

# Deloitte Haskins & Sells

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## INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF HERO MOTOCORP LIMITED

1. We have audited the accompanying Statement of Consolidated Financial Results of **HERO MOTOCORP LIMITED** ("the Company") and its subsidiaries (the Company and its subsidiaries constitute the "Group") and its associate and the Standalone Financial Results of the Company for the year ended March 31, 2015 ("the Statement"), being submitted by the Company pursuant to the requirement of Clause 41 of the Listing Agreements with the Stock Exchanges, except for the disclosures in Part II - Select Information referred to in paragraph 6 below. This Statement has been prepared on the basis of the related annual consolidated financial statements of the Group and the standalone financial statements of the Company for the year ended March 31, 2015, which are the responsibility of the Company's Management and have been approved by the Board of Directors. Our responsibility is to express an opinion on the Statement, based on our audit of the said consolidated and standalone financial statements, which have been prepared in accordance with the Accounting Standards notified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India.
2. We conducted our audit of the Statement in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the Statement. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall Statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Attention is invited to Note 12 of the Statement regarding the figures for the quarter ended March 31, 2015 being balancing figures between the audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year.
4. The consolidated financial results include the financial statements of HMCL (NA) Inc. and HMCL Netherlands B.V., subsidiaries of the Company and HMCL Columbia S.A.S. and HMCL Niloy Bangladesh Limited, subsidiaries of HMCL Netherlands B.V., whose financial statements reflect total revenue of Rs. 3,072 lakhs for the year ended March 31, 2015 and total loss after tax of Rs. 3,154 lakhs for the year ended March 31, 2015 as considered in the consolidated financial results. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial results in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

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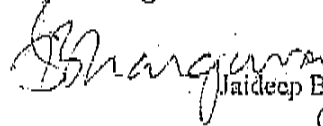
**Deloitte**  
**Haskins & Sells**

5. In our opinion and to the best of our information and according to the explanations given to us, and based on the consolidation of the reports of the other auditors referred to in paragraph 4 above, the Statement:
- (i) in the case of the consolidated financial results of the Group and its associate, includes the results for the year ended March 31, 2015 of the entities listed in Note 10 to the Statement,
  - (ii) is presented in accordance with the requirements of Clause 41 of the Listing Agreements with the Stock Exchanges; and
  - (iii) gives a true and fair view in conformity with the accounting principles generally accepted in India
    - i. in the case of the consolidated financial results of the Group and its associate, of the net profit and other financial information of the Group for the year ended March 31, 2015.
    - ii. in the case of the standalone financial results of the Company, of the net profit and other financial information of the Company for the year ended March 31, 2015.
6. Further, we also report that we have traced the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding and the number of shares as well as the percentage of shares pledged / encumbered and non-encumbered in respect of the aggregate amount of promoters and promoter group shareholding, in terms of Clause 35 of the Listing Agreements with the Stock Exchanges and the particulars relating to the investor complaints disclosed in Part II - Select Information for the quarter and year ended March 31, 2015 of the Statement, from the details furnished by the Management.

**For DELOITTE HASKINS & SELLS**

Chartered Accountants

(Firm Registration No. 015125N)

  
Jaideep Bhargava  
(Partner)

(Membership No. 90295)

Place : New Delhi  
Date : May 7, 2015

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**Regd. office :- 34, Community Centre, Basant Lok, Vasant Vihar, New Delhi-110057**

**Statement of Standalone Financial Results for the quarter and year ended March 31, 2015 and Consolidated Financial Results for the year ended March 31, 2015**

(Rupees in lacs)

