plan provides for a lumpsum payment to the employees at the time of separation from the service on completion of vested year of employment i.e. five years. The liability of gratuity plan is provided based on actuarial valuation as at the end of each financial year based on which the Company contributes the ascertained liability to Life Insurance Corporation of India by whom the plan assets are maintained.

₹ crores

(i) Change in benefit obligation	For the year ended March 31, 2013	For the year ended March 31, 2012
Present value of obligation at the beginning of the year	89.95	68.75
Current Service Cost	6.34	4.85
Interest Expenses	7.48	5.49
Actuarial (Gain) / Loss	7.68	12.82
Benefits Paid	(1.90)	(1.96)
Present value of obligation at the end of the year	109.55	89.95

₹ crores

(ii) Fair value of Plan Assets	For the year ended March 31, 2013	For the year ended March 31, 2012
Fair value of plan assets at the beginning of the year	89.95	68.75
Expected return on scheme assets	9.01	7.17
Contributions by the Company	13.78	16.95
Benefits Paid	(1.90)	(1.96)
Actuarial Gain / (Loss)	(1.29)	(0.96)
Fair value of plan assets at the end of the year	109.55	89.95

₹ crores

(iii) Return on Plan Assets	For the year ended March 31, 2013	For the year ended March 31, 2012
Expected return on plan assets	9.01	7.17
Actuarial Gain / (Loss)	8.98	13.78
Actual return on plan assets	17.99	20.95

₹ crores		
(iv) Amount recognised in the Balance Sheet	For the year ended March 31, 2013	For the year ended March 31, 2012
Present value of defined benefit obligation	109.55	89.95
Fair value of Plan Assets	109.55	89.95
Net liability/(asset) recognised in the balance sheet	-	-

₹ crores		
(v) Expenses recognised in the statement of profit and loss	For the year ended March 31, 2013	For the year ended March 31, 2012
Current service costs	6.33	4.85
Interest expense	7.48	5.49
Return on investment	(9.01)	(7.17)
Net actuarial gain/(loss) recognised during the year	8.98	13.78
Expenditure recognised in statement of Profit and Loss	13.78	16.95

₹ crores		
(vi) Balance Sheet reconciliation	For the year ended March 31, 2013	For the year ended March 31, 2012
Net liability/(asset) at the beginning of the year	-	-
Expenses as above	13.78	16.95
Contribution paid	(13.78)	(16.95)

The actuarial calculations used to estimate defined benefit commitments and expenses are based on the following assumptions, which if changed, would affect the defined benefit commitment's size, funding requirements and expense.

(vii) Principal Actuarial assumptions	For the year ended March 31, 2013	For the year ended March 31, 2012
Rate for discounting liabilities	8.00% p.a.	8.40% p.a.
Expected salary increase rate	6.00% p.a.	6.00% p.a.
Expected return on scheme assets	9.40% p.a.	9.40% p.a.
Attrition Rate	2.00% p.a.	2.00% p.a.
Mortality table used	LIC (1994-96) Mortality Table (ultimate)	LIC (1994-96) Mortality Table (ultimate)

Experience adjustments *	2012-13	2011-12	2010-11	2009-10
Gratuity				
Present value of Defined benefit plan	109.55	89.95	68.75	51.28
Fair value of plan assets	109.55	89.95	68.75	51.28
Experience gain / (loss) adjustments on plan liabilities	4.08	15.28	8.63	5.10
Experience gain / (loss) adjustments on plan assets	1.30	0.10	0.03	-

* Since information in respect of 2008-09 is not available, the same has not been disclosed.

The estimates of future salary increases, considered in the actuarial valuation, take into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The Company makes annual contribution to Life Insurance Corporation (LIC). As LIC does not disclose the composition of its portfolio investments, accordingly break-down of plan assets by investment type has not been disclosed.

