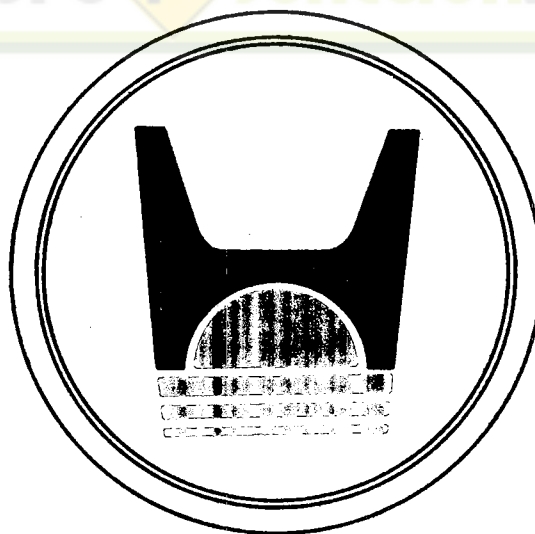




MD	✓		BKC	✓
CS	✓		DPY	MA
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		

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FOURTEENTH

ANNUAL

REPORT

1996-97



# BOARD OF DIRECTORS

Brijmohan Lall Munjal  
*Chairman and Managing Director*

Takehiko Nakajima  
*Joint Managing Director*

Pawan Kant Munjal  
*Whole-Time Director*

Matsuo Yamasaki  
*Whole-Time Director*

Satyanand Munjal  
Om Prakash Munjal  
S. P. Virmani  
M. P. Wadhawan  
O.P. Gupta  
*Directors*

S. Toshida (upto 18. 11. 96)  
K. Fukatsu (upto 18. 11. 96)  
M. Nagata (from 18. 11. 96)  
Y. Kobayashi (from 18. 11. 96)  
M. V. Muthu (IFCI Nominee)  
*Directors*

## AUDITORS

A. F. Ferguson & Co.  
Chartered Accountants, New Delhi.

## BANKERS

Punjab National Bank  
The Bank of Tokyo-Mitsubishi Ltd.  
Citibank, N.A.  
ANZ Grindlays Bank Plc.  
Bank of America NT & SA  
The Sanwa Bank Ltd.  
Canara Bank  
Banque Nationale De Paris

ABN Amro Bank  
Deutsche Bank  
Bank of Baroda  
DBS Bank  
American Express Bank Ltd.  
ICICI Banking Corporation Ltd.  
HDFC Bank Ltd.

## SENIOR EXECUTIVES

P. Dasgupta  
P.B. Menon

K.K. Agrawal  
K.K. Malhotra

## COMPANY SECRETARY

Ilam C. Kamboj

## TECHNICAL AND FINANCIAL COLLABORATORS

Honda Motor Co., Ltd.,  
No. 1-1, 2 Chome,  
Minami-aoyama, Minato-ku,  
Tokyo 107, Japan

## REGISTERED AND CORPORATE OFFICE

34, Community Centre,  
Basant Lok, Vasant Vihar,  
New Delhi - 110 057.  
Tel: 6142451 (9 Lines) Telex: 031-72324  
Fax: 6143321 Gram: HONDABYKE

## REGISTRARS AND TRANSFER AGENTS

MCS Ltd.,  
Srivenkatesh Bhavan, 212-A, Shahpur Jat,  
(Behind Panchsheel Club), New Delhi - 110 049  
Tel: 6494830/31, 6495832  
Telex: 031-71448 MCSD IN Fax: 011-6493152