Part-I		Standalone					Consolidated	
S. No.	Particulars	Quarter ended March 31, 2014 Audited (refer note 12 below)	Quarter ended December 31, 2014 Unaudited	Quarter ended March 31, 2014 Audited (refer note 12 below)	Year ended March 31, 2015 Audited	Year ended March 31, 2014 Audited	Year ended March 31, 2014 Audited	
		(1)	(2)	(3)	(4)	(5)	(6)	
	No. of two wheelers sold						(7)	
1	Income from Operations	15,75,501	16,48,548	15,87,442	64,31,826	62,45,940	-	
	(a) Net sales/ Income from Operations [Net of excise duty]	6,69,519	6,79,251	6,45,570	27,35,060	25,12,491	25,12,491	
	(b) Other Operating Income	9,888	4,574	5,776	23,470	15,056	15,056	
	Total Income from operations (net)	6,79,387	6,83,925	6,51,276	27,58,530	25,27,547	25,27,547	
2	Expenses							
	(a) Cost of materials consumed	4,76,064	4,96,129	4,65,809	19,78,368	18,22,153	18,22,153	
	(b) Change in inventories of finished goods and work-in-progress	3975	15,889	2,172	12,997	836	836	
	(c) Employees benefits expenses	30,397	31,611	23,569	1,17,287	93,004	93,003	
	(d) Depreciation and amortisation expenses	8,974	8,375	27,284	53,997	1,10,737	1,10,737	
	(e) Other expenses	88,194	79,895	70,329	3,11,634	2,57,548	2,57,613	
	Total Expenses	6,04,524	6,10,121	5,89,143	24,58,309	22,64,278	22,84,374	
3	Profit from Operations before Other Income, finance cost (-2)	74,863	73,804	82,133	3,00,221	2,43,269	2,43,173	
4	Other Income	9,288	9,340	12,298	49,274	44,638	44,419	
5	Profit before finance cost (3+4)	84,151	83,164	74,431	3,49,495	2,87,907	2,87,592	
6	Finance cost	75	242	293	1,109	1,182	1,182	
7	Profit before exceptional item and tax (5-6)	84,076	82,922	74,138	3,48,386	2,86,725	2,86,410	
8	Exceptional item-Provision for diminutions in value of non current investment ( Refer note 9)	15,504	-	-	15,504	-	-	
9	Profit before tax after exceptional item (7-8)	68,572	82,922	74,138	3,32,882	2,86,725	2,86,410	
10	Tax expense	20,219	24,624	18,695	94,318	75,817	75,817	
11	Profit for the year before share of profit/(loss) of associates and minority interest (9-10)	47,653	58,298	55,443	2,38,564	2,10,908	2,10,593	
12	Share of profit/(loss) of associates						(362)	
13	Minority Interest						(35)	
14	Net Profit after taxes, minority interest and share of profit/(loss) of associates (11+12-13)						2,10,266	
15	Paid-up Equity Share Capital	3,994	3,994	3,994	3,994	3,994	3,994	
	Face value of the share [Rs.]	2,00	2,00	2,00	2,00	2,00	2,00	
16	Reserves excluding Revaluation Reserve				6,50,139	5,55,993	5,56,270	
17	Basic and diluted earnings per share (face value Rs. 2/- each (in Rupees)							
a)	before exceptional items	31.63	29.19	27.76	127.23	105.61	105.29	
b)	after exceptional items	23.86	29.19	27.76	119.46	105.61	105.29	

