



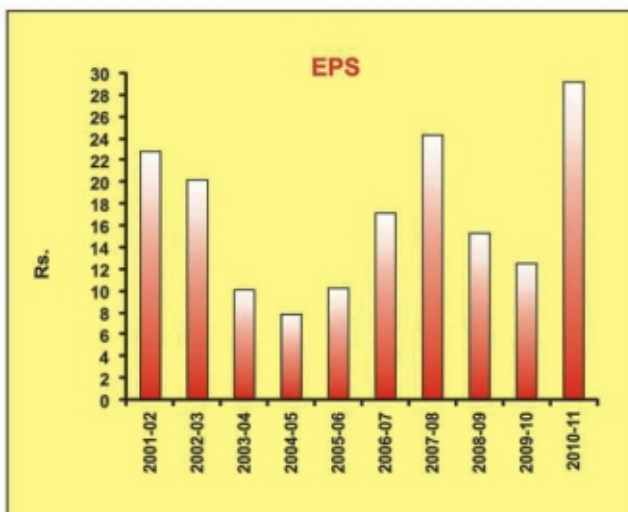
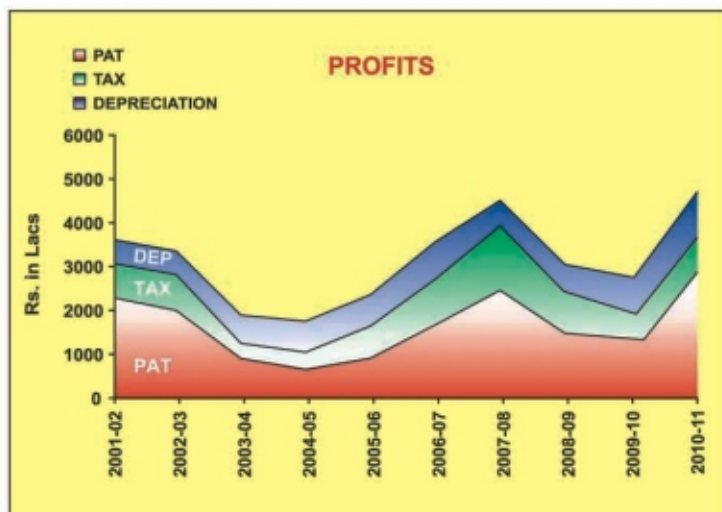
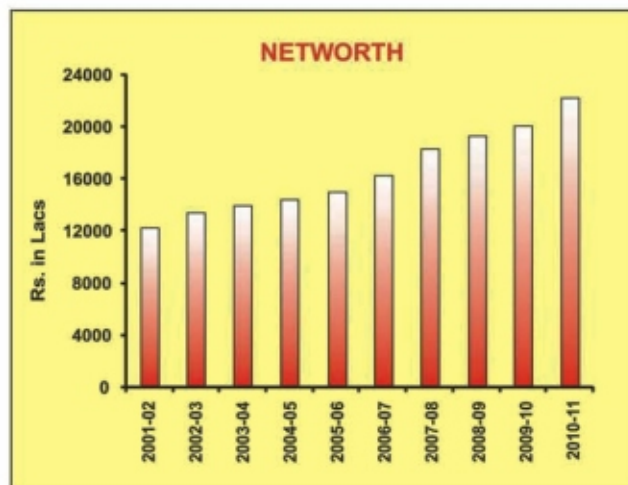
26th

ANNUAL REPORT

2010-11

Honda Siel Power Products Limited

Ten Years Financial Performance



YEAR	SALES TURNOVER (Rs. in Lacs)			PROFIT (Rs. in Lacs)					EPS (Rs.)	NETWORTH (Rs. in Lacs)
	DOMESTIC	EXPORTS	TOTAL SALES	PBDT	DEPRECIATION	PBT	TAX	PAT		
2001-02	14984	3401	18385	3545	500	3045	723	2322	22.90	12333
2002-03	14475	3421	17896	3298	496	2802	758	2044	20.15	13513
2003-04	14360	5255	19615	1943	595	1348	317	1031	10.17	14087
2004-05	15969	5073	21042	1815	654	1161	363	798	7.87	14538
2005-06	16416	5238	21654	2372	655	1717	680	1037	10.23	15113
2006-07	19897	5329	25226	3489	787	2702	964	1738	17.13	16376
2007-08	23057	4725	27782	4364	537	3827	1354	2473	24.38	18351
2008-09	21159	3684	24843	3007	579	2428	864	1564	15.42	19441
2009-10	27719	4294	32013	2699	743	1956	687	1269	12.51	20235
2010-11	36739	6488	43227	5265	820	4445	1479	2966	29.24	22327

