

notice

NOTICE is hereby given that the 23rd ANNUAL GENERAL MEETING of the Members of HERO HONDA MOTORS LIMITED will be held on Thursday, September 14, 2006 at 04:30 P.M., at Airforce Auditorium, Subroto Park, Dhaula Kuan, New Delhi 110010 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at March 31, 2006 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 declare a dividend of Rs. 20 per Equity Share on 19,96,87,500 Equity Shares of Rs. 2 each for the financial year 2005-06.
3. To appoint a Director in place of Mr. Pradeep Dinodia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Gen. (Retd.) Ved Prakash Malik, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Brijmohan Lall Munjal, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Mr. Satyanand Munjal, who retires by rotation and being eligible, offers himself for re-appointment.
7. To appoint a Director in place of Mr. Tatsuhiro Oyama, who retires by rotation and being eligible, offers himself for re-appointment.
8. To appoint M/s. A.F.Ferguson & Co., Chartered Accountants, New Delhi, the retiring auditors, to hold office as auditors from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

To consider, and if thought fit, to pass, with or without modification(s), the following Resolutions:

As Ordinary Resolutions :

9. APPOINTMENT OF MR. SUNIL BHARTI MITTAL AS DIRECTOR OF THE COMPANY

"RESOLVED THAT Mr. Sunil Bharti Mittal, who was appointed as an Additional Director of the Company by the Board of Directors, in terms of Section 260 of the Companies Act, 1956 w.e.f. December 30, 2005 and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 together with a deposit of Rs. 500 (Rupees five hundred) as required under the Act, be and is hereby appointed as a Director of the Company and the period of his office is liable to determination by retirement of Directors by rotation."

10. APPOINTMENT OF MR. TOSHIAKI NAKAGAWA AS DIRECTOR AND JOINT MANAGING DIRECTOR OF THE COMPANY

"RESOLVED THAT Mr. Toshiaki Nakagawa, who was appointed as an Additional Director of the Company by the Board of Directors, in terms of Section 260 of the Companies Act, 1956 w.e.f. February 1, 2006 and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 together with a deposit of Rs. 500 (Rupees five hundred) as required under the Act, be and is hereby appointed as a Director of the Company; and

RESOLVED FURTHER THAT pursuant to the recommendation of the Remuneration Committee and subject to the approval of the Central Government under Sections 269, 198, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 approval of the Company be and is hereby accorded to the appointment of Mr. Toshiaki Nakagawa, as Joint Managing Director for a period of five years w.e.f. February 1, 2006 on a remuneration including minimum remuneration and on terms and conditions as set out in the Explanatory Statement annexed hereto.

RESOLVED FURTHER THAT the aggregate amount of remuneration payable to Mr. Nakagawa in a particular financial year will be subject to the overall ceiling limit laid down in Sections 198 and 309 read with Schedule XIII of the Companies Act, 1956."

11. APPOINTMENT OF MR. MASAHIRO TAKEDAGAWA AS DIRECTOR OF THE COMPANY

"RESOLVED THAT Mr. Masahiro Takedagawa, who was appointed as an Additional Director of the Company by the Board of Directors, in terms of Section 260 of the Companies Act, 1956 w.e.f. May 30, 2006 and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 together with a deposit of Rs.500 (Rupees five hundred) as required under the Act be and is hereby appointed as a Director of the Company and the period of his office is liable to determination by retirement of Directors by rotation."

As Special Resolutions :

12. RE-APPOINTMENT OF MR. BRIJMOHAN LALL MUNJAL, AS CHAIRMAN AND DIRECTOR IN THE WHOLE-TIME EMPLOYMENT OF THE COMPANY

"RESOLVED THAT pursuant to the recommendation of the Remuneration Committee and in accordance with the provisions of Sections 269, 198, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 approval of the Company be and is hereby accorded to the re-appointment of Mr. Brijmohan Lall Munjal as Chairman and Director in the Whole-time employment of the Company for a period of 5 years w.e.f. August 3, 2006 on a remuneration including minimum remuneration and such other terms and conditions as set out in the Explanatory Statement annexed hereto.

RESOLVED FURTHER THAT the aggregate amount of remuneration payable to Mr. Munjal in a particular financial year will be subject to the overall ceiling limit laid down in Sections 198 and 309 read with Schedule XIII of the Companies Act, 1956."

13. KEEPING OF REGISTERS/RETURNS/DOCUMENTS AT THE REGISTERED OFFICE

"RESOLVED THAT pursuant to the provisions of Section 163 of the Companies Act, 1956, the Register and Index of Members of the Company and copies of all the Annual Returns prepared by the Company under Section 159 of the Companies Act, 1956 together with copies of all certificates and documents required to be annexed/attached thereto under Section 161 or any one or more of them be kept at the registered office of the Company at 34, Community Centre, Basant Lok, Vasant Vihar, New Delhi 110 057.

As an Ordinary Resolution :

14. RE-APPOINTMENT OF MR. PAWAN MUNJAL, AS MANAGING DIRECTOR OF THE COMPANY

"RESOLVED THAT pursuant to the recommendation of the Remuneration Committee and in accordance with the provisions of Sections 269, 198, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded to the re-appointment of Mr. Pawan Munjal as Managing Director of the Company for a period of 5 years w.e.f. October 1, 2006 on a remuneration including minimum remuneration and such other terms and conditions as set out in the Explanatory Statement annexed hereto.

RESOLVED FURTHER THAT the aggregate amount of remuneration payable to him in a particular financial year will be subject to the overall ceiling limit laid down in Sections 198 and 309 read with Schedule XIII of the Companies Act, 1956."