# HERO MOTOCORP LIMITED

## Notes:-

- 1 The above Financial Results for the Fourth quarter and Financial Year ended March 31, 2015 have been reviewed and recommended by the Audit Committee and approved by the Board of Directors ("Board") in their respective meetings held on Wednesday, May 6, 2015 and Thursday, May 7, 2015.
- 2 Board at its meeting held on May 7, 2015 considered and recommended a final dividend @ 1500 % i.e. Rs. 2/- per equity share of Rs. 2/- each for the Financial Year 2014-15. The dates of Book closure for the entitlement of such dividend and Annual General Meeting shall be decided and informed in due course of time
- 3 Board has passed a resolution by way of circulation on March 27, 2015 and appointed Ms. Shobana Kamineni as an Additional, Non-executive and Independent Director w.e.f. March 27, 2015.
- 4 As the Company's business activity falls within a single primary business segment viz Two-wheelers, its parts and ancillary services and is a single geographical segment, the disclosure requirements of Accounting Standard (AS-17) "Segment Reporting", are not applicable.
- 5 In line with Notification No. G.S.R. 378 (E) dated May 11, 2011 issued by The Ministry of Corporate Affairs, Government of India, the exchange differences arising after April 1, 2007 on reporting of long term foreign currency monetary items at rates at end of quarter compared to those at which they were initially recorded, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, have been added to or deducted from the cost of the asset and shall be depreciated over the balance useful life of the asset.
- 6 Pursuant to the approval of the shareholders through postal ballot on September 22, 2014 the Nomination and Remuneration Committee at its meeting held on October 21, 2014 granted 23110 options at an exercise price of Rs. 2159 to the certain employees of the Company under the Employee Incentive Scheme 2014 - Option and Restricted Stock units.
- 7 During the year, the Company has implemented Schedule II of the Companies Act, 2013, and accordingly has computed the depreciation as prescribed by Schedule II to the Act or actual useful life of assets, whichever is lower. The carrying value of assets which has completed its depreciation period as on April 1, 2014 has been adjusted to the Surplus in the Statement of Profit and Loss. The remaining assets have been depreciated over the revised useful life and as a result higher depreciation has been recognised as charge in the Statement of Profit and Loss for the year ended March 31, 2015.
- 8 During the year, the Company has invested Rs. 7642 lacs and Rs. 1107 lacs as part of capital contribution in the wholly owned subsidiary HMCL Netherlands B.V. and a subsidiary HMC MM Auto Ltd. The subsidiaries would act towards furtherance of business interest of the Company.
- 9 Subsequent to the year end, Erik Buell Racing Inc. (EBR) (alongwith its subsidiary Erik Buell Racing, LLC), an associate of HMCL (NA) Inc. a wholly owned subsidiary of the Company has ceased their operations and entered into Assignment for the Benefit of Creditors under Chapter 12B of the Wisconsin Statutes ["Chapter 12B Process"], which is a process similar to the bankruptcy laws of U.S.A. The said filing has been occasioned by inability of EBR to honor outstanding creditors. Consequently the net worth of HMCL (NA) Inc. has eroded. In view of the above, the Company has made a provision of Rs 15504 lacs being the diminution in value of its investment held in HMCL (NA) Inc. under the head "Exceptional item" in the Statement of profit and loss.
- 10 Particulars of subsidiaries and associate as on March 31, 2015
  - a) Subsidiaries (held directly) - HMCL (NA) Inc. HMCL Netherlands BV, HMC MM Auto Limited.
  - b) Subsidiaries (held indirectly) - HMCL Colombia SAS, HMCL Niloy Bangladesh Limited.
  - c) Associate - Hero FinCorp Limited
- 11 Previous period/year figures have been regrouped/ reclassified wherever necessary, to make them comparable.
- 12 The figures of the last quarter are the balancing figures between the audited figures in respect of full year and the unaudited published figures up to the third quarter ended December 31.
- 13 The above results of the Company are available on the Company's website [www.heromotocorp.com](http://www.heromotocorp.com) and also on [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com)

For and on behalf of the board

*Self*  
**BRUNJOHAN LALL MUNJAL**  
 Chairman.