Corporate Information

Board of Directors

Mr. Siddharth Shriram
Chairman

Dr. D. V. Kapur

Mr. O. P. Khaitan

Mr. Ravi V. Gupta

Mr. T. Hamasaki
President & CEO

Mr. S. Yotsumoto
Vice President & Whole Time Director

Mr. T. Nagai

Mr. M. Saito

Company Secretary
Ms. Payal Chaddha

Technical and Financial Collaborators

Honda Motor Co., Ltd.
1-1, 2 Chome, Minami-aoyama, Minato-Ku,
Tokyo, Japan

Statutory Auditors

M/s. B S R & Co.
Chartered Accountants
Building No.10, 8th Floor, Tower-B,
DLF Cyber City, Phase-II, Gurgaon-122 002

Bankers

The Bank of Tokyo-Mitsubishi UFJ Ltd.
HDFC Bank Ltd.
ICICI Bank Ltd.

Registered Office

3&4/48, 2nd Floor, Enkay House,
Malcha Marg Shopping Complex,
Chanakyapuri, New Delhi-110 021

Head Office

Plot No.5, Sector-41, (Kasna)
Greater Noida Industrial Development Area,
Distt. Gautam Budh Nagar, UP-201 306

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DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Twenty Sixth Annual Report together with Audited Accounts of the Company for the year ended 31st March 2011.

FINANCIAL RESULTS AND APPROPRIATIONS

(Rs. in Lacs)

Particulars	Year Ended March 31, 2011	Year Ended March 31, 2010
Sales	43,227	32,013
Job Charges	252	261
Other Income	1,059	886
Profit before finance charges, depreciation and exceptional items	5,275	4,723
Finance Charges	10	19
Depreciation	820	743
Exceptional items	-	2,004
Profit before tax	4,445	1,957
Provision for taxation		
- Current	1,273	1,113
- Deferred Tax charge/(benefit)	206	(425)
Profit after Tax	2,966	1,269
Balance of profit brought forward	7,924	7,256
Amount available for appropriation	10,890	8,525
APPROPRIATIONS		
Dividend	761	406
Tax on Dividend	126	69
General Reserves	297	127
Balance carried to Balance Sheet	9,706	7,923

DIVIDEND

Your Directors recommend a dividend of Rs. 7.50 per equity share of Rs. 10 each (75%) for the year ended 31st March 2011 (previous year 40%). The total outgo on this account (including dividend tax) will be Rs. 887 lacs.

APPROPRIATIONS

It is proposed to transfer Rs. 297 lacs to General Reserve and retain the balance in Profit and Loss Account.

DOMESTIC MARKETS AND EXPORTS

Your company achieved a record sales of Rs. 43,227 lacs in 2010-11 (as against Rs. 32,013 lacs in 2009-10) in domestic and exports markets thereby realizing a growth of 35% over previous year.

The overall growth was led by recovery in the generator segment and good volumes in the engines and water pumping set business during the year. This year also saw introduction of new models in the EU series of Generators specially made in India for the domestic market.

A detailed report on operations titled 'Management Discussion and Analysis Report' is annexed to the Directors' Report as **Annexure- A** and forms part thereof.

INDIGENISATION PROGRAMME

Your Company is continuously working on cost reduction by localization of critical parts with the help of Honda Motor Co. Ltd., Japan.

The Company has realized saving on account of localization of critical parts such as Switch Assembly Engine Stop, Terminal Assembly High Tension and Cap Assembly Noise Suppressor during the year 2010 - 2011.

The Company is in the process of localization of 80 parts of Generator Model EU65is and is closely monitoring the development of these parts for production as per schedule.

The Company shall continue localization of balance parts with support from Honda Motor Co. Ltd., Japan.

ENVIRONMENT PROTECTION & SAFETY

Your Company is committed towards the protection and safety of the environment. All employees make efforts in daily operation towards controlling emissions, effluents and waste disposal arising out of manufacturing processes, product and services as per the predefined norms. Environmental improvements were achieved by completing the following actions:

- Replacement of High Speed Diesel (HSD) fired melting furnace with gas fired energy efficient Melting cum Holding Furnace in two Pressure Die Casting Machines.
- Installation of Dust collecting systems in all grinding machines in Machine Shop, resulting in clean environment at Shop Floor.

Your Company is further planning to commence power cogeneration i.e. gas based power generation alongwith Exhaust Fuel Gas Recovery Boiler for which miscellaneous civil work and gas piping has been completed. After commissioning the power cogeneration system, around 5% CO₂ reduction is expected to be achieved thus leading to cleaner environment.

The products manufactured by your Company comply with the air emission and noise regulation norms notified by the Ministry of Environment and Forests (MOEF). The 'Confirmation of Production' (COP) to the air emission and noise regulation is done as laid down by the MOEF.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The requisite information relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo required to be disclosed pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies [Disclosure of Particulars in the Report of Board of Directors] Rules, 1988 is set out in a separate statement annexed to this report as **Annexure-B** and forms part thereof.

