

ANNUAL REPORT 06-07



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# PASSION IN MOTION

## CONTENTS

06	Corporate Profile
08	Highlights
12	Message to Shareholders
18	Board of Directors
20	Management Discussion & Analysis
48	Corporate Information
51	Financial Highlights and Key Ratios
52	Economic Value Added Statement
53	Directors' Report
57	Corporate Governance Report
78	FAQ's
82	Auditors' Report
86	Balance Sheet
87	Profit & Loss Account
88	Cash Flow Statement
119	US GAAP



THE WORLD IS MOVING.  
BUT SOMEONE IS  
QUIETLY STEERING THE  
WHEELS OF CHANGE.

## CORPORATE PROFILE





The joint venture between India's Hero Group and Honda Motor Company, Japan has not only created the world's single largest two wheeler company but also one of the most successful joint ventures worldwide.

During the 80s, Hero Honda became the first company in India to prove that it was possible to drive a vehicle without polluting the roads. The Company introduced new generation motorcycles that had set the industry benchmarks for fuel economy and low emission.

A legendary 'Fill it - Shut it - Forget it' campaign captured the imagination of commuters across India, and Hero Honda sold millions of bikes purely on the commitment of increased mileage. Hero Honda has added many more feathers in its cap since then. Today, Hero Honda bikes sell not only on the promise of better mileage, but also on the basis of attributes such as safety, comfort, ergonomics and durability.

Thanks to the trust reposed by consumers across all segments, entry, deluxe and premium, year after year, over 19 million Hero Honda two wheelers tread Indian roads today. These are almost as many as the number of people in Finland, Ireland and Sweden put together! And all this has been achieved in the space of just over two decades.

Hero Honda has consistently grown at double digits since inception; and today, every second motorcycle sold in the country is a Hero Honda. Every 30 seconds, someone in India buys Hero Honda's top selling motorcycle - Splendor. In the 2006 festive season, the Company sold over half a million two wheelers in a single month - a feat unparalleled in global automotive history.

Hero Honda bikes currently roll out from two globally benchmarked manufacturing facilities located at Dharuhera and Gurgaon in Haryana. These plants together are capable of

churning out 3.9 million bikes per year. A third state-of-the-art manufacturing facility at Haridwar in Uttarakhand will soon be commissioned to cope with sustained market demand.

Hero Honda's extensive sales and service network comprises of over 3000 customer touch points. These include a mix of dealerships, service and spare points, spare parts stockists and authorised representatives of dealers located across different geographies. Every year, new dealerships and service centres are rapidly added where growth potential is spotted.

Hero Honda values its relationship with customers. Its unique CRM initiative - Hero Honda Passport Program, one of the largest programs of this kind in the world, has over 3 million members. The program has helped Hero Honda understand its customers better and deliver value at different price points.

Having created an unassailable pole position for itself in the Indian two wheeler market, Hero Honda is now consolidating its position in the market place by innovating along the entire value chain.

As India enters into an exciting period of growth, Hero Honda is making sure it is in a position to keep pace. The Company is tapping several new opportunities.

The Company believes that changing demographic profile of India, increasing urbanization and the empowerment of rural India will add millions of new families to the economic mainstream. This would provide the growth ballast that would sustain Hero Honda in the years to come.

Indeed, as Brijmohan Lall Munjal, Chairman, Hero Honda Motors succinctly points out, "We pioneered India's motorcycle industry, and it's our responsibility now to take the industry to the next level. We'll do all it takes to reach there." Amen to that.

# H I G H L

World largest two - wheeler manufacturing company for the 6<sup>th</sup> consecutive year.  
A record volume of over 3 million two - wheelers in a year.  
More than a million bikes ahead of the nearest competitor.

Foundation Stone of Haridwar plant laid on October 19th, 2006 by Dr. Manmohan Singh, Hon'ble Prime Minister of India.



New motorcycle models launched at the dealer conference in Agra: CBZ X-treme, Glamour alloy wheels and Passion - special edition.



Hero Honda Dealers spent time on the high seas as part of an exclusive cruise.



Top Indian company in the automobile - two wheeler sector, by Dun & Bradstreet - American Express Corporate Awards 2006



New motorcycle models launched at the dealer conference on the cruise: CD Dawn, CD Deluxe, Achiever and Karizma.



Hero Honda Splendor - India's most preferred two wheeler brand by CNBC Awaaz Consumer Awards 2006