New Delhi  
 May 7, 2015

# HERO MOTOCORP LIMITED

Part-II		Select information for the quarter and year ended March 31, 2015 of the Company				
		Quarter ended March 31, 2015	Quarter ended December 31, 2014	Quarter ended March 31, 2014	Year ended March 31, 2015	Year ended March 31, 2014
		Particulars				
<b>A. PARTICULARS OF SHAREHOLDING</b>						
1	Public shareholding					
	Number of shares	[Rs. 2.00 per share] 13,05,21,418	[Rs. 2.00 per share] 11,99,75,018	[Rs. 2.00 per share] 11,99,75,018	[Rs. 2.00 per share] 13,05,21,418	[Rs. 2.00 per share] 11,99,75,018
	Percentage of holding (to total holding)	65.36%	60.08%	60.08%	65.36%	60.08%
2	Promoters and promoter group shareholding					
	a) Pledged/encumbered					
	Number of shares	NIL	NIL	NIL	NIL	NIL
	Percentage of shares (as a % of total shareholding of promoter and promoter group)	-	-	-	-	-
	Percentage of shares (as a % of the total share capital of the company)	-	-	-	-	-
	b) Non-encumbered					
	Number of shares	6,91,66,082	7,97,12,482	7,97,12,482	6,91,66,082	7,97,12,482
	Percentage of shares (as a % of total shareholding of promoter and promoter group)	100.00%	100.00%	100.00%	100.00%	100.00%
	Percentage of shares (as a % of the total share capital of the company)	34.64%	39.92%	39.92%	34.64%	39.92%
<b>B. INVESTOR COMPLAINTS</b>						
	Pending at the beginning of quarter					
	Received during the quarter					
	Disposed off during the quarter					
	Remaining unresolved at the end of the quarter					

# HERO MOTOCORP LIMITED

## Statement of Assets and Liabilities as per Clause 41 of the Listing Agreement

(Rupees in lacs)

Sr.no.	Particulars	Stand alone		Consolidated	
		As at March 31, 2015 Audited (1)	As at March 31, 2014 Audited (2)	As at March 31, 2015 Audited (3)	As at March 31, 2014 Audited (4)
<b>A</b>	<b>EQUITY AND LIABILITIES</b>				
<b>1</b>	<b>Shareholders' Funds:</b>				
	a) Share capital	3,994	3,994	3,994	3,994
	b) Reserves and Surplus	6,50,139	5,55,993	6,50,006	5,58,270
	<b>Sub-total - Shareholders' funds</b>	<b>6,54,133</b>	<b>5,59,987</b>	<b>6,54,000</b>	<b>5,62,264</b>
<b>2</b>	<b>Minority interest</b>			<b>1,854</b>	<b>85</b>
<b>3</b>	<b>Non-current liabilities</b>				
	a) Long term borrowings	-	-	1,200	-
	b) Long-term liabilities	3,133	2,445	3,133	2,445
	c) Long-term provisions	6,562	4,998	6,625	5,002
	<b>Sub-total - Non-current liabilities</b>	<b>9,695</b>	<b>7,443</b>	<b>10,958</b>	<b>7,447</b>
<b>4</b>	<b>Current liabilities</b>				
	a) Short-term borrowings	-	-	8,800	-
	b) Trade payables	2,84,187	2,29,059	2,85,493	2,29,101
	c) Other current liabilities	30,749	58,808	30,890	58,819
	d) Short-term provisions	73,406	1,54,433	73,440	1,54,442
	<b>Sub-total - Current liabilities</b>	<b>3,88,342</b>	<b>4,42,300</b>	<b>3,98,423</b>	<b>4,42,362</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>10,52,170</b>	<b>10,09,730</b>	<b>10,65,435</b>	<b>10,12,158</b>
<b>B</b>	<b>ASSETS</b>				
<b>1</b>	<b>Non-current assets</b>				
	a) Fixed assets	3,62,524	3,09,736	3,67,148	3,10,203
	b) Long-term investments non-current	86,378	81,288	82,115	83,005
	c) Deferred tax assets (Net)	7,354	10,598	7,354	10,598
	d) Long-term loans and advances	61,682	47,739	64,827	47,743
	e) Other non-current assets	6,019	4,781	6,019	4,781
	<b>Sub-total - Non-current assets</b>	<b>5,23,957</b>	<b>4,54,142</b>	<b>5,27,463</b>	<b>4,56,330</b>
<b>2</b>	<b>Current assets</b>				
	a) Current investments	2,29,033	3,27,589	2,29,735	3,27,589
	b) Inventories	81,549	66,955	86,139	66,955
	c) Trade receivables	1,38,959	92,058	1,37,182	92,058
	d) Cash and cash equivalents	15,925	11,750	21,578	11,983
	e) Short-term loans and advances	56,766	55,031	57,341	55,038
	f) Other current assets	5,981	2,205	5,997	2,205
	<b>Sub-total - Current assets</b>	<b>5,28,213</b>	<b>5,55,588</b>	<b>5,37,972</b>	<b>5,55,828</b>
	<b>TOTAL - ASSETS</b>	<b>10,52,170</b>	<b>10,09,730</b>	<b>10,65,435</b>	<b>10,12,158</b>

