

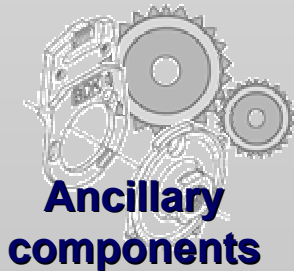


Presentation

Hero Group is one of the leading industrial conglomerates in India



- One of the most widely recognized brands in India
- Members – among the leaders in their business
 - Hero Cycles is the World's largest bicycle maker
 - Hero Honda is the World's largest two wheeler manufacturer
 - Others include Auto components, Engineering design, Call Centre/ BPO, Training & Learning



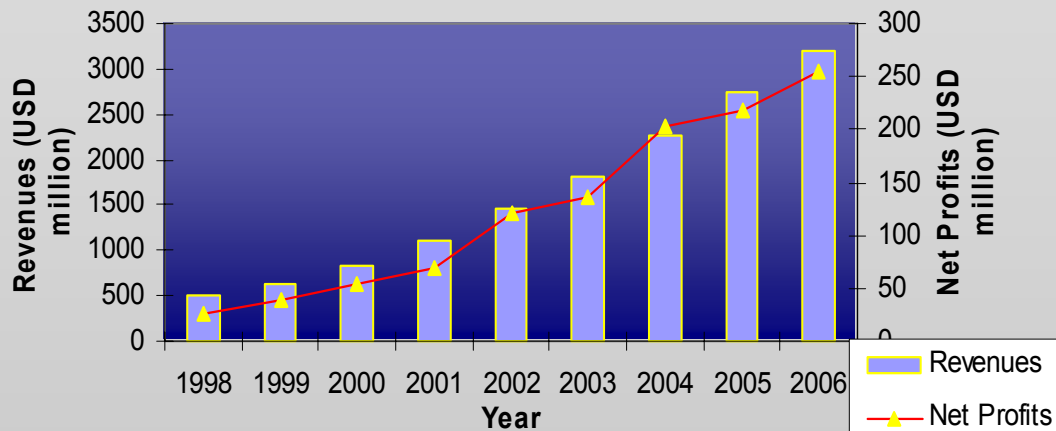
- Market capitalization of over €3.43 billion (USD 4.18 bn)
- Global partnerships
- Over 5,000 business associates
- Over 23,000 employees
- Case Studies on Hero's Management practices used at



- London Business School
 - Insead, France
 - World Bank Group
- Sold more than 15 million motorcycles and 100 million bicycles in the last 50 years

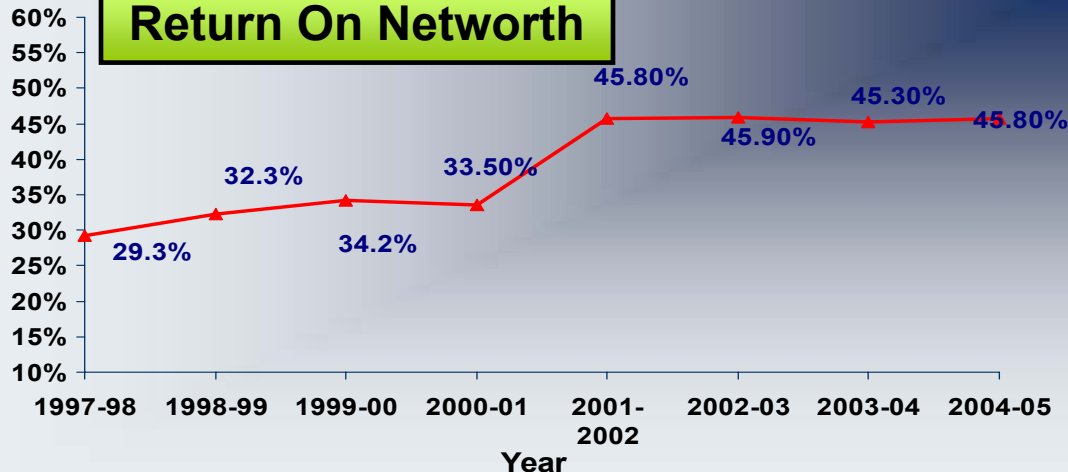
It has a strong record of performance over nearly five decades

Group's Revenues & Net Profits



- Leader in Auto & Auto Components; Moving aggressively into IT, BPO, Training and Insurance
- Exports to more than 90 countries
- Partnership with Honda Motors, Japan is more than 21 years old
- Strong Brand Equity
- Received many Awards for Corporate Governance
- The Hero Group is recognized as a Long Term Partner and an Ideal Employer