Notes to the Financial Statements

for the year ended March 31, 2013

NOTE NO. 25 FINANCE COSTS

₹ crores

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
(A) INTEREST EXPENSES		
On dealers security deposits	1.69	1.57
On others	10.22	19.73
Total	11.91	21.30

NOTE NO. 26 OTHER EXPENSES

₹ crores

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
(A) OTHER EXPENSES		
Stores and tools consumed	105.87	102.28
Power and fuel	129.18	112.66
Rent	10.49	8.46
Insurance charges	35.36	28.34
Repairs and maintenance		
- Plant and machinery	54.58	48.09
- Buildings	10.17	7.53
- Others	43.34	29.66
Rates and taxes	154.31	138.26
Exchange fluctuation	2.54	2.89
Packing, forwarding, freight etc.	653.28	597.55
Royalty	50.02	3.53
Advertisement and publicity	468.71	366.09
Donations	10.54	33.35
Auditors' remuneration	1.26	1.01
Lease rent	18.69	12.13
Provision for doubtful debts	0.28	0.29
Provision for diminution/amortisation in value of investments		
- Long term non trade investment	0.59	0.65
Loss on fixed assets sold/discarded	7.07	13.57
Miscellaneous expenses	508.77	436.82
Total	2,265.05	1,943.16

NOTE NO. 27 EARNINGS PER EQUITY SHARE

Particulars	Unit	For the year ended March 31, 2013	For the year ended March 31, 2012
(A) EARNINGS PER EQUITY SHARE (EPS):			
Net profit after tax	Rupees crores	2,118.16	2,378.13
Weighted average number of equity shares outstanding during the year	Numbers	199,687,500	199,687,500
Nominal Value of Equity Shares	Rupees	2.00	2.00
Basic and diluted EPS	Rupees	106.07	119.09

NOTE NO. 28 **CONTINGENT LIABILITIES AND COMMITMENTS**
(to the extent not provided for)

₹ crores

Particulars	As at March 31, 2013	As at March 31, 2012
(A) CONTINGENT LIABILITIES		
In respect of excise matters	47.09	39.99
The above matters are subject to legal proceedings in the ordinary course of business. The legal proceedings when ultimately concluded will not, in the opinion of the management, have a material effect on the result of operations or the financial position of the Company.		
(B) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances paid amounting to ₹ 255.24 crores (previous year ₹ 155.11 crores))	454.91	212.63
Other commitments (Refer note below)		
Total	502.00	252.62

The Company has other commitments for purchase /sales orders which are issued after considering requirements per operating cycle for purchase /sale of goods and services, employees benefits including union agreement in normal course of business. The Company does not have any long term commitments or material non-cancellable contractual commitments/ contracts, which have a material impact on the financial statements.

NOTE NO. 29 As the Company's business activity falls within a single primary business segment viz. "Two wheelers, its parts and ancillary services" and is a single geographical segment, the disclosure requirements of Accounting Standard (AS-17) "Segment Reporting", notified in the Companies (Accounting Standards) Rules, 2006 are not applicable.

NOTE NO. 30 RELATED PARTY DISCLOSURES UNDER ACCOUNTING STANDARD 18

- a) Parties in respect of which the Company is an associate.

Hero Investment Private Limited

- b) Associate of the Company

Hero FinCorp Limited (formally called Hero Honda Finlease limited)

- c) Key management personnel and their relative

Mr. Brijmohan Lall Munjal	- Chairman
Mr. Pawan Munjal	- Managing Director
Mr. Sunil Kant Munjal	- Joint Managing Director (w.e.f August 17, 2011)
Mr. Suman Kant Munjal	- Director

- d) Enterprises over which key management personnel and their relatives are able to exercise significant influence:-

Brijmohan Lall & Associates, A.G. Industries Private Limited, Highway Industries Limited, Rockman Industries Limited, Cosmic Kitchen Private Limited, Hero Management Services Limited, Hero Cycles Limited, Hero Corporate Services Limited, Hero Mindmine Institute Limited, Easy Bill Limited and Raman Kant Munjal Foundation.

Notes to the Financial Statements

for the year ended March 31, 2013

Transactions with related parties during the year

a) Parties in respect of which the Company is a associate of the Company

	₹ crores	
	This year	Previous year
Hero Investments Private Limited		
Dividend*	389.39	302.86
Hero FinCorp Limited		
Lease rental expenses	17.93	12.03
Dividend received	2.72	2.72
Intercompany deposits given	385.00	455.00
Intercompany deposits repaid	265.00	355.00
Interest on Inter company deposits	2.95	5.76
Investment in equity shares	52.85	-
Purchases of Fixed Assets	0.99	-
Balance outstanding at the year end		
-Receivable	240.00	120.00