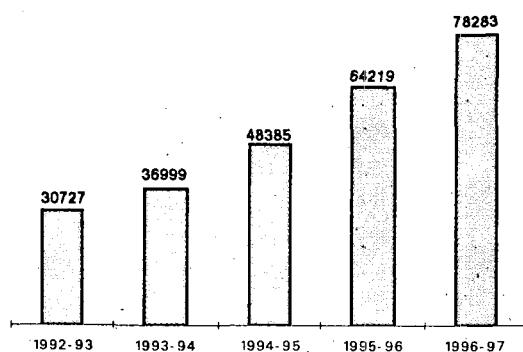
## DHARUHERA PLANT

69 Km. Stone, Delhi-Jaipur Highway  
Dharuhera, Distt. Rewari,  
Haryana - 121006

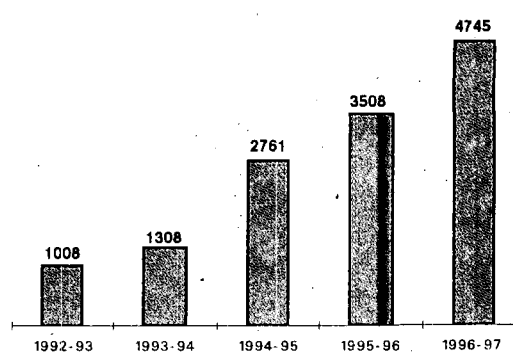
## GURGAON PLANT

37 Km. Stone, Delhi - Jaipur Highway  
Sector 33 - 34, Gurgaon,  
Haryana - 122001

SALES AND OTHER INCOME (RUPEES IN LACS)

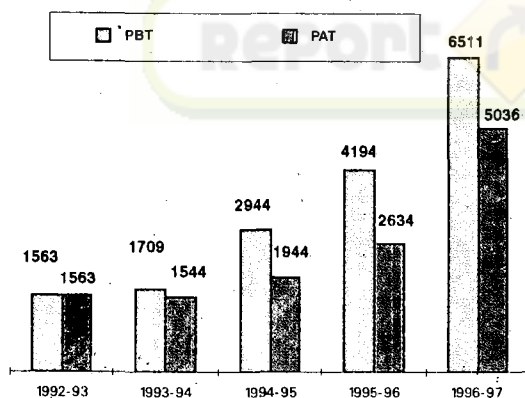


EXPORT SALES (RUPEES IN LACS)

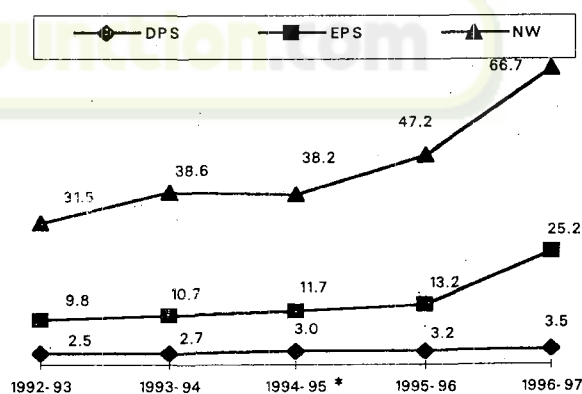


# FINANCIAL

PROFITS (RUPEES IN LACS)

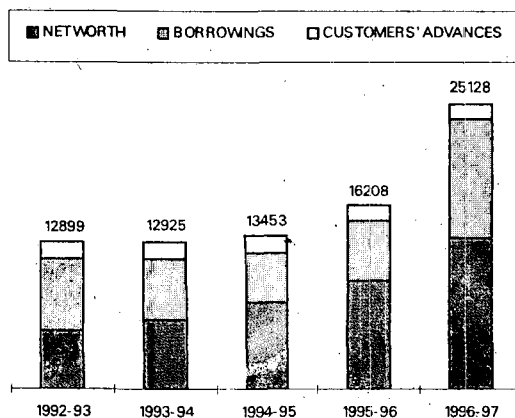


NETWORTH/ EARNINGS AND DIVIDEND PER SHARE (RUPEES)

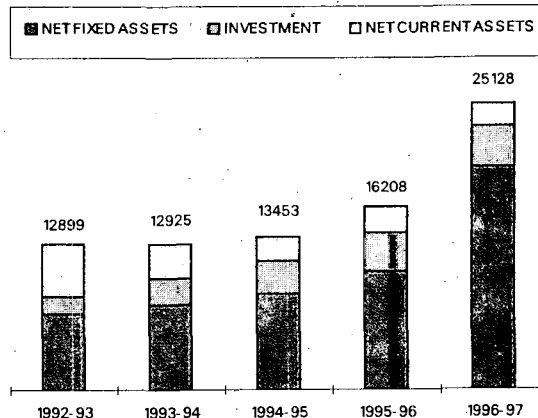


\* Bonus issue 1:4

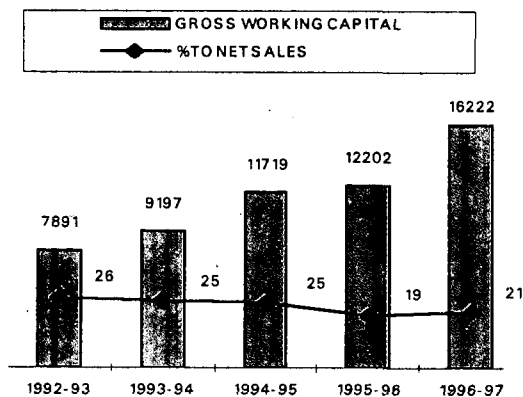
SOURCES OF FUNDS (RUPEES IN LACS)