Return On Network



The success of the Group is underpinned on six core strengths

Best-in-breed products and solutions

Maximizing Customer Value

Global Scale

Efficient Asset Management

Core Strengths

Achieving excellence in Diversified Businesses

Relationship Management with ALL stakeholders

Today, the Hero Group is integrated backwards and has 20 companies in its fold

Company

Hero Honda Motors Ltd.
Hero Cycles Ltd.
Munjali Showa Ltd.
Sunbeam Auto Ltd.
Majestic Auto Ltd.
Hero Exports
Munjali Auto Industries Ltd
Rockman Industries Ltd.
Highway Industries Ltd.
Hero Honda Finance Ltd
Hero Motors Ltd.
Munjali Castings
Satyam Auto Components Ltd.
Hero Financial Services Ltd.
Hero Corporate Service Ltd.
Munjali Sales Corporation
Hero Global Design Ltd.
Easy Bill Ltd.
Hero Management Service Ltd.
Shivam Autotech Ltd.

Product/ Service

Motorcycles
Cycles, Auto Components, and Cold Rolled Steel
Shock Absorbers
Aluminium Castings & Pistons
Mopeds, Scooterette, and Health Care Equipment
International Trading Arm
Auto Components
Cycle and Auto Components
Cycle Components, Auto Components, and Machine tools
Financial Services
Two-Wheelers
Non Ferrous (Aluminium) Castings
Sheet Metals and Fabricated Auto Components
Financial Services
IT, Training & Education , Insurance
Distribution
Product & Engineering Design
Payment Services
IT Enabled Services
Auto Components

Factors which made Honda, Japan enter a equal JV with Hero Group*

Honda selected the Hero Group for a variety of reasons, which included:



- Its engineering capability
- Relevance and salience of HERO brand
- Distribution network
- Commitment to Quality
- Know-how and experience in handling large volume production and distribution
- Tight focus on financial and raw material processes
- Low employee turnover
- Cordial Industrial Relations

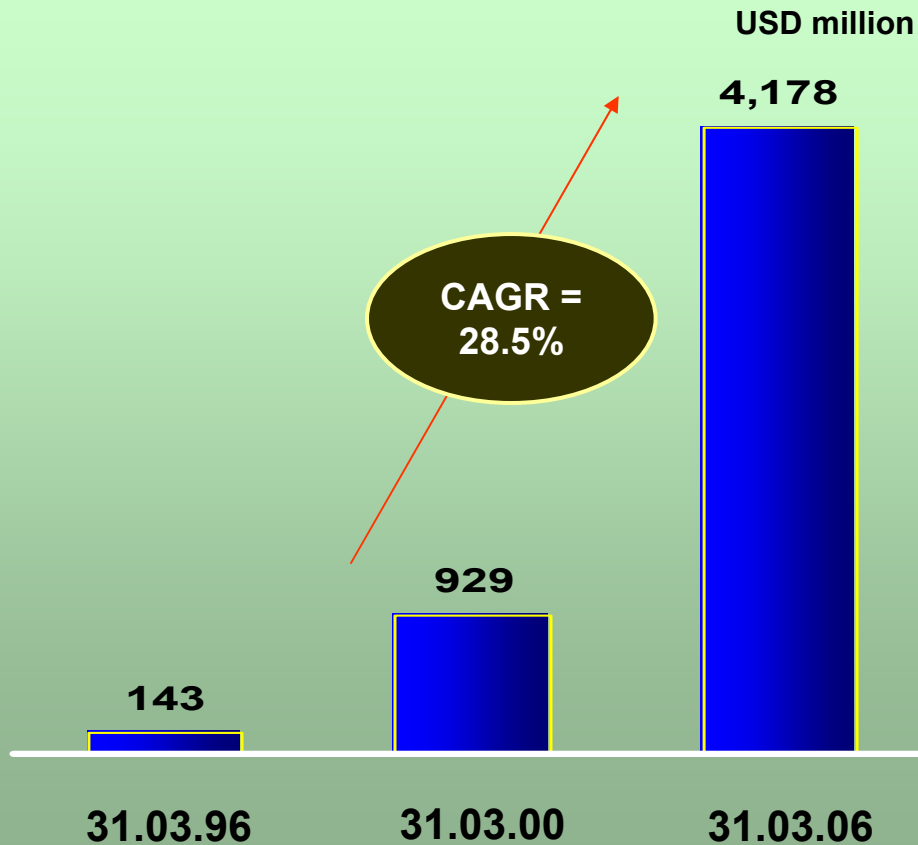
The partnership is more than 21 years old