DIRECTORS

During the year under review, Mr. Yasushi Watanabe had been re-appointed as Vice President & Whole Time Director of the Company from 01.01.2011 to 31.12.2011.

Your Board recommends the appointment of Mr. Yasushi Watanabe as a Director and as Vice President & Whole Time Director of the Company. Proposal for the appointment of Mr. Yasushi Watanabe is being put up for your approval.

Mr. Yasushi Watanabe ceased to be Director of the Company with effect from the close of the working hours of March 26, 2011 on being re-assigned by Honda Motor Co., Ltd., Japan ('HM'). Your Board places on record its deep appreciation for the services rendered by Mr. Yasushi Watanabe during his tenure with the Company.

Mr. Seiichi Yotsumoto was appointed as Director and as Vice President & Whole Time Director of the Company effective April 1, 2011.

Your Board recommends the appointment of Mr. Seiichi Yotsumoto as a Director and as Vice President & Whole Time Director of the Company. Proposal for the appointment of Mr. Seiichi Yotsumoto is being put up for your approval.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Siddharth Shriram and Mr. Ravi Vira Gupta, Directors of the Company retire by rotation at the forthcoming Annual General Meeting ('AGM') and being eligible, offer themselves for re-appointment.

Brief resume of the above Directors, nature of their expertise in specific functional areas and the name of the Companies in which they hold the Directorship and the Chairmanship/Membership of the Committees of the Board, as stipulated under Clause 49 of the Listing Agreement of the Stock Exchanges, is given in the Notice convening the Annual General Meeting.

Necessary resolutions for the appointment / re-appointment of the aforesaid Directors have been included in the Notice convening the Annual General Meeting.

As per the confirmations received, none of the Directors of the Company are disqualified for being appointed as Director as specified in Section 274(1)(g) of the Companies Act, 1956.

AUDITORS

The observations of Auditors in the report, read with the relevant Notes to Accounts are self explanatory and therefore, do not require further explanation.

M/s. B S R & Co., Chartered Accountants, Statutory Auditors of the Company hold office until the conclusion of the forthcoming AGM and are recommended for re-appointment. The Company has received a certificate from them to the effect that their re-appointment, if made, would be within the prescribed limits specified under Section 224(1B) of the Companies Act, 1956.

The Auditors have represented that they have been subjected to the 'Peer Review Process' of The Institute of Chartered Accountants of India and hold a valid Certificate.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of provisions of Section 217(2AA) of the Companies Act, 1956, your Directors confirm as under:

1. That in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
2. That the accounting policies selected and applied are consistent and the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
3. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the

Company and for preventing and detecting fraud and other irregularities;

4. That the annual accounts have been prepared on a going concern basis.

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, the particulars of employees are required to be furnished in statement to be annexed to this Report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the report and accounts are being sent to all the Shareholders excluding the aforesaid Annexure. The complete Annual Report including this statement shall be made available for inspection by any shareholder during working hours for a period of 21 days before the date of the Annual General Meeting. Any member interested in obtaining the copy of the statement may write to the Company Secretary at the Registered Office of the Company.

CORPORATE GOVERNANCE

A separate section on Corporate Governance is annexed to this report as **Annexure-C**.

A certificate from a Practicing Company Secretary on compliance with the conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement with Stock Exchanges is annexed as **Annexure-F**.

CODE OF CONDUCT AND ETHICS

The Board of the Company has adopted a Code of Conduct and Ethics for the Directors and Senior Executives of the Company. The object of the Code is to conduct the Company's business ethically and with responsibility, integrity, fairness, transparency and honesty. The Code sets out a broad policy for one's conduct in dealing with the Company, fellow Directors and Employees and with the environment in which the Company operates. The Code is available on the Company's Corporate website (www.hondasielpower.com). A declaration signed by President & CEO of the Company with regard to the compliance with the Code by the Members of the Board and Senior Executives is annexed as **Annexure-D** and forms part hereof.

MANAGEMENT DISCUSSION & ANALYSIS

Management Discussion and Analysis Report is annexed as **Annexure-A**.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY AFTER 31ST MARCH 2011

There were no material changes and commitments affecting the financial position of the company after 31st March 2011.

ACKNOWLEDGEMENTS

Your Directors wish to thank and acknowledge with gratitude the co-operation, assistance and support received from the Central Government, State Governments of Uttar Pradesh, Uttarakhand and Puducherry, Company's Bankers, Shareholders, Dealers, Vendors, Indian and Japanese Promoters of the Company and other Business Associates in the Management of affairs of the Company.

The Directors also wish to place on record their sincere appreciation of the contribution made by every employee of the Company.