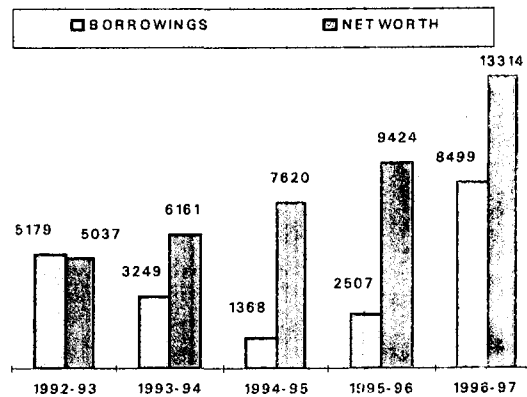
APPLICATION OF FUNDS (RUPEES IN LACS)



**WORKING CAPITAL (RUPEES IN LACS)**

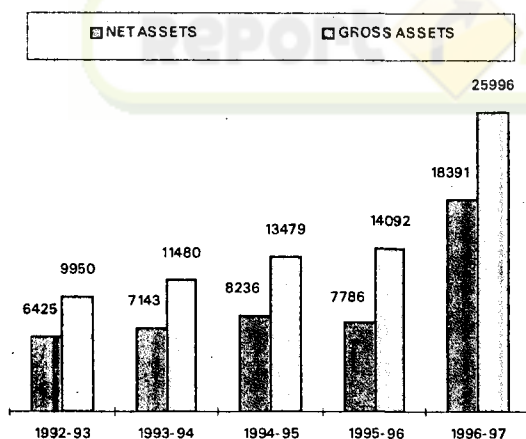


**BORROWINGS AND NETWORTH (RUPEES IN LACS)**

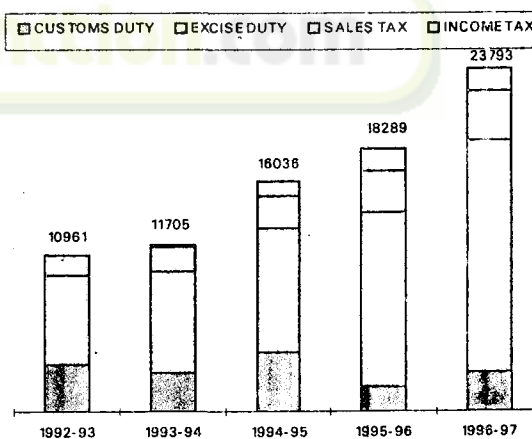


# HIGHLIGHTS

**FIXED ASSETS (RUPEES IN LACS)**

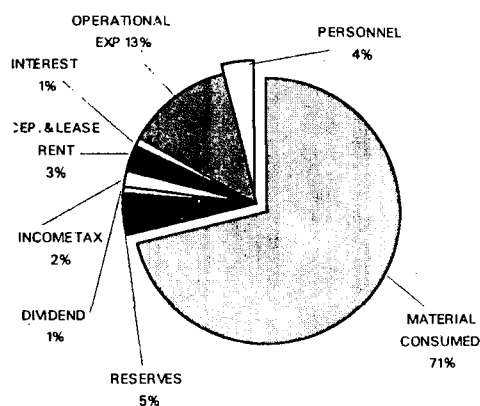


**CONTRIBUTION TO EXCHEQUER (RUPEES IN LACS)**

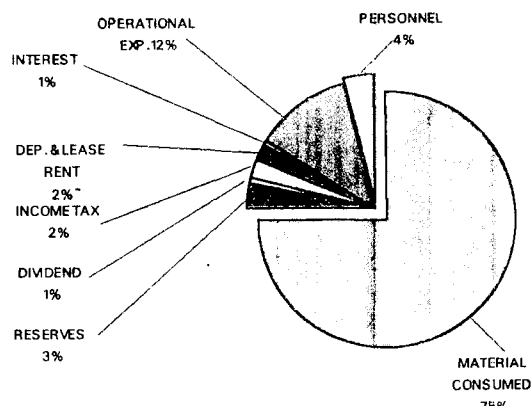


**DISTRIBUTION OF REVENUE**

**1996-97**



**1995-96**



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**NOTICE**

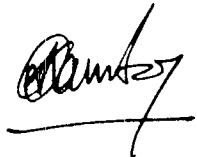
NOTICE is hereby given that the FOURTEENTH ANNUAL GENERAL MEETING of the members of HERO HONDA MOTORS LIMITED will be held on Friday, the 5th September, 1997 at 10.30 A.M. at Air Force Auditorium, Subroto Park, New Delhi-110 010, to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited balance sheet of the Company as at 31st March, 1997 and the profit and loss account for the year ended on that date together with the reports of the Directors' and Auditors' thereon.
2. To confirm the payment of interim dividend of Rs. 1.60 per Equity Share and to declare a final dividend of Rs. 1.90 per Equity Share making a total of Rs. 3. 50 per Equity Share for the financial year 1996-97.
3. To appoint a Director in place of Mr. Om Prakash Munjal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Satya Paul Virmani, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Pawan Kant Munjal, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board  
for HERO HONDA MOTORS LIMITED

Registered office:  
34, Community Centre,  
Basant Lok, Vasant Vihar,  
New Delhi - 110 057  
May 27, 1997

  
ILAM C. KAMBOJ  
Company Secretary

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**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE (ON A POLL ONLY) INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
2. The Register of Members and the Share Transfer Books of the Company shall remain closed from Friday, the 1st August, 1997 to Thursday, the 7th August, 1997 (both days inclusive).
3. The final dividend as recommended by the Board of Directors, if approved by the Shareholders at the Annual General Meeting shall be paid to those members whose names appear on the Register of Members of the Company on Thursday, the 7th August, 1997. No tax will be deducted at source as provided in the Finance Bill, 1997.