* Source: London Business School Case study, 2000

The capital markets have rewarded the Group's performance handsomely

Hero Group

Market capitalisation*



The Hero Group's market capitalization grew by 29% between 2000-06 though the BSE Sensex grew only by 5% during the same period

* only 4 of the group companies are listed: Hero Honda Motors, Munjal Showa, Majestic Auto, Munjal Auto Industries

Hero Group has won significant acclaim and recognition

“One of top 30 brands in India”

Powered by Indiatimes
THE ECONOMIC TIMES

“Hero” is a household name in India

“Among top 3 Indian companies”

FAR EASTERN ECONOMIC
REVIEW



“Padma Bhushan”
Award for Group
Chairman in 2005
From Govt. of India



THE BOSTON CONSULTING GROUP

Boston Consulting
Group has ranked
Hero Group as one
of the top ten
Business Houses on
Economic Value
Added (EVA), in
India

Ernst &
Young
“Entrepreneur
of the Year”
award to
Group
Chairman

INSEAD

Group’s Management Style acclaimed by

- INSEAD, France
- London Business School, UK
- World Bank, USA

London
Business
School

The World Bank Group

Economic Times - Harvard Business School award for
Excellent Corporate Performance

Indian Businessman
of the Year award for
Group Chairman

Hero Group's track record has also been acclaimed by

THE BOSTON CONSULTING GROUP

Boston Consulting Group has ranked Hero Group as **one of the top ten Business Houses on Economic Value Added (EVA), in India**

CRISIL
Credibility. Independence. Analytical Rigour.

India's leading Ratings, Risk & Advisory company has awarded **Hero Honda the highest rating for Corporate Governance**