On behalf of the Board

New Delhi
May 19, 2011

Siddharth Shriram
Chairman

MANAGEMENT DISCUSSION & ANALYSIS REPORT**DOMESTIC BUSINESS****GENSETS**

- Due to completion of factory consolidation project in the previous year, the dealers and customers could get their previous year's demand and pending orders fulfilled in the current year. This factor combined with increased demand of Company's product resulted in 73% increase in generator sales over last year.
- The company had launched higher rating generator in the year 2008-09 namely EU65is (5.5 KVA). This was done through imported CBU (Completely Built Unit) route for customers wanting more power output to run more appliances in the ever growing need of business and household. The initial response in this new category and the continued growth in last 2 years was very encouraging. Your company has now responded to this segments' requirement by commencing manufacturing of this generator in India. This will help in overcoming the high cost of imports and leveraging localization to deliver cost advantage to the customers.
- Your company has also started producing a 3 KVA model in India to fill the product gap between the existing 2.1 KVA and 5.5 KVA offering. This new model is from the latest 'EU' series family and has best in class features as required by the customers. With this, an important positioning requirement of products in the marketplace is completed. Further, by starting production in India, full benefits of localization can now be made available to the customers.

Opportunities

- Small scale and medium scale entrepreneurs have shown the largest growth in terms of infrastructure and resource requirement. Such small scale establishments and offices need uninterrupted power supply to carry on their businesses. Your company has been making renewed efforts to reach out to all such potential buyers to help them carry on their businesses consistently.
- Continued economic growth with government focus on IT and Infrastructure has helped increase income levels as well as need for building future building blocks like computerization of schools, Unique Identity (UID) project and synergizing government efforts through establishing and using e-governance. Your Company is working closely with various agencies involved in such projects to build the nation and practice the Honda philosophy of 'helping people get things done'.

Concerns

- The twin factors of high cost of petrol and limited availability of kerosene in some areas have been affecting demand of such models in some areas. The efforts to promote more efficient generators run by petrol to help reduce running costs and LPG based generators in areas with limited kerosene availability are ongoing to secure and improve business.
- Increasing raw materials prices and pressure on margins are likely to affect increase in prices to customers affecting some demand.

Outlook

- The impressive economic growth of 8.6% (9 month period) along with power deficits in many parts of the country continue to create demand for generators to help run small and medium scale business during power cuts. Your Company expects the demand of such portable generators to continue to grow.

GENERAL PURPOSE ENGINES AND WATER PUMPING SETS

- This year the combined sales of engines and water pumps is the highest

ever in the history of your Company by growing over 8% as compared to the previous year which itself witnessed the highest ever sale of engines and water pumping sets.

- Your company continued its efforts to realize the need of farmers to increase and help them during the periods requiring irrigation and fast relief in areas where crops were required to be saved. The government's initiatives in food security programs led primarily through the National Food Security Mission enabled a large section of farmers to make use and purchase equipments such as water pumping sets for their needs.
- The seasonal requirement of engines required for spraying especially in Northern areas helped your company maintain its leadership in this business line as well.
- Your company successfully established network in areas where the demand could be channelised for increasing the sales especially in central and eastern areas. This led to increased and additional business.

Opportunities

- Increasing farm incomes are expected to increase demand for agri products leading to farm mechanization based on engines manufactured by your company.
- The new and more fuel efficient water pumps and engines of your company, based on alternate fuels as well as gasoline are expected to increase demand in areas where kerosene availability is limited.
- Continued Government schemes and subsidies would enable your company to leverage effective and cost effective products and position these as best in class to secure maximum mindshare.

Concerns

- The fast changing and open market conditions are enabling more products like the light weight diesel engines and low cost Chinese engines and pumps to continue to infiltrate the markets.
- Increasing raw material prices and pressure on margins are likely to affect increase in prices to customers affecting some demand.

Outlook

- The income from agricultural activities is expected to increase due to higher price realization from farm products and also better Government Minimum Support Prices. This is likely to increase demand for farm mechanization and products required by farmers.
- The demand for a suitable and reputed engine for many other applications such as vibrator, concrete mixer and small agri machineries from many other parts of the country has also indicated increased business outlook. Your company is encouraged by enquiries from reputed Original Equipment Manufacturers (OEM) for tie ups and long term contracts for supply of new series of Engines as well as existing series.
- Your company is exploring many new opportunities by working closely to develop new applications as well as providing solutions to existing applications by proposing its series of engines as better solutions.
- Government initiatives and support to improve food security through various schemes is expected to continue demand for farm mechanization solutions. Your company is poised to take advantage of such initiatives by providing and partnering solutions with the help of our vast network of dealers, distributors and OEMs.

BRUSH CUTTERS

- The growing need of farmers especially in the southern and western regions to find alternate to manual means of weeding has given rise to

increase in demand of such equipments.