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ILAM C KAMBOJ  
AVP LEGAL & COMPANY SECRETARY



## **HERO MOTOCORP REPORTS PAT OF RS 476.53 CRORE IN Q4 (JANUARY-MARCH) IN FY'15**

### **CLOCKS REVENUES (NET SALES & OTHER OPERATING INCOME) OF Rs 6793.87 CRORE**

**LINES UP AN INVESTMENT OF OVER Rs. 3000 CRORES IN THE NEXT TWO  
YEARS**

<b>Financial Results: Q4, FY'15</b>	<b>Financial Results: FY'15</b>
<ul style="list-style-type: none"><li>- Total sales for Q4 stands at <b>15,75,501</b> units</li><li>- Total turnover (Net sales and other operating income) Rs 6793.87 crore</li><li>- Net profit after tax (PAT) stands at Rs 476.53 crore</li><li>- EBIDTA margin for the quarter 12.34 per cent</li></ul>	<ul style="list-style-type: none"><li>- Total unit sales of <b>66,31,826</b> two-wheelers</li><li>- Total turnover (Net sales and other operating income) of Rs 27585.30 crore</li><li>- Net profit after tax stands at Rs 2385.64 crore</li><li>- Final dividend of Rs 30 per share</li><li>- EBIDTA margin for the year 12.84 per cent</li><li>- EPS of Rs 119.46</li></ul>

*Our technologically refined and performance driven products have caught the imagination of our customers and allowed us to post growth of over 6% in FY'15 over the corresponding year. Last year, we focused on further strengthening our in-house capabilities and the results of that are for all to see with products like the Splendor iSmart which has set the bar higher for others to follow.*

*The industry has, however, remained sluggish due to the slowing rural economy on account of poor crop realization and moderating wages in the rural markets. Going forward, we remain cautiously optimistic in our near to medium term outlook. An overall improvement in the economy and positive market sentiments are required for the industry to get back to the trend of healthy double digit growth. On our part, we will continue to focus on our strengths and keep providing the best of products to our customers in India and across the globe.*

**PAWAN MUNJAL**  
**VICE CHAIRMAN, CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR**



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**Hero MotoCorp Ltd. (HMCL)** has lined up an investment of over Rs. 3000 crores in adding capacities and brand building initiatives in domestic and global markets over the next two years. This is in keeping with the company's vision of expanding its global footprint to 50 countries and total annual sales of 12 million units by the year 2020.

**Hero MotoCorp Ltd. (HMCL)**, today reported its sales and financial results for the 4<sup>th</sup> quarter of FY '15 (January-March 2015).

With quarterly sales of **15,75,501** units of two-wheeler for the period, the company's total turnover (Net Sales & other Operating Income) in the quarter stood at Rs.6793.87 Crore. Hero MotoCorp had reported a turnover of Rs. 6512.96 crore in the corresponding quarter in previous fiscal.

EBIDTA margin for the quarter stood at 12.34 %.

Profit before exceptional item and tax stood at Rs 840.76 crores. Profit after Tax (PAT) after exceptional item for the quarter stood at Rs 476.53 crores. This is after impairment of Rs 155.04 crores (US\$ 25 million) of equity investment in Erik Buell Racing, Inc. a Delaware corporation ("**EBR**") through HMCL NA Inc, subsidiary of Hero Motocorp Limited. EBR has filed an Assignment for Benefit of Creditors under Chapter 128 of the Wisconsin Statutes, which is similar to the federal bankruptcy law of the United States of America.