By Order of the Board
for Hero Honda Motors Limited



ILAM C. KAMBOJ
G.M. Legal & Company Secretary

New Delhi
July 11, 2006

Registered Office:
34, Community Centre,
Basant Lok, Vasant Vihar,
New Delhi -110 057

notes

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, which sets out details relating to Special Business to be transacted at the meeting is annexed hereto.
2. **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/HERSELF 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.**
3. Pursuant to Section 154 of the Companies Act, 1956, the Register of Members and the Share Transfer Books of the Company will remain closed from **Thursday, August 17, 2006 to Tuesday, August 22, 2006 (both days inclusive)**.
4. The relevant details of Item Nos. 3 to 7, 9 & 11 pursuant to Clause 49 of the Listing Agreement are annexed hereto.
5. The dividend as recommended by the Board of Directors, upon declaration by the members at the 23rd Annual General Meeting, shall be paid to those members whose names appear on the Register of Members of the Company on Tuesday, August 22, 2006.

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, August 16, 2006 as per the details furnished by the Depositories for this purpose.
6. In view of the circular no. DCC/FlIT/Cir-3/2001 dated October 15, 2001 issued by SEBI, the ECS facility should mandatorily be used by the Companies for the distribution of dividend to its members. Your Company has already started this process and sent the required forms and details to all the members on various occasions. Those members holding shares in physical form, who inspite of repeated reminders have not yet sent the duly filled in ECS form annexed as **Annexure - D** herewith to avail the benefits of this facility are once again requested to send the same at the earliest. In case of members holding shares in demat mode, they should furnish details in the prescribed format to their Depositories Participant (DP).
7. The Company is obliged to print such bank details on the dividend warrants as furnished by National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL), "the Depositories" to the Company and the Company can not entertain any request for deletion/change of

bank details already printed on the dividend warrant(s) based on the information received from the concerned Depositories, without confirmation from them. In this regard, members are advised to contact their DP and furnish them the particulars of **any change** desired.

8. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, the amount of dividend which remains unpaid/unclaimed for a period of 7 years is transferred to the "Investor Education and Protection Fund" (IEPF), constituted by the Central Government and member(s) would not be able to claim any amount of dividend so transferred to the IEPF. As such, member(s) who have not yet encashed his/their dividend warrant(s) is/are requested in his/their own interest to write to the Company **immediately** for claiming outstanding dividend declared by the Company during the years 1999 and onward.

The dividend paid for the year from 1995 to 1998 and remaining unclaimed/unpaid in the accounts has already been transferred to IEPF.

In respect of the unclaimed dividend(s) declared for period(s) upto 1994, the same have already been transferred by the Company to the General Revenue Account of the Central Government. Member(s) who have so far not claimed or collected their dividend declared upto the aforesaid period are requested to claim the same by writing to the Registrar of Companies, NCT of Delhi & Haryana, Paryavaran Bhawan, CGO Complex, Lodhi Road, New Delhi 110 003 by quoting the **Company's Identification No. U35911DL1984PLC017354**.

9. Pursuant to the provisions of Section 109A of the Companies Act, 1956, every member or joint holders holding shares in physical form may nominate, in the prescribed manner, a person to whom all the rights in the shares shall vest in the event of death of the sole holder or all the joint holders. A nomination form for this purpose is annexed herewith as **Annexure - C**. Member or joint holders holding shares in demat form may contact their respective DP for availing this facility.
10. Members are requested to notify **immediately** any change in address and signature updation in the form annexed as **Annexure - A & B** respectively for their **physical holdings** to the Company at its Registered Office and to the respective DPs in case of shares held in electronic mode.
11. Members/persons are requested to bring their copy of the Annual Report to the meeting.

explanatory statement

pursuant to section 173(2) of the companies act, 1956

ITEM NO. 9

Mr. Satya Paul Virmani, Director of the Company did not seek re-appointment in the last Annual General Meeting (AGM). The vacancy so caused was not filled in the said AGM. Thereafter, to broaden the base of the existing Board of Directors and to comply with the clause 49 of the Listing Agreement, Mr. Sunil Bharti Mittal was inducted as an Additional Director on the Board w.e.f. December 30, 2005. Mr. Mittal possesses rich and diversified experience of the Industry. With his induction as Director, the Company will be immensely benefited.

Mr. Sunil Bharti Mittal, Director of the Company may be deemed to be interested or concerned in the resolution under Item No. 9 of the Notice. None of the other directors of the Company is interested or concerned in the said resolution.

The Board of Directors of your Company recommends passing of the aforesaid Ordinary Resolution.

ITEM NO. 10

Mr. Miki Yamamoto, Joint Managing Director of the Company has been assigned another responsibility by Honda Motor Co., Ltd., Japan. Consequently, he has resigned from the position of Director and Joint Managing Directorship of the Company effective January 31, 2006. He was associated with the Company since April 1, 2005. He has been succeeded by Mr. Toshiaki Nakagawa w.e.f. February 1, 2006. Mr. Toshiaki born on March 27, 1951 in Kyoto, Japan completed his graduation in the year April 1973 from Reitaku University, Japan. Immediately after graduation, he joined Honda Motor Co., Ltd., Japan as staff member & later on took various important assignments at senior positions at various offices of Honda situated in United Kingdom, Hongkong, Prague, France and Beijing. Immediately before joining at Hero Honda Motors Ltd., he held the position of General Manager in Overseas Operations Office No. 1, Honda Headquarters, Japan. He brings with him rich and diversified experience in Automobile sector from across the globe. His specialization includes :

- Establishment and startup of new overseas companies; and
- Human Resource Management.