4. The Company will transfer unclaimed dividend declared for the financial year ended 31st March, 1994 to the General Revenue Account of the Central Government in the month of October 1997 as required by the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978. Once it is so transferred, the shareholders who have so far not claimed or collected their dividend for the said financial year may claim the same from the Registrar of Companies, National Capital Territory of Delhi & Haryana, New Delhi, by submitting application in the prescribed form.

The unpaid dividend for the financial year 1994-95 is due for transfer to the General Revenue Account of the Central Government in the month of October, 1998. Members who have not encashed their dividend warrants, are requested to approach the company at its registered office for obtaining duplicate dividend warrants.

5. Members are requested to bring their copy of the annual report to the meeting.

**By Order of the Board  
for HERO HONDA MOTORS LIMITED**

**ILAM C. KAMBOJ  
Company Secretary**

**Registered office:  
34, Community Centre,  
Basant Lok, Vasant Vihar,  
New Delhi - 110 057  
May 27, 1997**

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**DIRECTORS' REPORT TO THE MEMBERS**

Dear Members,

Your Directors have pleasure in presenting the Fourteenth Annual Report together with the audited statements of account for the financial year ended 31st March, 1997.

**FINANCIAL RESULTS**

	(Rupees in lacs)	
	Year ended March 31, 1997	Year ended March 31, 1996
Sales and other Income	78,283.04	64,219.29
Profit before depreciation and finance charges	8,702.27	5,854.10
Finance charges	868.30	588.02
Depreciation	1,323.30	1,072.35
Profit before tax	6,510.67	4,193.73
Provision for tax	1,475.00	1,560.00
Profit after tax	5,035.67	2,633.73
Transfer to investment allowance reserve	—	4.89
Transfer from investment allowance (Utilised) account	286.52	—
Balance of profit brought forward	3,741.56	3,062.01
Balance available for appropriation	9,025.81	5,690.85
Transfer to debenture redemption reserve	72.92	41.66
Transfer to general reserve	3,200.00	1,268.83
Dividend	35%	32%





## OPERATIONS

During the year 1996-97 the motorcycle segment has witnessed a significant growth of 21% over 1995-96 vis a vis an overall growth of 11% in the two wheeler industry. Hero Honda Motors Limited though constrained with capacity till the later part of the financial year, could however achieve a growth of 16.84% registering sales of 268931 motorcycles during 1996-97 against 230164 motorcycles sold during the previous year.