- Your company has been supporting this demand through the CBU route and the encouraging results from the southern markets have enabled the development of more markets in the eastern and western region.
- This increased footprint has enabled your company to grow over 41% as compared to the previous year.
- Your company finds good growth potential in small and medium sized farmers demanding such farm mechanization. Such encouraging demand is leading to launch of a compact Power Weeder cum Tiller in the 5.5 hp category in the next financial year.

EXPORTS

- Sales registered a growth of 45% over the previous year.
- The performance was encouraging since the higher realization generator category constituted over 50% of the total sales and the highest ever.
- The Middle East emerged as the leading region for the business of your Company.

Concerns

- Rising material costs and appreciation of Indian Rupee against the US Dollar may impact the margins of export business.
- The competitive market scenario may limit the scope for price increments.

Outlook

- The company will persist with its strategy to explore new territories as well as sustain the better realizing generator business in the markets of Middle East, Latin America and Africa.

THREATS, RISKS AND CONCERNS

The Company has adequate risk management system in place. This is achieved by:

- Ensuring statutory compliances. This is monitored periodically by way of internal meetings at specified periods and status report submission after due verification by internal auditors at every Audit Committee Meeting.
- Comprehensive recording of all assets in the books of accounts, physical verification process, adequate insurance coverage for all probable losses and for all concerned parties.
- IT data security and information pilferage have been secured vide adequate back up systems/ secured VPN (Virtual Private Network) and is under constant observation and up-gradation. This includes outsourcing of some of the critical activities to specialized and reputed third parties.

INTERNAL CONTROLS AND SYSTEMS

Your Company maintains an adequate and effective internal control system commensurate with its size and complexity. Properly documented policies, circulars have been put in place, to assure speedy, effective Management. This has been further supplemented by delegation of authorities at required and appropriate levels. The Internal Control System also ensures that financial statements are being prepared in conformity with established accounting principles and practices. The assets of your Company are adequately safe-guarded against significant misuse or loss. An independent internal audit function is an important element of your Company's internal control system. The internal control systems are supplemented through an extensive internal audit programme and periodic review by the Management and Audit Committee. To further appraise the internal control function, your Company has appointed a reputed firm to conduct internal audit / control verification for the Company under the direct supervision and control of Audit Committee.

FINANCIAL PERFORMANCE

During the year 2010-11 the net sale was Rs. 407.50 Cr. as against Rs. 305.80 Cr. in the previous year. This represents an impressive increase

of 33% in terms of value over previous year. In terms of volume, the increase as compared to previous year was to the tune of 28%.

Profit Before Tax and Exceptional Items for the year was Rs. 44.45 Cr. as against Rs. 39.61 Cr. in 2010-11. This is an increase of 12% over previous year.

HUMAN RESOURCES

To effectively implement the business objectives, Human Resource (HR) took number of supporting measures such as enhanced effectiveness of HR administration, more effective monitoring and reporting system, greater accountability and transparency in procedures, placement and career progression, performance based assessment, strengthening of the learning culture thereby aligning HR policies with the implementation of the Organization's objectives.

During the year, an organization wide competency model was designed to assess and develop leadership line on the desired set of competencies. As a strategic partner, HR focused on building the capabilities of the organization to enable it to face the upcoming business challenges to meet the increased production and product portfolio.

An independent programme for evaluation of Leadership Development was conducted and concluded for providing a 'learning and development culture' in the organization. It is expected that this programme will continue to benefit individuals, managers and the Organization as a whole.

To imbibe the HONDA culture in all associates, the HR focus has been on driving the Honda philosophy and Honda Corporate Governance by educating employees on Code of Conduct and Business Ethics Proposal Policy.

Continuous efforts are also being made to maintain harmonious employee relations in the organization by engaging in formal and informal dialogue with Line Associates. Meetings have also been held with the Line Management to assess the situation of each department to develop a common understanding of issues. These Meetings have enabled the officers to gain a better understanding of the shop floor issues and the HR challenges and have served as an informal channel for the exchange of information on developments of common interest to all Line Managers. The monthly Line Managers' forum shall be maintained in future.

During the year, initiative was taken to establish monitoring and reporting system of HR to ensure greater accountability and control. This has involved the conversion of multiple HR legacy systems into Human Resource Information System (HRIS). The growing functionality of HRIS, through its advanced data retrieval and analysis features, shall increase the capacity of the department to generate regular and adhoc reports needed for Management support.

Health and Safety of the employees is one of our major focus areas. HR is continuously striving to provide safe working conditions to the employees. Safety audits are being conducted on periodic basis.

Your Company successfully completed 25 years of existence. To make the event memorable and create sense of togetherness and achievement it was celebrated as 'Family Day' with all the employees and their family members.

Being a responsible social corporate your company set up the free health camp and Blood donation camps in office and nearby Villages.

The Company as on 31st March 2011 had Nine Hundred and Seventy One employees.

CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis Report describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could effect the Company's operations include significant changes in political and economic environment in India and key markets abroad, tax laws, litigation, labour relations and interest costs.