He at present holds the membership of the Board of the following companies:

| Sl. No. | Name of Company | Nature of Office |
|---------|----------------------------|-----------------------|
| 1. | Hero Honda Motors Limited | Jt. Managing Director |
| 2. | Hero Honda Finance Limited | Director |

Your Board of Directors by passing a resolution by circulation on January 6, 2006 on the recommendation made by the Remuneration Committee in their meeting held on January 6, 2006 have appointed him as the Joint Managing Director of the Company for a period of 5 (five) years with effect from February 1, 2006, subject to the approval of the shareholders in the General Meeting and the Central Government, if required, on the terms and conditions, including minimum remuneration, as detailed hereinafter:

- I. **Basic Salary:** Rs.2,11,750 (Rupees two lacs eleven thousand seven hundred fifty only) per month subject to an increase of 10% per annum on the Basic Salary of preceding year;
- II. **Commission:** He will also be allowed remuneration by way of Commission in addition to Basic Salary, Perquisites and any other allowances, benefits or amenities subject to the condition that the amount of commission shall not exceed 1% of the net profit of the Company in a particular financial year as computed in the manner referred to in Section 198 of the Companies Act, 1956;
- III. **Perquisites and allowances:** In addition to the above Basic Salary and Commission, he shall be entitled to the following Perquisites and allowances:
 - i) Residential Accommodation: The appointee shall be provided free furnished residential accommodation. In addition to this the appointee shall be provided with cook(s), servant(s) and security guard(s);
 - ii) Medical Reimbursement: Actual medical expenses incurred by the appointee and his family shall be reimbursed;
 - iii) Club Fees: Actual fees of clubs will be reimbursed;
 - iv) Personal Accident Insurance: Actual premium to be paid by the Company;
 - v) Insurance of House-hold goods: Actual premium to be paid by the Company;
 - vi) Car: Facility of car with driver to be used for the business of the Company;
 - vii) Telephone: Free telephone facility at residence including Mobile phone to be used for the business of the Company;

- viii) Leave: One month's leave with full salary for every 11 months of service subject to the condition that leave accumulated but not availed will not be encashed; and
 - ix) Reimbursement of expenses: Reimbursement of entertainment, traveling, hotel and other expenses actually and properly incurred for the business of the Company.
- IV. **Leave Travel Concession:** For the appointee and his family once in a year incurred in accordance with the rules of the Company. In case it is proposed that the leave be spent in home country instead of anywhere in India, return passage may be allowed for self and family in accordance with the rules of the Company;
- V. **Children's Education Allowance:** In case of children studying in India or abroad expenses subject to maximum of Rs.5,000 per month per child shall be reimbursed by the Company. Such allowance shall be admissible upto a maximum of two children;
- VI. **Holiday passage for children studying outside India/family staying abroad:** Return holiday passage is admissible once in a year by economy class or once in two years by first class to children from their place of study abroad to India and to the members of the family from the place of their stay abroad to India, if they are not residing in India with the appointee;
- VII. **Reimbursement of expenses incurred for joining duty and returning to home country after completion of tenure:** Actual expenses incurred on travel and packing, forwarding, loading/unloading as well as freight, insurance, custom duty, clearing expenses, local transportation and installation expenses in connection with the moving of personal effects for self and family for joining duty in India. On completion of the tenure, all the expenses referred to herein above for travel and forwarding the personal effects to Japan including the passage money shall also be allowable to the appointee on his finally leaving the employment of the Company.

If however, the appointee joins another branch of the same/related Multinational Company, the Company shall not bear their expenses on his finally leaving.

Explanation: For the aforesaid purposes "Family" means the spouse, the dependent children and dependent parents of the appointee; and

- VIII. **Minimum Remuneration:** If in any financial year during the currency of tenure of the Joint Managing Director, the Company has no profits or its profits are inadequate, the appointee shall be entitled to minimum remuneration by way of Basic Salary, Perquisites, allowances not exceeding the ceiling limit of Rs.2,00,000 per month and in addition thereto, he shall also be eligible to the perquisites not exceeding the limits specified, under para 2 of Section II, Part II of Schedule XIII to the Companies Act, 1956 or such other limits as may be prescribed by the Government from time to time as Minimum Remuneration.

However, the appointee shall not be entitled to any sitting fee for attending meetings of the Board and/or Committee of Directors. In terms of Article 117 of the Articles of Association of the Company so long as Mr. Nakagawa continues to act as Joint Managing Director, his office is not liable to determination by retirement of Directors by rotation.

The appointment under Item No. 10 of the Notice is subject to the approval of the shareholders of the Company & Central Government.

Mr. Toshiaki Nakagawa may be deemed to be interested/ concerned in the resolution contained under Item No. 10 of the notice. None of the other directors of the Company is interested or concerned in the said Resolution.

The Board of Directors of your Company recommends passing of the aforesaid Ordinary Resolution.

ITEM NO. 11

Mr. Masahiro Takedagawa has been appointed as an Additional Director of the Company w.e.f. May 30, 2006 after the resignation of Mr. Motohide Sudo from the directorship of the Company. Mr. Takedagawa possesses rich and diversified experience of the Industry. With his induction as Director, the Company will be immensely benefited.

He as Director of the Company may be deemed to be interested or concerned in the resolution under Item No. 11 of the Notice. None of the other directors of the Company is interested or concerned in the said Resolution.

The Board of Directors of your Company recommends passing of the aforesaid Ordinary Resolution.

ITEM NO. 12

The present term of office of Mr. Brijmohan Lall Munjal, as Chairman and Director in the Whole-time employment of the Company shall come to an end on August 2, 2006. Mr. Brijmohan Lall Munjal is the Founder Director and Chairman of the Company. He was born on July 1, 1923 in Kamaliya, now in Pakistan. He has come a long way in his corporate journey with his distinct qualities of leadership, entrepreneurship and vision. He has steered the Company to national and international recognition. With his vision and leadership, Hero Honda today stands as the largest manufacturer of two-wheelers in the world. In recognition of his immense contribution to the Indian industry, many awards have been conferred upon Mr. Lall, prominent among them is 'Padma Bhushan' conferred by Government of India in recognition of his immense contribution to the nation in the field of trade and industry.