Sales (net of excise duty) and other income accordingly had registered a similar increase, aggregating to Rs. 782.83 crores as compared to Rs. 642.19 crores during the previous financial year representing a net increase of 21.9%. Pre-tax profit increased by 55.2% from Rs. 41.94 crores in 1995-96 to Rs. 65.11 crores in the financial year ended on March 31, 1997. Similarly Profit after tax increased by 91.2% from Rs. 26.34 crores in 1995-96 to Rs. 50.36 crores in 1996-97.

## EXPANSION

The process of increasing the manufacturing capacity in the existing plant at Dharuhera from 240000 motorcycles to 300000 motorcycles per annum could be successfully completed during the later part of 1996-97 and the Company is currently in the process of increasing it further to 375000 motorcycle per annum.

The new plant at Gurgaon with a capacity of 150000 motorcycles per annum has already commenced commercial production. The Line off Ceremony was held on 24th January, 1997. The plant was formally inaugurated on 26th February, 1997 by Mr. N. Kuwamoto, CEO & President, Honda Motors Co., Ltd., Japan.

## LAUNCH OF NEW STEP THRU MODEL

A new step thru model 'Street-100' with unique features is being manufactured in new plant at Gurgaon which was formally launched on 24th January, 1997.

## FOUNDATION STONE OF RAMAN KANT MUNJAL VIKAS KENDRA

Keeping its commitment to the society and upliftment of the local community, the Company created a Charitable Foundation during 1992 Raman Kant Munjal Foundation, which is providing education, health and vocational training services to the people of District Gurgaon and Rewari. To give more thrust to these services Raman Kant Munjal Foundation has started Raman Kant Munjal Vikas Kendra, the foundation stone of which was laid by the Hon'ble Chief Minister of Haryana, Ch. Bansi Lal on 25th February, 1997. The Vikas Kendra is planning to start a School and Health Centre immediately at this site and later on to add Vocational Training Centre and a Sports Academy.

## EXPORTS

As geographical boundaries began to recede under the Hero Honda onslaught, the international arena started looming large on the horizon and the Company's brands began to capture consumer preference abroad. The Company increased its export sales from 11937 motorcycles in the year 1995-96 to 15059 in 1996-97, representing an increase of 26%.



While Ghana and Venezuela were successfully added to its list of target markets, the initiatives already taken to increase exports started showing results. Argentina, Columbia and Sri Lanka registered a growth of about 300%, 131% and 99% respectively over the previous year. The Company's products were also successfully displayed at the International Trade Fairs held in Kenya and Dubai during the year.

#### **DIVIDEND**

The Board of Directors is pleased to recommend, for your consideration and approval a higher dividend of 35%, as compared to previous year's 32%. This dividend would include the Interim Dividend of 16% already paid during the year under review.

#### **FIXED DEPOSITS**

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

#### **BOARD OF DIRECTORS**

Mr. Om Prakash Munjal, Mr. S.P. Virmani and Mr. Pawan Kant Munjal who would retire at the conclusion of the forthcoming Annual General Meeting and being eligible, have offered themselves for re-appointment. The Board recommends their re-appointment.

Mr. Satoshi Toshida and Mr. Kensuke Fukatsu relinquished their office as Directors with effect from 18.11.1996 and Mr. Minoru Nagata and Mr. Yoshiji Kobayashi were nominated in their place respectively by Honda Motor Co., Ltd., Japan to be appointed as Directors. The Board welcomes Mr. Minoru Nagata and Mr. Yoshiji Kobayashi and places on record its appreciation for the valuable services rendered by Mr. Satoshi Toshida and Mr. Kensuke Fukatsu during their tenure as Directors.

#### **INSURANCE**

All properties and insurable assets of the Company, including Building, Plant & Machinery and Stocks, had been adequately insured, wherever necessary, and to the extent required.

#### **COST AUDITORS**

The Board have re-appointed M/s. Ramanathan Iyer & Co. as the Cost Auditors of the Company under Section 233 B of the Companies Act, 1956 subject to the approval of the Central Government for the year 1997-98. The Cost Auditors' Report will be forwarded to the Central Government as required under law.

#### **AUDITORS**

M/s A.F. Ferguson & Co., Chartered Accountants, New Delhi, Auditors of the Company retire at the conclusion of ensuring 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.