*Exclude proposed final dividend

b) Key management personnel and their relatives

	₹ crores	
	This year	Previous year
Managerial Remuneration/Sitting fees		
Mr. Brijmohan Lall Munjal	32.73	34.44
Mr. Pawan Munjal	32.80	34.47
Mr. Sunil Kant Munjal	31.51	21.14
Mr. Suman Kant Munjal	0.01	0.01
Balance outstanding at the year end		
-Payables (including commission)	79.55	77.62

c) Enterprises over which key management personnel and their relatives are able to exercise significant influence

	₹ crores	
	This year	Previous year
Purchase of raw materials and components etc	2010.09	2012.48
Purchase of Assets	16.88	-
Sale of components etc	-	91.08
Payment towards other services etc	5.36	4.20
Donation	0.85	10.20
Balance outstanding as at the year end		
- Payables	172.02	178.19

Significant related party transactions included in the above are as under :-

	₹ crores	
	This year	Previous year
Purchase of raw materials and components		
A .G. Industries Private Limited	572.26	571.83
Rockman Industries Limited	1119.70	1098.64
Highway Industries Limited	215.57	215.68
Sale of components etc.		
Rockman Industries Limited	-	91.01
Payment for services etc.		
Hero Corporate Services Limited	3.35	3.20
Hero Mindmine Institute Limited	1.83	0.77
Donation		
Raman Kant Munjal Foundation	0.85	10.20

NOTE NO. 31 The Company has entered into operating lease agreements for 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 ₹ 18.69 crores (previous year ₹ 12.13 crores) have been charged under “Lease rentals” in Note 26.

NOTE NO. 32 Information pursuant to clause 4 (ix) (b) of the Companies (Auditor’s Report) Order, 2003 in respect of disputed dues, not deposited as at March 31, 2013, pending with various authorities:

₹ crores					
Name of the Statute	Nature of the Dues	Amount* (₹ in crores)	Amount paid under protest (₹ in crores)	Period to which the amount relates	Forum where dispute is pending
Central Excise Laws	Excise Duty	663.85	177.06	2000-01 and 2002 – 2013	CESTAT
		0.19	0.04	2006-2013	Commissioner (Appeals)
	Service Tax	23.22	0.45**	2004-05 to 2005-06, 2008-09 to 2010-11	CESTAT
Sales Tax	Sales Tax	1.90	1.90	1998-99 to 2000-2001	Haryana Tax Tribunal
Income tax Act, 1961	Income tax	1823.84#	120**	2006-07	Income Tax Appellate Tribunal
		1.11	-	2005-06	
		81.60	29.90**	2004-05	Commissioner (Appeals)

* Amount as per demand orders including interest and penalty wherever indicated in the order and excludes disputed fully paid.

** Balance of unpaid amount has been stayed as case decided in favour of the company in past on similar matter.

The Company has received a demand notice for non-deduction of tax at source, disallowance of certain expenses, considering certain expenses of capital nature, considering tax on capital gain on investments as normal business income and others matters.

The management of the Company is of the view that there would be no material liability that would arise in the matter.

Notes to the Financial Statements

for the year ended March 31, 2013

The following matters have been decided in favour of the Company, although the department has preferred appeals at higher levels:

₹ crores				
Name of the Statute	Nature of the Dues	Amount* (₹ in crores)	Period to which the amount relates	Forum where dispute is pending
Central Excise Laws	Excise duty	2.57	1986-87 to 1990-91	Supreme Court
		16.03	2005-06 to 2010-11	CESTAT
	Service Tax	0.17	2005	High Court
Income-tax Act, 1961	Income-Tax	16.31	1987-88, 1989-90, 1992-93, 1993-94, 1995-96 to 2001-02	High Court
		16.96	2001-02, 2002-03	Income Tax Appellate Tribunal

NOTE NO. 33 The Company's borrowing facilities, comprising fund based and non fund based limits from various bankers, are secured by way of hypothecation of inventories, receivables, movable assets and other current assets.