He is presently, holding the membership of the Board of the following Companies:

| Sl. No. | Name of Company | Nature of Office |
|---------|---------------------------------|-------------------------------------|
| 1. | Hero Cycles Limited | Chairman and Director |
| 2. | Hero Honda Finlease Limited | Chairman and Director |
| 3. | Hero Honda Motors Limited | Chairman and Whole-time Director |
| 4. | Munjal Showa Limited | Chairman and Director |
| 5. | Sunbeam Auto Limited | Chairman and Director |
| 6. | Easy Bill Limited | Director |
| 7. | Hero Financial Services Limited | Director |
| 8. | Munjal Auto Industries Limited | Director |
| 9. | Shivam Autotech Limited | Director |
| 10. | Munjal Bros. Pvt. Limited | Director |
| 11. | BCM Energies Pvt. Limited | Director |

Considering his extensive knowledge, business skills, managerial experience and capabilities, the Board of Directors of the Company in accordance with the provision of Sections 269, 198 & 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, by passing a resolution in their meeting held on July 11, 2006 on the recommendation made by the Remuneration Committee in their meeting held on July 11, 2006 have re-appointed him as the Chairman and Director in the Whole-time employment of the Company for a further period of 5 years effective August 3, 2006 subject to your approval on the terms and conditions, including minimum remuneration, as detailed hereinafter:

- I. **Basic Salary:** Rs. 5,00,000 (Rupees five lacs only) per month subject to an increase of 10% per annum on the Basic Salary of preceding year;
- II. **Commission:** He will also be allowed remuneration by way of commission in addition to Basic Salary, Perquisites and any other allowances, benefits or amenities subject to the condition that the amount of commission shall not exceed 1% of the net profit of the Company in a particular financial year as computed in the manner referred to in Section 198 of the Companies Act, 1956;
- III. **Perquisites and allowances:** In addition to the above Basic Salary and Commission, he shall be entitled to the following Perquisites and allowances:
 - i) Residential Accommodation: The appointee shall be provided free furnished residential accommodation with free use of all the facilities and amenities provided by the Company;
 - ii) Medical Reimbursement: Reimbursement of actual medical expenses incurred by the appointee and his family;
 - iii) Club Fees: Actual fees of clubs to be paid by the Company;
 - iv) Personal Accident Insurance: Actual premium to be paid by the Company;
 - v) Insurance of House-hold goods: Annual premium as per rules to be paid by the Company;
 - vi) Car: Facility of car(s) with driver for the business of the Company;
 - vii) Telephone: Free telephone facility at Residence including Mobile phone;
 - viii) Leave: One month's leave with full salary for every 11 months of service subject to the condition that leave accumulated but not availed will not be encashed;
 - ix) Reimbursement of expenses: Reimbursement of entertainment, traveling, hotel and other expenses for the business of the Company in accordance with applicable rules;

- x) Contribution to provident and superannuation funds: Company's contribution to Provident and Superannuation funds will be as per the rules of the Company; and
 - xi) Gratuity: Not exceeding half month's salary for each completed year of service as per rules of the Company.
- IV. **Leave Travel Concession:** For the appointee and his family once in a year incurred in accordance with any rules specified by the Company.
- V. **Children's Education Allowance:** In case of children including dependent grand children studying in India or abroad, actual expenses shall be admissible.

Explanation: For the aforesaid purposes "Family" means the spouse, the dependent children/grand children of the appointee; and

- VI. **Minimum Remuneration:** If in any financial year during the currency of tenure of the Director in the Whole-time employment of the Company, the Company has no profits or its profits are inadequate, the appointee shall be entitled to minimum remuneration by way of Basic Salary, Perquisites, allowances, not exceeding the ceiling limit of Rs.2,00,000 per month, and in addition thereto, he shall also be eligible to the perquisites not exceeding the limits specified, under para 2 of Section II, Part II of Schedule XIII to the Companies Act, 1956 or such other limits as may be prescribed by the Government from time to time as Minimum Remuneration.

However, the appointee shall not be entitled to any sitting fee for attending meetings of the Board and/or Committee of Directors. So long as Mr. Munjal continues to act as Chairman and Director in the Whole-time employment of the Company, his office shall be liable to determination by retirement of Directors by rotation.

The appointment under Item No. 12 of the Notice is subject to the approval of the shareholders of the Company.

Board considers that the re-appointment of Mr. Brijmohan Lall Munjal will be in the best interests of the Company and, therefore, recommends passing of the aforesaid Special Resolution at Item No.12 of the Notice.

Memorandum of Interest: Mr. Brijmohan Lall Munjal himself and Mr. Satyanand Munjal, Mr. Om Prakash Munjal and Mr. Pawan Munjal, being related to him may be deemed to be interested/ concerned in the resolution contained under Item No. 12 of

the Notice. None of the other directors is deemed to be interested/ concerned in the Special Resolution contained under Item No. 12 of the Notice.

ITEM NO. 13

The existing Registrar and Transfer Agents of the Company M/s. MCS Limited has intimated that it intend to sell its registry business to one of the existing Registrar and Transfer Agents. In view of any change, it has been decided by the Management of the Company that the Register of Members, Index of Members, copies of certificates and documents required to be annexed thereto etc. which were kept at the office of MCS Limited be now kept at the Registered Office of the Company. The Board, subject to the approval of the members, passed the resolution in this regard in its meeting held on July 11, 2006.

A copy of the aforesaid Special Resolution will be sent in advance to the Registrar of Companies, NCT of Delhi & Haryana as required under Section 163 of the Companies Act, 1956.

None of the directors is deemed to be interested/ concerned in the Special Resolution contained under Item No. 13 of the Notice.

The Board of Directors recommends passing of the aforesaid Special Resolution.

ITEM NO. 14

The present term of office of Mr. Pawan Munjal, as Managing Director of the Company shall come to an end on September 30, 2006. Mr. Munjal was born on October 29, 1956 at Ludhiana. He is a graduate in Mechanical Engineering. He has been a Director of Hero Honda Motors Limited from initial stages and has played a significant role in the development and growth of the Company. The Company, under his leadership, has emerged as the world's No. 1 two-wheeler Company. Mr. Munjal has been instrumental in bringing about technological and managerial excellence in the Company's operations.