Best Governed company in Private Sector

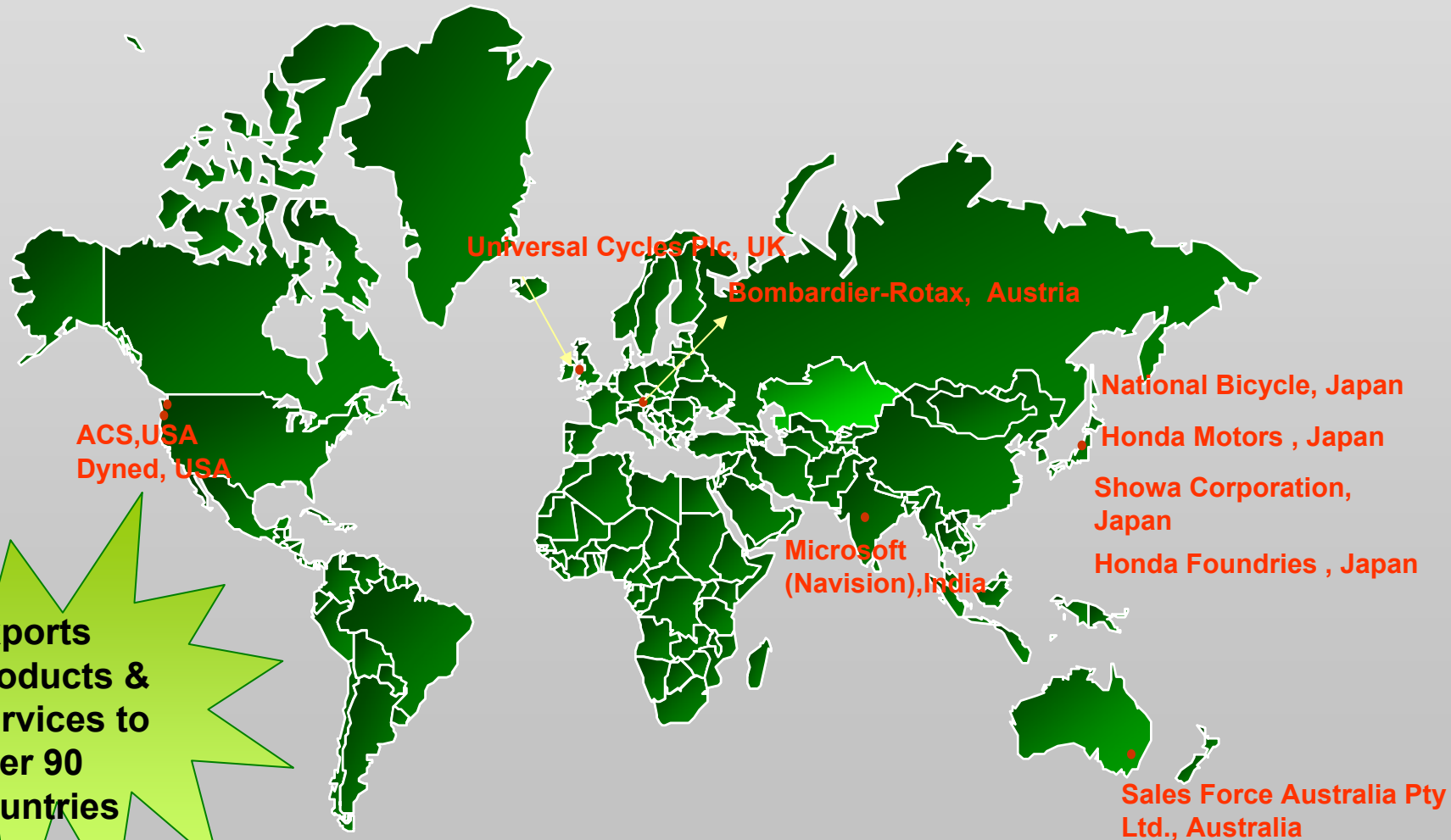
FAR EASTERN ECONOMIC
REVIEW

Review 200 – Asia's Leading Companies Award
Hero Honda ranked amongst top 3 Indian companies

The Hero Group is recognized as a long term partner and an ideal employer:

- Hero Group's partnership with Honda Motors, Japan has crossed 21 years

To provide quality products and services, the Group has joint ventures and business alliances with many world class companies



Exports
Products &
Services to
over 90
countries

Our Partners have chosen us (Hero) after considerable research and have not been disappointed...



Y Munekuni, Chairman Honda Motor

“Hero Honda motors is the most successful Honda joint venture worldwide”

**K. Suzuki, Senior Managing Director,
Honda Motor, Japan**

“Without Hero Honda management it is very difficult to achieve these results with Honda technology alone. It is with mutual cooperation that this is happening.”

“Hero has delivered across all of our client expectations. Every program that we have put with Hero has worked very well..”

**Pat Hanlin,
President
ACS Corporation**



Hero Honda was ranked at number 3* amongst the top ten Indian companies by Far Eastern Economic Review – April 2004

INDIA				
'03	('02)	('01)	Score	
1	(1)	(1)	Infosys Technologies	6.34
2	(2)	(2)	Reliance Industries	6.31
3	(3)	(4)	Hero Honda Motors	6.05
4	(4)	(3)	Wipro	5.92
5	(5)	(—)	Hindustan Lever	5.83
6	(8)	(—)	HDFC Bank	5.80
7	(10)	(7)	Ranbaxy Laboratories	5.78
8	(7)	(5)	Dr. Reddy's Laboratories	5.73
9	(—)	(18)	Indian Oil	5.71
10	(6)	(10)	ICICI Bank	5.69

* Hero Honda retained its Number 3 position for two consecutive years i.e. 2002 and 2003

Hero Cycles growth has been through a tight focus on four key factors:

Vision

- Aspiration of providing “cheapest” transportation to the poorest of India’s poor

Action

- Introduce “Value for Money” product
- Sturdier product to meet rural demand
- Ancillarisation and backward integration
- Continuously improve productivity

Outcome

- Product well accepted
- Production expanded from 25 cycles a day (1956) to 17,500 cycles a day (2006)
- Competition shrank across India from 100 manufacturers to 4 major players

Maintaining Growth

- Expand markets
- Rural Focus
- Product Innovation
- Technical Alliances
- Integrated Backwards to remain cost-competitive and thus expand market share



Hero's strategy that made Hero Cycles and Hero Honda global leaders, revolved around 5 themes

- Hero Group NOT only as a “low cost provider” but also as “VALUE FOR MONEY” provider
- Build strong alliances and relationships with all stakeholders in the chain
- Benchmark against best global practices
- Product Innovation keeping in mind the sensitivities of the target market
- Strong culture of performance

Consequently the value proposition by Hero Group to markets was based on

- Thorough understanding of
 - fast-changing consumer behaviour,
 - new market segments and
 - product opportunities through customer interaction & feedback
- Superior service orientation
- Investments in Technology upgradation
- Using Foreign collaboration to assist in new design and production processes
- Focus on “Quality”
- Productivity and Profitability

Hero Group has always believed in growth through partnerships and sharing the fruits of growth

International Partnerships

Hero Honda Motors is the most successful Honda joint venture worldwide, functioning for now over two decades

The relationship with Showa Corporation, Japan is over 20 years old and Munjal Showa is the largest manufacturer of shock absorbers in India

Partnership with Other Stakeholders

A large number of the 5,000 dealers have had a successful partnership with the Group for over four decades

The Group has helped develop a large number of vendors who have grown along with the companies and therefore have a strong commitment in the success of the business