Fuelled by the record sales of over **66,31,826** units in this fiscal, Hero MotoCorp registered a total turnover (Net Sales & Other Operating income) of Rs 27585.30 crore for the full financial year of 2014-15, as compared to Rs 25275.47 crore reported in FY'14. The company reported profit after tax (PAT) of Rs.2385.64 crore and EBIDTA stood at 12.84% per cent for the financial year.

Based on strength of the operations and the resultant strong financial position the Company has declared a final dividend of Rs 30 per share, over and above interim dividend of Rs 30 per share paid in August 2015, this translates into a total dividend of Rs 60 (excluding dividend distribution tax) for the year

Hero MotoCorp reported earnings per share (EPS) before exceptional item Rs 127.23 and after exception item Rs. 119.46 for the year.

In the month of April, HMCL announced record mileage for its recently launched 'Splendor iSmart' motorcycle. As per the latest (March, 2015) Fuel Efficiency (FE) values, the i3S technology-enabled Splendor iSmart delivered a mileage of 102.50 kilometer per litre of petrol, thereby setting a new global benchmark in fuel efficiency.

These FE values are certified by the iCAT (International Centre for Automotive Technology) and obtained in the mandatory emission test specified in Rule 115 of the Central Motor Vehicle Rules (CMVR) 1989, under controlled conditions using a reference fuel at an agency authorized by Rule 126 of the said Rules. iCAT is a division of NATRIP Implementation Society (NATIS) of the government of India.

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In the month of March, HMC-MM Auto Ltd., the Joint Venture between Hero MotoCorp Ltd. and Milan (Italy)-based Magneti Marelli, also inaugurated its first autonomous 'Production and Development Centre' at Manesar (Haryana). With the commencement of operations at the Development Centre, HMCL is set to become India's first two-wheeler manufacturer to have its own EFI Product-line.

**Business Highlights: FY '15**

<b>Global foray</b>	<ul style="list-style-type: none"> <li>– Launch of brand 'Hero' and its range of products in Colombia, Bangladesh, Nicaragua, Democratic Republic of Congo, Mozambique, Angola and Ethiopia.</li> <li>– The company formed a wholly-owned subsidiary in Colombia and commenced construction of a state-of-the-art manufacturing plant in the country.</li> <li>– HMCL is also building a plant in Bangladesh as part of a joint venture with the Nitol Niloy Group</li> </ul>
<b>New facilities</b>	<ul style="list-style-type: none"> <li>– In Oct 2014, the state-of-the-art platinum-class manufacturing plant - 'Garden Factory' - of Hero MotoCorp Ltd went on stream at Neemrana in Rajasthan.</li> <li>– In June 2014, HMCL also made its Global Parts Centre (GPC) at Neemrana operational.</li> </ul>
<b>New Product launches</b>	<ul style="list-style-type: none"> <li>– Launches the new Karizma, ZMR, Xtreme, Passion Pro TR, Splendor Pro Classic, Splendor iSmart, HF Deluxe Eco, and the Pleasure Scooter</li> </ul>
<b>Sales Performance</b>	<ul style="list-style-type: none"> <li>– Retailers a whopping more than One Million (10 Lakh) two-wheelers during the 37-day festive period, which started on 25th September (first day of Navratras) and lasted until 31st October 2014.</li> <li>– On Dhanteras, for the first time, HMCL's total sales to end-customers across the country surpass the 200,000 mark, which is a growth of over 80 per cent over Dhanteras day last year.</li> <li>– In September 2014, HMCL clocks a record 6,04,052 units of two-wheelers. Hero MotoCorp had crossed the figure of 6-lakh plus in monthly sales in only two previous occasions – in October 2013 when it sold 6.25 units</li> <li>– In May 2014, HMCL sells 602,483 units – all-time high dispatch sales in a non-festive month</li> <li>– Record sales for a financial year with 66,31,826 units sold in FY '15</li> </ul>

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