He has been the Chairman of several Committees of CII. Under his guidance, Hero Honda launched the Hero Indian Sports Academy (HISA) in collaboration with Laureus Foundation to provide equal opportunity in sports and reward the genuine talent in the country.

Mr. Pawan Munjal is presently, holding the membership of the Board of the following Companies:

| Sl. No. | Name of Company | Nature of Office |
|---------|-------------------------------|-------------------|
| 1. | Hero Honda Motors Limited | Managing Director |
| 2. | Hero Honda Finance Limited | Director |
| 3. | Hero Investments Pvt. Limited | Director |

Considering his extensive knowledge, business skills, managerial experience and capabilities, your Board of Directors in accordance with the provisions of Section 269, 198, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, by passing a resolution in their meeting held on July 11, 2006 on the recommendation made by the Remuneration Committee in their meeting held on July 11, 2006 have re-appointed him as the Managing Director of the Company for a further period of 5 years effective October 1, 2006 on the terms and conditions, including minimum remuneration, as detailed hereinafter:

- I. **Basic Salary:** Rs. 4,50,000 (Rupees four lacs fifty thousand only) per month subject to an increase of 10% per annum on the Basic Salary of preceding year;
- II. **Commission:** He will also be allowed remuneration by way of commission in addition to Basic Salary, Perquisites and any other allowances, benefits or amenities subject to the condition that the amount of commission shall not exceed 1% of the net profit of the Company in a particular financial year as computed in the manner referred to in Section 198 of the Companies Act, 1956;
- III. **Perquisites and allowances:** In addition to the above Basic Salary and Commission, he shall be entitled to the following Perquisites and allowances:
 - i. Residential Accommodation: The appointee shall be provided free furnished residential accommodation with free use of all the facilities and amenities provided by the Company;
 - ii. Medical Reimbursement: Reimbursement of actual medical expenses incurred by the appointee and his family;
 - iii. Club Fees: Actual fees of clubs will be paid by the Company;
 - iv. Personal Accident Insurance: Actual premium to be paid by the Company;
 - v. Insurance of House-hold goods: Annual premium as per rules to be paid by the Company;
 - vi. Car: Facility of car(s) with driver for the business of the Company;
 - vii. Telephone: Free telephone facility at residence including mobile phone;
 - viii. Leave: One month's leave with full salary for every 11 months of service subject to the condition that leave accumulated but not availed will not be encashed;
 - ix. Reimbursement of expenses: Reimbursement of entertainment, traveling, hotel and other expenses for the business of the Company in accordance with applicable rules;
 - x. Contribution to provident and superannuation funds: Company's contribution to Provident and Superannuation funds will be as per the rules of the Company; and
 - xi. Gratuity: Not exceeding half month's salary for each completed year of service.
- IV. **Leave Travel Concession:** For the appointee and his family once in a year incurred in accordance with any rules specified by the Company.
- V. **Children's Education Allowance:** In case of children including dependent children studying in India or abroad, actual expenses shall be admissible.

Explanation: For the aforesaid purposes "Family" means the spouse, the dependent children and dependent parents of the appointee; and
- VI. **Minimum Remuneration:** If in any financial year during the currency of tenure of the Managing Director, the Company has no profits or its profits are inadequate, the appointee shall be entitled to minimum remuneration by way of Basic Salary, Perquisites, allowances not exceeding the ceiling limit of Rs.2,00,000 per month, and in addition thereto, he shall also be eligible to the perquisites not exceeding the limits specified, under para 2 of Section II, Part II of Schedule XIII to the Companies Act, 1956 or such other limits as may be prescribed by the Government from time to time as Minimum Remuneration.

However, the appointee shall not be entitled to any sitting fee for attending meetings of the Board and/or Committee of Directors. In terms of Article 117 of the Articles of Association of the Company, so long as Mr. Munjal continues to act as Managing Director, his office shall not be liable to determination by retirement of Directors by rotation.

The appointment under Item No. 14 of the Notice is subject to the approval of the shareholders of the Company.

Board considers that the re-appointment of Mr. Pawan Munjal will be in the best interests of the Company and, therefore, recommends passing of the aforesaid Ordinary Resolution at Item No.14 of the Notice.

Memorandum of Interest: Mr. Pawan Munjal himself and Mr. Brijmohan Lall Munjal, being related to him may be deemed to be interested/ concerned in the resolution contained under Item No. 14

of the Notice. None of the other directors is deemed to be interested/ concerned in the Ordinary Resolution contained under Item No. 14 of the Notice.

By Order of the Board
for Hero Honda Motors Limited



ILAM C. KAMBOJ
G.M. Legal & Company Secretary

New Delhi
July 11 , 2006

Registered Office:
34, Community Centre,
Basant Lok, Vasant Vihar,
New Delhi-110 057

relevant information

Mr. Pradeep Dinodia

Mr. Pradeep Dinodia (52 years), son of Sh. S. R. Dinodia, born on December 2, 1953, at New Delhi, joined the Company w.e.f. March 31, 2001. Mr. Dinodia is a Law Graduate (L.L.B) and a fellow member of The Institute of Chartered Accountants of India (ICAI). He is a Senior partner of M/s. S. R. Dinodia & Company, Chartered Accountants, New Delhi, looking after Accounting, Legal and Taxation issues particularly FEMA, Company Law and Direct Tax matters of various Indian Companies and Multinationals Corporations. Presently, he is the Chairman of the Taxation Committee of Federation Indian Chamber of Commerce and Industry and member of the peer review Board of the ICAI and member of Executive Committee – International Fiscal Association, India Branch. He has wide and rich experience in the field of corporate affairs and allied legal, taxation matters.

Since his appointment as a Director, he has been regularly making valuable contributions in the meetings of Board of Directors and Committee(s) thereof held from time to time.