The Group enjoys a very healthy respect amongst institutions including Banks, Central and State Governments

Hero Group's success has also been through its significant investment in human capital

Group's Values

- Human capital is the key "asset"
- Continuously invest in this asset

People Productivity

- Enhancing people performance and productivity by
 - Training
 - Retraining
 - Incentivisation

Multiskilling

- To aid in employability
- Ensures horizontal mobility across trades

Recognizing social responsibility, the group contributes actively towards welfare of the society through its numerous social initiatives

The Group has set up and is involved with:

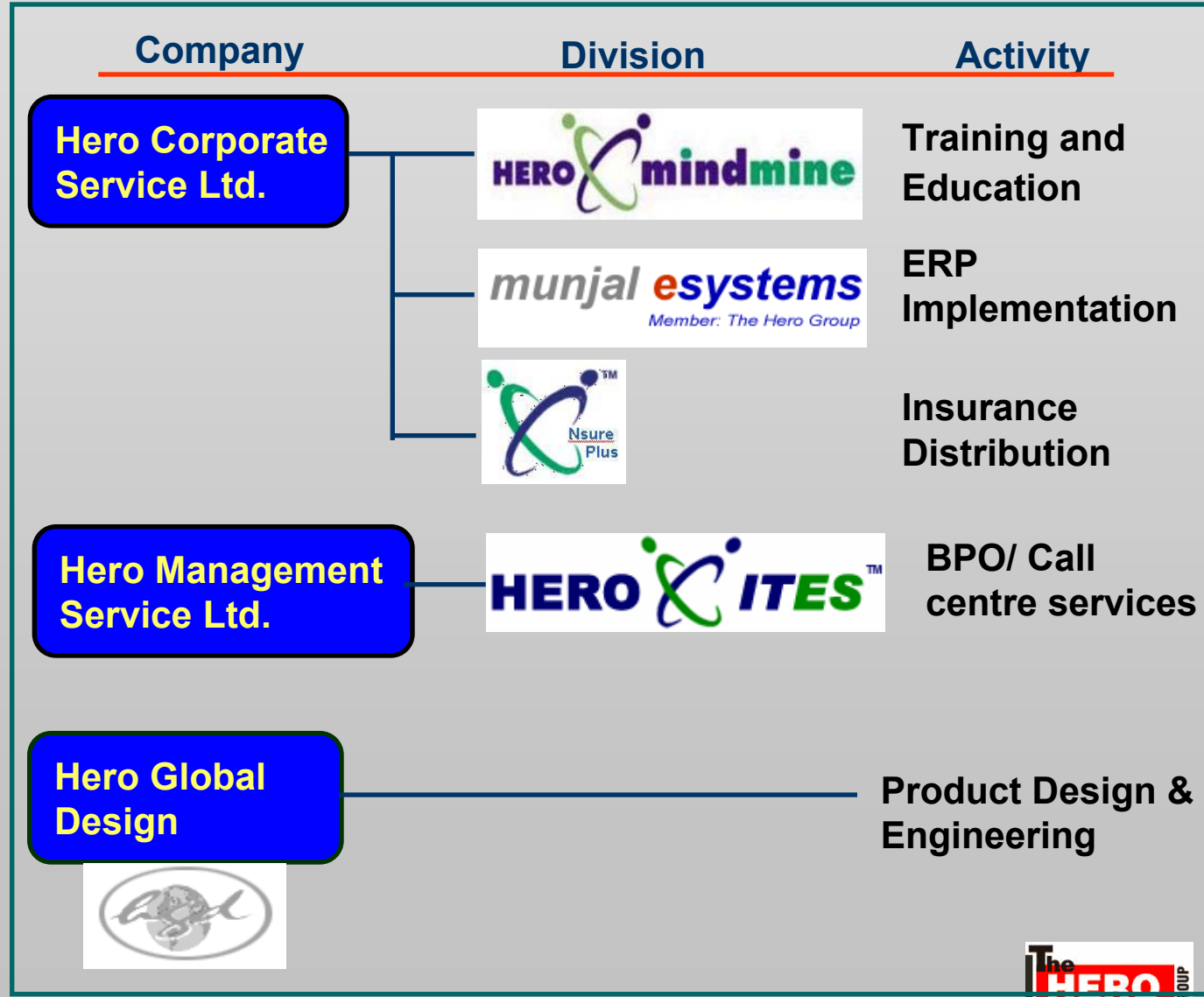
- **Schools**
- **Colleges**
- **Hospitals**
- **Vocational Training Centres**
- **Promotion of Sports and Sports persons**
- **Various community development activities and in improving rural and urban infrastructure**