ANNEXURE- B TO DIRECTORS' REPORT**DISCLOSURE UNDER SECTION 217(1) (e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988****A. CONSERVATION OF ENERGY**

Your Company strives to make all the working places including manufacturing plants and offices energy efficient to the extent possible and continually reviews various ways to conserve energy.

(a) Energy conservation measures taken :

The Company is committed towards the protection of the environment and safety. All the employees make efforts in daily operation in controlling emissions, effluents, waste disposal arising out of manufacturing processes, product and services as per the predefined norms.

Environmental improvements were achieved by completing following actions:

- Replacement of High Speed Diesel (HSD) fired melting furnace with gas fired energy efficient Melting cum Holding Furnace in two Pressure Die Casting machines.
- Installation of Dust collecting systems in all grinding machines in Machine Shop, leading to clean environment at Shop Floor.
- Completion of miscellaneous civil work and gas piping for commencement of power co-generation i.e. gas based power generation alongwith Exhaust Flue Gases Based Waste Heat Recovery Unit Boiler. After commissioning the power co-generation system, 5% CO₂ reduction is expected to be achieved thus leading to cleaner environment.
- The products manufactured by the Company comply with air emission and noise regulation norms as notified by the Ministry of Environment and Forests (MOEF). The 'Confirmation of Production' (COP) to the air emission and noise regulation is done as laid down by MOEF.

Following energy conservation measures were taken to reduce the energy consumption by:

- Replacement of HSD fired melting furnace and electrically operated Holding Furnace with gas fired energy efficient Melting cum Holding Furnace in two Pressure Die Casting Machines.
- Commissioning of power co-generation i.e. gas based power generation alongwith Exhaust Flue Gases Based Waste Heat Recovery Unit Boiler for which miscellaneous civil work and gas piping has been completed. After commissioning the power co-generation system, 5% CO₂ reduction will be achieved thus leading to cleaner environment.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy :

Following actions are proposed to be taken for energy conservation in the year 2011-12:

- Conduct Energy Audit through external agency and implement actions based on audit findings.
- Installation of latest state-of-art technology energy efficient compressors.
- Commissioning of power co-generation system in next year which will result in 90% fuel saving of boiler and 5% CO₂ reduction.

(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :

Above actions resulted in reduction in energy consumption. Though there was an increase in production of bigger models in 2010-11 vis-à-vis 2009-10, the thermal energy of fuel consumed in burners per unit production for the year 2010-11 is 14.43% lower than the previous year 2009-10 due to replacement of HSD fired systems with gas fired energy efficient systems. The focus is continuing and is expected to reduce in the year 2011-12 by about 5% over the year 2010-11.

(d) Total energy consumption and energy consumption per unit of production.

Particulars	Unit	Current Year 2010-11	Previous Year 2009-10
A. Power and Fuel Consumption			
1. Electricity			
(a) <u>Purchased</u>			
Quantity	kwh	45,08,466	36,11,424
Total Amount	Rs. (Lacs)	211.68	153.50
Rate / Unit	Rs./kwh	4.70	4.25
(b) <u>Own Generation</u>			
Through diesel generator			
Quantity	kwh	8,76,530	5,20,269
HSD Qty	Ltr	3,18,170	2,30,331
Unit per ltr of diesel oil	kwh/Ltr	2.75	2.26
Cost / Unit	Rs./kwh	12.34	13.80
2. Coal (specify quantity & where used)		N.A.	N.A.
Quantity (tonnes)			
Total Amount			
Average Rate			
3. Furnace Oil			
(a) <u>Furnace HSD</u>			
Quantity (k. ltrs.)	k.ltr	95.40	248.80
Total Amount	Rs.	33,81,673	74,79,445
Average Rate	Rs./k.ltr	33,450	30,050
(b) <u>Furnace LPG</u>			
Quantity (kg)	kg	3,18,928	1,73,877
Total Amount	Rs.	1,52,81,179	74,34,980
Average Rate	Rs./kg	47.91	N.A.
(c) <u>Furnace Natural Gas (R-LNG)</u>			
Quantity (SCM)	SCM	5,394	N.A.
Total Amount	Rs.	1,41,986	N.A.
Average Rate	Rs./SCM	26.32	N.A.
4. Others / internal generation		N.A.	N.A.
Quantity			
Total Cost			
Rate / Unit			
B. Consumption per unit of Production			
Production unit	No.	2,35,371	1,83,855
Electricity	kwh/Unit	22.88	22.47
Coal		Nil	Nil
Furnace oil			
-HSD used in Burners of Furnace	ltr/Unit	0.41	1.35
-LPG Used in Burners of Boiler / Furnace	kg/Unit	1.36	0.95
-Natural Gas (R-LNG) used in Burners of Furnace	SCM/Unit	0.02	N.A.