He is presently holding the membership of the Board/ Committee(s) of the following Companies:

| Sl. No. | Name of Company | Nature of Office |
|---------|--|---|
| 1. | DCM Shriram Consolidated Limited | Director Chairman – Shareholder's & Investor's Grievance Committee Member – Audit Committee |
| 2. | DFM Foods Limited | Director Chairman – Audit Committee |
| 3. | Hero Corporate Services Limited | Director Chairman – Audit Committee |
| 4. | Hero Honda Motors Limited | Director Chairman – Audit Committee Member – Shareholders Grievance Committee |
| 5. | Micromatic Grinding Technologies Limited | Director |
| 6. | Ultima Finvest Limited | Director |
| 7. | Shriram Pistons & Rings Limited | Director |
| 8. | Rajasthan Spinning & Weaving Mills Limited | Director |

pursuant to clause 49 iv (g) (i) of the listing agreement regarding directors being appointed and re-appointed:

| | | |
|-----|-----------------------------------|----------|
| 9. | Manisha Commercial Pvt. Limited | Director |
| 10. | Seracom Pvt. Limited | Director |
| 11. | Shriram Holographics Pvt. Limited | Director |

He (either own or held by/for other persons on a beneficial basis) does not have any shareholding in the Company.

Gen. (Retd.) Ved Prakash Malik

Gen. (Retd.) Ved Prakash Malik (66 years), son of Late Sh. G. C. Malik was born on November 1, 1939 at Dera Ismail Khan, now in Pakistan. He is associated with the Company from May 4, 2001. He retired as Chief of the Indian Army in 2000. During his distinguished career in the army, he served the nation with utmost sincerity and dedication in recognition of which he was bestowed with many prestigious awards including among others, the Ati Vishista Seva Medal (AVSM) and the Param Vishishta Seva Medal (PVSM), the highest national award for distinguished services. During his tenure in the army, what lead him from one success to another were his excellent management skills which precisely are the areas of his expertise.

Since his appointment as a Director, he has been regularly making valuable contributions in the meetings of Board of Directors and Committee(s) thereof held from time to time.

He is presently holding the membership of the Board/ Committee(s) of the following Companies:

| Sl. No. | Name of Company | Nature of Office |
|---------|-----------------------------|---|
| 1. | Hero Honda Motors Limited | Director Member – Audit Committee |
| 2. | Reliance Energy Limited | Director Member – Audit Committee |
| 3. | BSES Rajdhani Power Limited | Director Member – Audit Committee |
| 4. | BSES Yamuna Power Limited | Director Member – Audit Committee |

He (either own or held by/for other persons on a beneficial basis) does not have any shareholding in the Company.

Mr. Brijmohan Lall Munjal

A brief profile of Mr. Munjal has been given in the explanatory statement to Special Resolution No. 12 of this Notice.

Mr. Satyanand Munjal

Mr. Satyanand Munjal (89 years), son of Late Sh. Bahadur Chand was born on May 24, 1917 at Kamaliya, now in Pakistan. He joined the Board of the Company on August 3, 1991. He, being the first person from the Munjal family to join business, has not only nurtured the Hero Group but has made it the fastest growing enterprise in Northern India. He carries with him values for which the group is known i.e. integrity with fierce desire for achievements and leadership. A philanthropic by nature, he is presently serving on the Board of various social institutions and is also on the Board of the following Companies:

| Sl. No. | Name of Company | Nature of Office |
|---------|--|-----------------------------------|
| 1. | Hero Cycles Limited | Co-Chairman and Managing Director |
| 2. | Hero Honda Motors Limited | Director |
| 3. | Munjal Auto Industries Limited | Chairman and Director |
| 4. | Rockman Industries Limited | Chairman and Director |
| 5. | Satyam Auto Components Limited | Director |
| 6. | Shivam Autotech Limited | Director |
| 7. | Thakurdevi Investments Pvt. Limited | Director |
| 8. | Hero Investments Pvt. Limited | Director |
| 9. | Bhagyoday Investments Pvt. Limited | Director |
| 10. | Dayanand Munjal Investments Pvt. Limited | Director |
| 11. | Munjal Bros. Pvt. Limited | Director |

He (either own or held by/for other persons on a beneficial basis) does not have any shareholding in the Company.

Mr. Tatsuhiro Oyama

Mr. Tatsuhiro Oyama (56 years), son of Mr. Kanki Tei Oyama, was born on July 9, 1950 at Nagano, Japan. He has been appointed as Director of the Company in the casual vacancy caused due to resignation of Mr. Satoshi Toshida w.e.f. May 30, 2006. He started his career with Honda Motor Co., Ltd., Japan in the year 1969 after

having completed his graduation from Okaya Technical High School. Since then, he has served Honda at various responsible positions in countries across the globe. At present, he is working as President of Asian Honda Motor Co., Limited, Thailand. He presently is on the Board of the following Companies:

| Sl. No. | Name of Company | Nature of Office |
|---------|---|------------------|
| 1. | Hero Honda Motors Limited | Director |
| 2. | Honda Siel Cars India Limited | Director |
| 3. | Honda Motorcycle and Scooter India Pvt. Limited | Director |

He (either own or held by/for other persons on a beneficial basis) does not have any shareholding in the Company.

Mr. Sunil Bharti Mittal

Mr. Sunil Bharti Mittal (48 years), has been appointed as an Additional Director on the Board of the Company w.e.f. December 30, 2005. Mr. Mittal was born on October 23, 1957 at Ludhiana. He is the founder Director of Bharti Airtel Limited. He is an Alumnus of Harvard Business School, MA, USA. He is a Member of the Prime Minister's Council on Trade & Industry and is also the founder, past president and Member of various telecom industry associations. Mr. Mittal is the Honorary Consul General of the Republic of Seychelles in New Delhi, India and is also winner of number of awards at national and international level. He brings with him 30 years of rich and diversified industrial experience.