The Group has diversified into the services business for global customers and aspires to be a significant player over time

- Hero's distinctive edge in all its businesses has been

- World-class project management
- Superior service orientation

- After attaining market leadership in motorcycles, Hero decided to enter into customer interaction services and software services because it can best leverage its distinctive skills/capabilities in these sectors



Rationale for diversification into services business for global customers

Hero Group's Ability to Compete

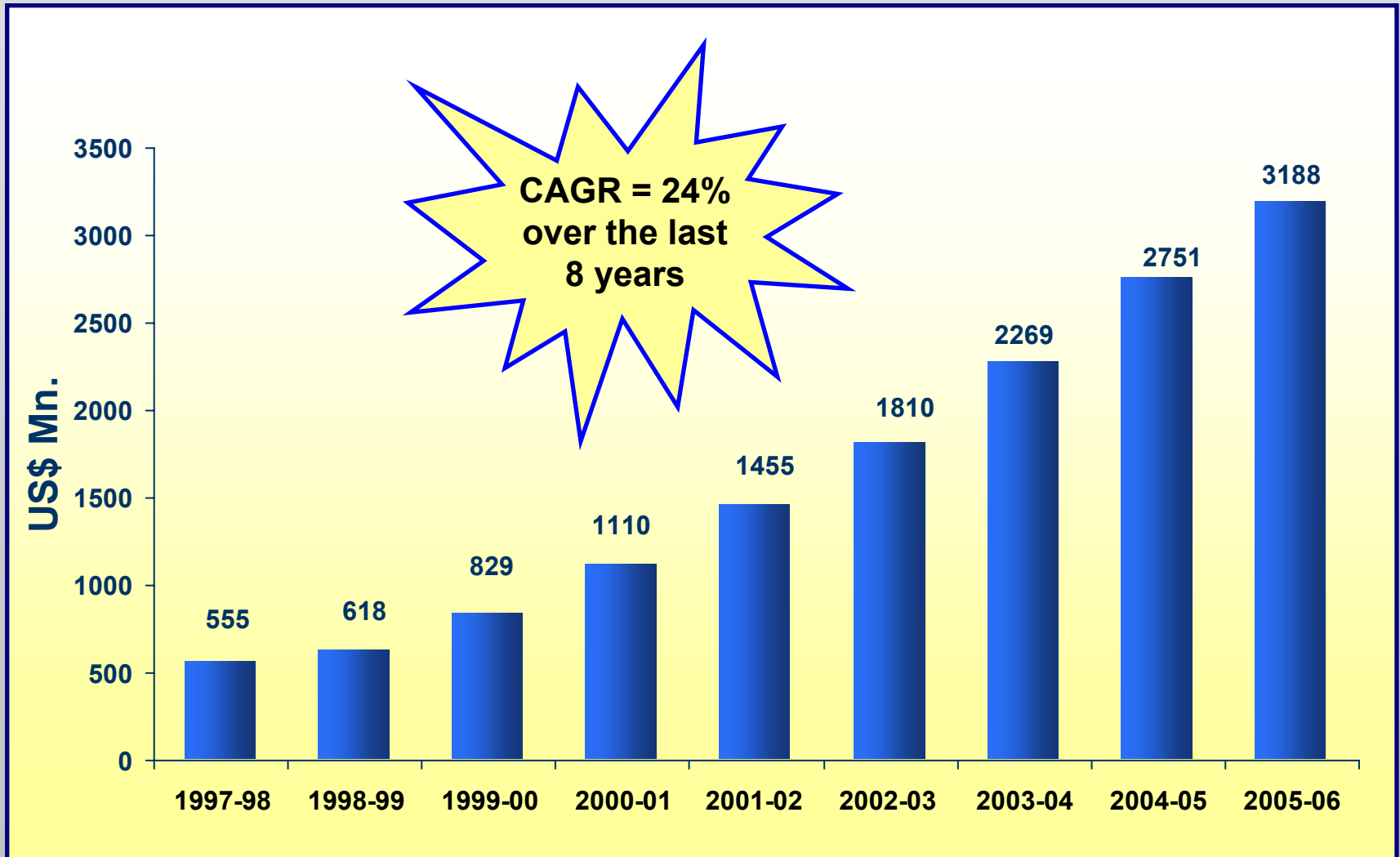
- The Group has a proven track record of managing long term relationships with its domestic as well as global partners
- The Group has demonstrated capabilities to manage a large pool of people (23,000+ employees) which is a pre-requisite for success in this business
- The Group has consistently exceeded customer expectations by understanding their needs both expressed and implied
- The Group's value proposition is based on providing value for money by managing cost (without compromising on quality) and efficient use of resources
- The Group has attained leadership position through its service orientation