NOTE NO. 34 The category wise derivative instruments outstanding as at March 31 are as under:

Purpose	This Year		Previous Year	
	Currency Bought (in million)	Currency Sold (in million)	Currency bought (in million)	Currency sold (in million)
Foreign currency forward contracts				
Hedging	JPY 1000.00	USD 13.00 USD 10.87	-	USD 22.00
Options contracts				
Hedging				
JPY-Call	2000.00	2000.00	-	-
JPY-Put	-	2000.00	-	-
USD- Call	-	19.70	-	-
USD- Put	21.83	23.12	-	-

The unhedged foreign currency exposures are as under:

	As at March 31, 2013		As at March 31, 2012	
	Amount of foreign currency in million	Amount in Rupees crores	Amount of foreign currency in million	Amount in Rupees crores
Payables	JPY 13987.05	809.29	JPY 28441.20	1776.19
	USD 22.80	124.04	USD 17.30	88.55
	EUR 0.75	5.22	EUR 0.40	3.01

NOTE NO. 35 Two wheeler sales are covered by a warranty period of two/three years. The details of provision for warranties are as under:

	₹ crores	
	This year	Previous year
Provision at the beginning of the year	37.32	35.31
Additional provision made during the year	20.35	23.49
Amount utilised during the year	29.20	21.48
Provision as at the end of the year	28.47	37.32

NOTE NO. 36 The Board of Directors of Hero MotoCorp Limited ("the Company" / "HMCL") in their meeting held on June 4, 2012 have approved the Scheme of Amalgamation ("the Scheme") between the Company, Hero Investments Private Limited ("Transferor Company" / "HIPL"), and their respective Equity Shareholders and Creditors under sections 391 to 394 and other applicable provisions of the Companies Act, 1956, providing for merger of HIPL into the Company. The Appointed date of the Scheme is January 1, 2013.

The Scheme has been approved by the Hon'ble High Court of Delhi on March 1, 2013, however, the certified copy of the Order is still awaited. Pending completion of the formalities for effectuation of the Scheme, the effect of above has not been considered in these accounts.

NOTE NO. 37 RESEARCH AND DEVELOPMENT EXPENSES HAVE BEEN CHARGED TO REVENUE ACCOUNT

	₹ crores	
	This year	Previous year
Employee's benefit expenses	36.53	24.30
Depreciation and amortization expenses	7.80	6.07
Other expenses	15.43	16.93
Total	59.76	47.30

NOTE NO. 38 ADDITIONAL INFORMATION

	₹ crores	
	This year	Previous year
A) CIF VALUE OF IMPORTS:		
Class of goods		
Capital goods	106.09	84.03
Raw materials *	36.70	14.56
Components, spare parts and others *	1,011.16	923.73

* Includes items sold to ancillaries on cost to cost basis for assembling of components.

Notes to the Financial Statements

for the year ended March 31, 2013

₹ crores

	This year		Previous year	
	Value	Percentage %	Value	Percentage %
B) VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS, COMPONENTS AND SPARES CONSUMED AND PERCENTAGE OF EACH TO THE TOTAL CONSUMPTION:				
Class of goods				
Raw materials				
-Imported **	32.39	0.19	21.11	0.12
-Indigenous	24.78	0.14	36.61	0.21
Components				
-Imported **	978.66	5.61	663.27	3.80
-Indigenous	16,422.48	94.06	16,727.88	95.87
	17,458.31 *	100.00	17,448.87 *	100.00
Spares consumed (charged to repairs and maintenance)				
-Imported	7.48	21.79	6.48	21.88
-Indigenous	26.84	78.21	23.13	78.12
	34.32	100.00	29.61	100.00

* Includes ₹ 1.89 crores (previous year ₹ 0.98 crores) for two wheelers produced and capitalised during the year.

** Excludes items sold and purchased as indigenous components.

₹ crores

	This year	Previous year
C) EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS) :		
Royalty	50.02	3.53
Technical guidance fee	1.22	6.82
Model fee	22.09	172.09
Travel and other accounts	103.54	36.62
Advertisement and Publicity	26.22	12.72

₹ crores

	This year	Previous year
D) EARNINGS IN FOREIGN CURRENCY (ON ACCRUAL BASIS) :		
FOB value of exports	620.24	598.64
Freight and insurance	4.22	0.91

₹ crores

	This year	Previous year
E) PROVISION AND/OR PAYMENT IN RESPECT OF AUDITORS' REMUNERATION :		
a) As Statutory Auditors		
- Audit fee	0.64	0.58
- Limited Review of unaudited financial results	0.36	0.30
- Corporate Governance and other certification	0.20	0.09
b) Tax audit fees	0.04	0.04
c) In other capacity	-	-
d) Out of pocket expenses	#	#
# This year ₹ 150,000.00 (previous year ₹ Nil)		

NOTE NO. 39 Previous year's figures have been recast/regrouped wherever necessary.





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