He presently is on the Board of following Companies and does not hold membership of any other Committee of the Board of Directors.

| Sl. No. | Name of Company | Nature of Office |
|---------|---|--------------------------------|
| 1. | Bharti Airtel Limited | Chairman and Managing Director |
| 2. | Bharti Telecom Limited | Chairman |
| 3. | Bharti Hexacom Limited | Chairman |
| 4. | Bharti Teletech Limited | Chairman |
| 5. | Bharti Telesoft Limited | Chairman |
| 6. | Bharti AXA Life Insurance Co. Ltd. | Chairman |
| 7. | Forum I Aviation Limited | Director |
| 8. | Hero Honda Motors Limited | Director |
| 9. | Mitbrau Realty Pvt. Limited | Director |
| 10. | Field Fresh Foods Pvt. Limited | Director |
| 11. | Bharti Enterprises (Holdings) Pvt. Ltd. | Director |
| 12. | Bharti Enterprises (India) Pvt. Ltd. | Director |
| 13. | Bharti Infotel (P) Limited | Director |
| 14. | First American Securities Pvt. Ltd. | Director |

He (either own or held by/for other persons on a beneficial basis) does not have any shareholding in the Company.

Mr. Masahiro Takedagawa

Mr. Masahiro Takedagawa (51 years), son of Mr. Hironobu Takedagawa was born on April 26, 1955 at Kyoto, Japan. He has been appointed as an Additional Director of the Company w.e.f. May 30, 2006. Mr. Takedagawa started his career with Honda Motor Co., Ltd., Japan in the year 1979 after having completed his graduation in Economics from Rikkyo University, Japan. Since then, he has served Honda at various responsible positions in countries across the globe in the Sales and Marketing division. At present, he is working as President & CEO of Honda Siel Cars India Limited, India. He is on the Board of the following Companies and Committee(s) thereof:

| Sl. No. | Name of Company | Nature of Office |
|---------|---|---|
| 1. | Hero Honda Motors Limited | Director |
| 2 | Honda Siel Cars India Limited | Director |
| 3. | Honda Siel Power Products Limited | Director Member – Audit Committee |
| 4. | Honda Motorcycle and Scooter India Pvt. Limited | Director |

He (either own or held by/for other persons on a beneficial basis) does not have any shareholding in the Company.

a n n e x u r e b

REQUEST FOR UPDATION OF RECORDS – CHANGE OF SIGNATURE
(For shares held in physical form)

To,
The Company Secretary,
Hero Honda Motors Limited,
34, Community Centre,
Basant Lok, Vasant Vihar,
New Delhi 110 057

Dear Sir,
I hereby request you to please incorporate my latest signature duly attested by my banker in your records for the
Registered Folio No. in which I am the sole holder or joint holder no. 1/2 with the first holder.

Name of the shareholder _____
Present Signature _____

Date of effect: DD MM YY

| | | |
|----------------|-------------------|-------------------|
| | | |
| As Sole Holder | As Joint holder 1 | As Joint holder 2 |

Verification of Signature by Banker with Designation & Seal

| | |
|--|---------------------------|
| Account No. <input type="text"/> | Type <input type="text"/> |
| Bank Name <input type="text"/> | |
| Address <input type="text"/> | |
| Name of the officer <input type="text"/> | |
| Branch Code Name <input type="text"/> | |

Please find enclosed herewith a copy of the front page of the Pass book, of which the attestation is being done and a copy from among the following documents as Proof of Identification (POI) & Proof of Address (POA) and marked against the relevant box.

| Proof of Identification (POI) | (X) | Proof of new address (POA) | (X) |
|-------------------------------|-----|----------------------------|-----|
| Passport copy | | Driving License | |
| Voters ID | | Ration Card | |
| PAN Card | | | |

I, hereby declare that the particulars given above are correct and complete.

Signature of the sole/first holder

Name : _____
Address: _____

Date: DD MM YY

Place: _____



NOMINATION REQUEST FORM

(For shares held in physical form)
(To be submitted in duplicate)

To,
The Company Secretary,
Hero Honda Motors Limited,
34, Community Centre,
Basant Lok, Vasant Vihar,
New Delhi – 110 057

From : _____

Folio No.:

No. of Shares: _____

I am /we are holder(s) of Shares of the Company as mentioned above. I/we nominate the following person(s) in whom all rights of transfer and/or amount payable in respect of shares shall vest in the event of my/our death.

| | | |
|---|--|--|
| Nominee's Name <input style="width: 80%; height: 15px;" type="text"/> | | Age: <input style="width: 20px; height: 15px;" type="text"/> |
| To be furnished in case the nominee is a minor | | Date of Birth: <input style="width: 20px; height: 15px;" type="text"/> ^{DD} <input style="width: 20px; height: 15px;" type="text"/> ^{MM} <input style="width: 20px; height: 15px;" type="text"/> ^{YY} <input style="width: 20px; height: 15px;" type="text"/> |
| Guardian's Name* <input style="width: 95%; height: 15px;" type="text"/> | | |
| Occupation of Nominee Tick () | 1. Service <input type="checkbox"/> | 2. Business <input type="checkbox"/> |
| | 3. Student <input type="checkbox"/> | 4. Household <input type="checkbox"/> |
| | 5. Professional <input type="checkbox"/> | 6. Farmer <input type="checkbox"/> |
| | 7. Others <input type="checkbox"/> | |
| Nominee's Address | <input style="width: 95%; height: 15px;" type="text"/> | |
| | <input style="width: 95%; height: 15px;" type="text"/> | |
| | Pin Code <input style="width: 40px; height: 15px;" type="text"/> | |
| Telephone No. | <input style="width: 150px; height: 15px;" type="text"/> | Fax No. <input style="width: 60px; height: 15px;" type="text"/> |
| E-mail Address | <input style="width: 150px; height: 15px;" type="text"/> | STD Code <input style="width: 40px; height: 15px;" type="text"/> |
| Specimen Signatures of Nominee/ Guardian (in case nominee is minor) | | |

*To be filled in case nominee is minor
Kindly take the aforesaid details on record.