B. TECHNOLOGY ABSORPTION

FORM - B

Disclosure of particulars with respect to Technology Absorption

Research and Development (R&D)

1. Specific areas in which R & D carried out by the Company

The Company has carried out work in the following areas:

- Technology to run Water Pump set on LPG fuel.
- Execution of indigenization of critical engine components through the process of data base generation.
- Reduction in hazardous substances in product and process.
- Development of following Inverter Generator Models for better efficiency:

- Recoil start	- EU30i
- Self start	- E30is / EU65is

2. Benefits derived as a result of the above R & D

- Clean Air Fuels such as LPG
- Environment friendly products / processes
- Cost competitiveness through localization
- Increase in foreign exchange earnings by meeting specific requirements of various countries

3. Future plans of action

Continue the process of data generation for indigenization of critical engine components.

4. Expenditure on R & D

a) Capital	:	Nil
b) Recurring	:	Nil
c) Total	:	Nil
d) Total R & D expenditure as a percentage of total turnover	:	N.A.

Technology absorption, adaptation and innovation

1. Efforts in brief, made towards technology absorption, adaptation and innovation.

The Company has availed the services of technical specialists from the foreign collaborator who impart on the job training and guidance to the Company's engineers and technicians.

For development of new technology model and to improve the manufacturing quality of inplant / outplant parts, new manufacturing facility has been added in the following area:

- Installation of new Paint Shop for liquid painting of Genset, Engine and Pump Parts.
- Replacement/ Reconditioning of old machine in the Crankshaft Line, Con Rod Line, Alternator and Weld Shop.
- Implementation of fuel efficient furnace in Paint Shop and Pressure Die Casting.
- Implementation of low cost fuel i.e. piped natural gas in furnaces of Paint Shop and Pressure Die Casting.

For giving guidance on specific matters related to indigenization, improvement of manufacturing method and quality, experts from Honda R & D, Japan are frequently visiting the Company.

As a result of above efforts, the Company has been able to develop:

- Noise Absorption technology.
- Engine Technology for use of LPG.
- Development of new genset model of EU series.

2. Benefits derived as a result of the above efforts

The benefits derived relate to:

- Availability of super silent gensets meeting the noise regulations.
- Clean air fuels in manufacturing processes.
- Better fuel efficiency.
- Elimination of Hazardous fumes by introduction of new machine in Alternator Shop.
- Automation of manual operations.
- Increase in production capacity.

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished

a) Technology imported

Manufacture of Portable Gensets, General Purpose Engines and Water Pumping Sets.

Technology to manufacture Pressure – Die – Casting parts of high quality.

b) Year of import

Technical Collaboration Agreement dated 18.10.1985 as renewed dated March 19, 2007 valid for a period of 5 years till March 31, 2012.

c) Has technology been fully absorbed?

No, this is in the process of being absorbed gradually.

d) If not fully absorbed areas where this has not taken place, reasons thereof and further plan of action

The technology absorption of manufacture of I.C. Engine and Engine based products such as Gensets, Water Pumping Sets and Sprayers has started about 21 years back. Technology is further to be absorbed for high technology Engine components for indigenization and in producing the country specific products/ models for International markets.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

a) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans :

- Explored scope for below 1.0 KVA gensets in new markets of Africa and Latin America.
- Improved upon the generator business in Middle Eastern Markets.

b) Total foreign exchange used and earned:

The foreign exchange outgo was Rs. 13,247.34 lacs on account of imports and payment of royalty etc. as against foreign exchange inflow of Rs. 6,114.29 lacs through exports.

REPORT ON CORPORATE GOVERNANCE
1. Company's Philosophy on Code of Governance

Corporate Governance is a mechanism by which values, principles, Management policies and procedures of a Company are made manifest in the real world. It involves a cohesive set of relationships among an organization's Board of Directors, its Management, its Shareholders and other stakeholders. In fact, good governance refers to the entire system by which a Company is managed and monitored, its corporate principles and guidelines and the system of internal and external controls.

Honda Siel Power Products Limited believes that governance principles is a state of mind, a self disciplining force and a set of principles to assure its owners that there is a well-performing Management in place and that the Company's assets are being put to proper use. In order to formalize and adopt the key factors of Corporate Governance, namely fairness, transparency, integrity, accountability and responsibility, your Company has established a set of internal policies, control and regulations, broadly described as corporate culture.

Your Company consistently endeavours to attain the highest standards of Corporate Governance by ensuring transparency in all its operations, disclosures and to maximize shareholders' value and places emphasis on business ethics. The Directors fully endorse and support the essentials of Corporate Governance and accordingly hereby give a report on Corporate Governance.

2. Board of Directors

The Board of Directors is at the core of Corporate Governance practices. Your Company believes that an active, independent and participative Board is a pre-requisite to achieve and maintain the desired level of Corporate Governance.