Given the India advantage and the Hero Group's attributes, BPO Services business is a compelling case for diversification with a fairly high likelihood of success

HERO GROUP FINANCIALS

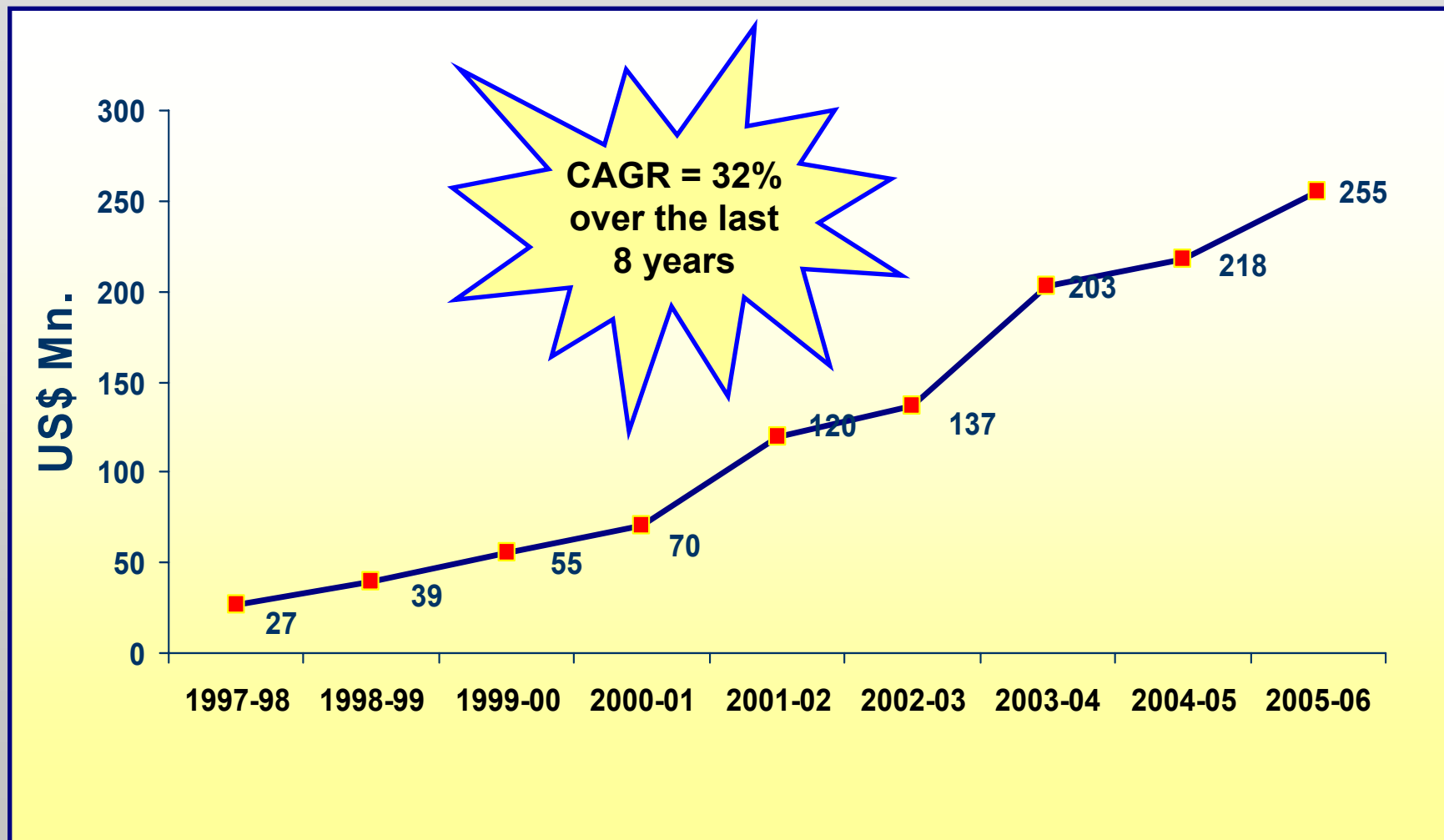
– Over the years

Hero Group: Growth in revenues



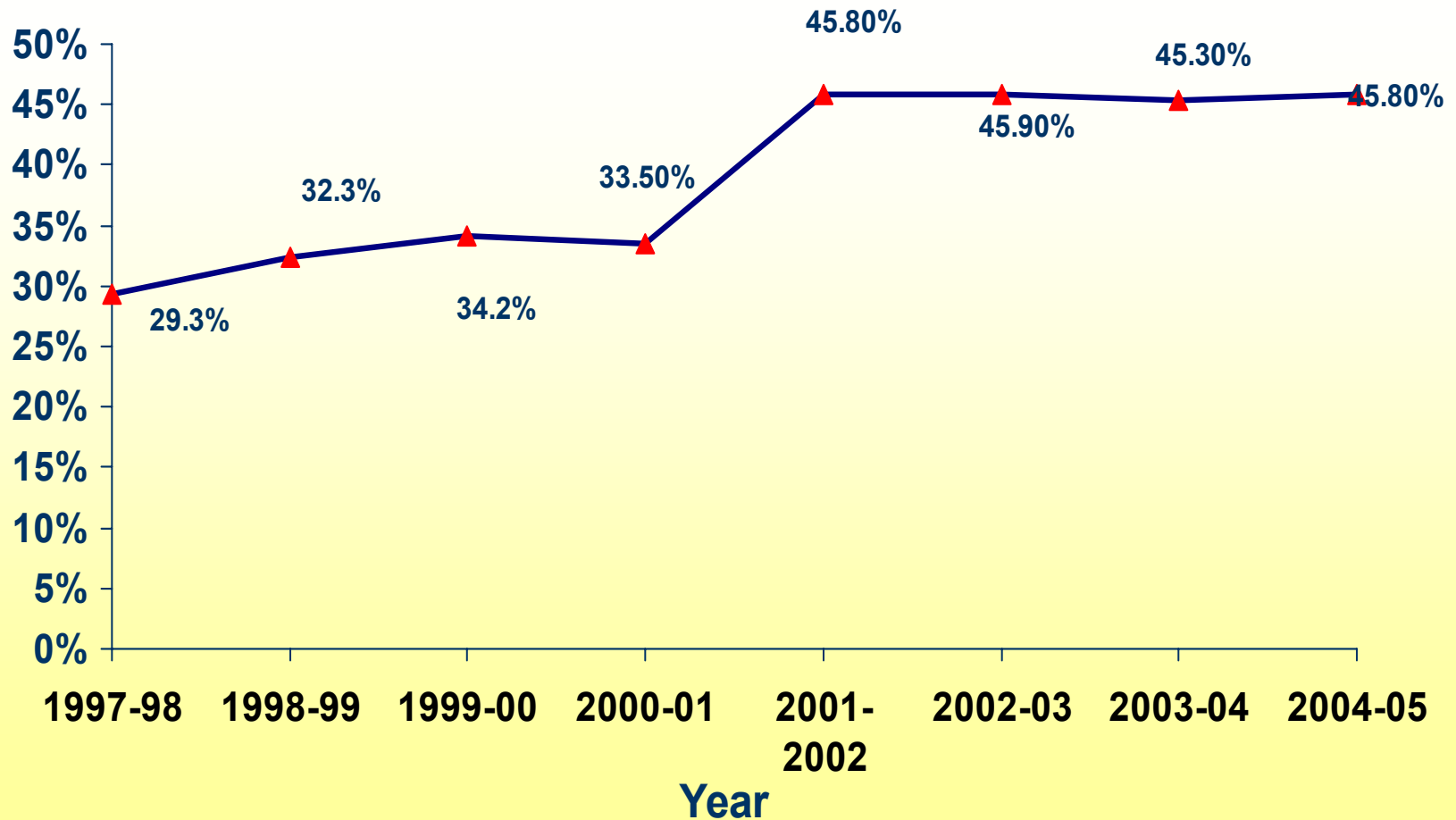
* Financial results are provisional for fiscal ended March 31, 2006

Hero Group: Growth in Net profits



* Financial results are provisional for fiscal ended March 31, 2006

Hero Group: Movement of Return on equity



SUMMARISING

Hero Group has built leadership positions primarily due to its belief in the following principles

- Understanding stakeholder (incl. international partners and customers) expectations and delivering value for money
- Managing relationships
- Creating a Performance culture
- “Partnership Approach” with ancillaries
- Efficient Current Asset Management
- Accepting and using ever changing technology as a facilitator
- Strong quality and process orientation

Results of Group initiatives

The Group's philosophy of empowering and training human capital, use of appropriate technologies, constantly being close to the customer and maintaining a healthy work environment with the highest standards of ethics and corporate governance has resulted in the Group companies excelling in their chosen field through a service attitude year after year, leading to impressive financials and healthy returns to all stakeholders

THANK YOU

For more information, please visit our website:

<http://www.herogroup.com>

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