Date: ^{DD} ^{MM} ^{YY}

Place: _____

Thanking you,
Yours faithfully,

| | Name of the holder(s) (As appearing on the Certificate(s)) | Signatures as per specimen recorded with company |
|-----------------|---|--|
| Sole/1st holder | | |
| 2nd holder | | |
| 3rd holder | | |

Signature of two witnesses

| | Name and Address | Signature with date |
|----|------------------|---------------------|
| 1. | | |
| 2. | | |

Instructions:

1. Please read the instructions given below very carefully and follow the same to the letter. If the form is not filled as per instructions, the same will be rejected.
2. The nomination can be made by individuals only. Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of power of attorney cannot nominate. If the shares are held jointly all joint holders will sign (as per the specimen registered with the company) the nomination form.
3. A minor can be nominated by a holder of shares and in that event the name and the address of the Guardian shall be given by the holders.
4. The nominee shall not be a trust, society, body corporate, partnership firm, Karta of Hindu Undivided Family, or a power attorney holder. A non-resident Indian can be a nominee on a re-patriable basis.
5. Transfer of share in favour of a nominee and repayment of amount to nominee shall be a valid discharge by a company against the legal heir.
6. Only one person can be nominated for a given folio.
7. Details of all holders in a folio need to be filled; else the request will be rejected.
8. The nomination will be registered only when it is complete in all respects including the signature of (a) all registered holders (as per specimen lodged with the company) and (b) the nominee.
9. Whenever the Shares in the given folio are entirely transferred or transposed with some other folio, then this nomination will stand rescinded.
10. Upon receipt of a duly executed nomination form, the Registrar and Transfer Agent of the company will register the form and allot a registration number. This number and folio no. should be quoted by the nominee in all future correspondence.
11. The nominee can be varied or cancelled by executing fresh nomination form.
12. The company will not entertain any claims other than those of a registered nominee, unless so directed by a court.

For Office Use Only

Nomination Registration Number

Date of Registration

Checked by and Signature of Employee

a n n e x u r e d

ELECTRONIC CLEARING SERVICE (ECS) MANDATE FORM

(For shares held in physical form)

To,
The Company Secretary,
Hero Honda Motors Limited,
34, Community Centre,
Basant Lok, Vasant Vihar,
New Delhi 110 057

Registered Folio No.

I hereby give my mandate to credit my Dividend on the shares held by me with respect to aforesaid folio number directly to my bank account through Electronic Clearing Service (ECS). The details of the Bank account are given below:

Particulars of Bank Account

| | | |
|---|---------------------------|--|
| A | Name of the Bank | <input type="text"/> |
| B | Branch Name and Address | <input type="text"/> <input type="text"/> |
| C | Account Number | <input type="text"/> |
| D | Type of Account | Savings <input type="checkbox"/> Current <input type="checkbox"/> Other <input type="checkbox"/> |
| E | Nine Digit MICR Code No. | <input type="text"/> |
| | (appearing on the cheque) | |

(Please attach a blank "cancelled" cheque or a photocopy thereof or a certificate from bank)

Date of effect: ^{DD} ^{MM} ^{YY}

I, hereby declare that the particulars given above are correct and complete. If the transaction is delayed or credit is not effected at all for reason(s) of incomplete or incorrect information, I will not hold the Company or its Share Transfer Agents responsible.

Signature of the sole/first holder
(as per the specimen registered with the Company)

Name : _____

Address: _____

(As address proof, I am attaching herewith a copy from among the following documents viz. Passport copy, Voters ID, Driving License, Front page of Bank Passbook or Ration Card)

Date: ^{DD} ^{MM} ^{YY}

Place: _____

This page is intentionally left blank.

HERO HONDA MOTORS LIMITED

ATTANDANCE SLIP

Regd. Office : 34, Community Centre, Basant Lok, Vasant Vihar, New Delhi - 110 057

Please complete this attendance slip and hand it over at the entrance of the meeting hall.

L.F. No. _____

No. of Shares Held _____

Dp.Id.*

Client Id.*

| | Name(s) in full | Father's/Husband's Name | Address as Regd. with the Company |
|----|-----------------|-------------------------|-----------------------------------|
| 1. | _____ | _____ | _____ |
| 2. | _____ | _____ | _____ |
| 3. | _____ | _____ | _____ |

I/We hereby record my/our presence at the 23rd Annual General Meeting of the Company being held on Thursday, September 14, 2006 at 04:30 p.m. at Airforce Auditorium, Subroto Park, Dhaula Kuan, New Delhi 110010.

Signature of the shareholder(s)/proxy**

1. _____ 2. _____ 3. _____

* Applicable for investors holding shares in electronic form

** Strike out whichever is not applicable

Note: Attendance slip in **original** should be complete in all respects.



No gift of any nature will be distributed at the Annual General Meeting.
The members seeking gifts may excuse us.

HERO HONDA MOTORS LIMITED

PROXY

Regd. Office : 34, Community Centre, Basant Lok, Vasant Vihar, New Delhi - 110 057

L.F. No. _____

No. of Shares Held _____

Dp.Id.*

Client Id.*

I/We;

| | Name(s) in full | Father's/Husband's Name | Address as Regd. with the Company |
|----|-----------------|-------------------------|-----------------------------------|
| 1. | _____ | _____ | _____ |
| 2. | _____ | _____ | _____ |
| 3. | _____ | _____ | _____ |

being a member/members of Hero Honda Motors Limited hereby appoint _____ or failing him/her _____ of _____ as my/our proxy to vote for me/us and on my/our behalf at the 23rd Annual General Meeting of the Company being held on Thursday, September 14, 2006 at 04:30 p.m. at Airforce Auditorium, Subroto Park, Dhaula Kuan, New Delhi 110010.

Signature of the shareholder(s)

Signature of Proxy(s)

1. _____ 2. _____ 3. _____ 1. _____

Date: DD MM YY

Affix
15 Paise
Revenue
Stamp

2. _____

* Applicable for investors holding shares in electronic form

Note: The proxy must be returned so as to reach the registered office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The proxy need not be a member of the Company.