The Board of your Company is broad-based, consisting of eight Members. The Board has an ideal composition. It consists of two Executive Directors and six Non-Executive Directors. Four Non-Executive Directors are independent i.e. they do not have any other material pecuniary relationship or transactions with the Company, its Promoters, its Management, which in the judgement of the Board may affect the independence of judgement of the Director. The Board Members possess the skills, experience and expertise necessary to guide the Company.

Brief particulars of the Directors who are being appointed/ re-appointed at the ensuing Annual General Meeting ('AGM'), nature of their expertise in specific functional areas and names of Companies in which they hold Directorship and Membership/Chairmanship of the Board Committees are provided in the Notice convening AGM.

Board Meetings

During the year under review, five Board Meetings were held on May 21, July 26, August 19, October 28, 2010, February 09, 2011. Resolution by Circulation were passed on 14.05.2010 and twice on 31.03.2011. All statutory and other important items/ information were placed before the Board for approval/review.

The composition of the Board of Directors, attendance of the Directors at the Board Meetings and Annual General Meeting as also number of Directorships in Indian Public Limited Companies and Membership of the Committee (Audit and Shareholders Grievance Committee) of the Board of such companies are as follows:

Name of the Director	Category	Attendance at the last AGM	No. of Board Meeting(s) attended	No. of Directorship in other Companies	Number of Committee Membership Including (Chairmanship)
Mr. Siddharth Shriram	ID/NED	Yes	5	5	4 (3)
Mr. T. Hamasaki**	Non ID/ ED	Yes	5	NIL	1
Dr. D. V. Kapur	ID/NED	Yes	5	5	6 (4)
Mr. O. P. Khaitan	ID/NED	Yes	5	8	9 (4)
Mr. R. V. Gupta	ID/NED	Yes	4	6	7 (2)
Mr. Y. Watanabe***	Non ID/ ED	Yes	5	NIL	1
Mr. T. Nagai**	Non ID/ NED	Yes	2	2	1
Mr. M. Saito**	Non ID/ NED	No	NIL	NIL	NIL
Mr. R.S. Bidesi*	Non ID/ ED	NA	NA	NA	NA
Mr. M. Takedagawa*	Non ID/ NED	NA	NA	NA	NA
Mr. S. Mizusawa*	Non ID/ NED	NA	NA	NA	NA

ID- Independent Director

ED- Executive Director

NED- Non- Executive Director

Note:

- a) * Ceased to be Directors w.e.f.01.04.2010
- b) ** Appointed as Directors w.e.f. 01.04.2010
- c) *** Ceased to be a Director w.e.f. 27.03.2011
- d) Directorships held by Directors as mentioned above, do not include Alternate Directorship and Directorships of Foreign Companies, Section 25 Companies and Private Limited Companies.
- e) In accordance with clause 49, Membership / Chairmanship of only the Audit Committee and Shareholders/Investors Relations Committee of Public Limited Companies have been considered.
- f) None of the Directors is a Member of more than 10 Board-level Committees of public companies in which they are Directors, nor is Chairman of more than 5 such committees.

Dr. D. V. Kapur, Independent Director and Chairman of the Audit Committee attended the Annual General Meeting of the Company.

The Company does not pay any remuneration to its Non-Executive/ Independent Directors except Rs. 20,000 per Meeting as sitting fees for attending Meetings of the Board and of its Committees. No commission on the net profit of the Company is paid to any Director. There are no pecuniary relationships or transactions of the Non- Executive Directors vis-à-vis the Company.

As prescribed under the Companies Act, 1956 and Articles of Association of the Company, two third of the Directors of the Company are retiring Directors, of which one third retire every year and if eligible, offer themselves for re-appointment. The tenure of Whole Time Directors is governed by their respective terms of appointment.

3. Committees of the Board

The Board has constituted four Committees of the Directors, namely:

- Audit Committee;
- Shareholders/Investors Relations Committee;
- Board Committee on Financial Matters and
- Remuneration Committee

Each of these Committees function within the defined terms of reference and the minutes of the Committee Meetings are put up to the Board for noting at the subsequent Meeting. The details of Audit Committee, Shareholders/Investors Relations Committee, Board Committee on Financial Matters and Remuneration Committee are as follows:

i. Audit Committee

Majority of the Members of Audit Committee comprise of Independent Directors. Chairman of the Committee is an Independent Director and has expertise in accounting and related financial Management. The Members have financial background and accounting knowledge. The powers and role of the Company's Audit Committee as stipulated by the Board are in accordance with the items listed in Clause 49 of the Listing Agreement and as per Section 292A of the Companies Act, 1956. The Committee is also responsible for reviewing the adequacy of internal control system and to ensure compliance thereof and adequate follow up actions are taken.

The Head of Finance & Accounts Department, Statutory Auditors and Internal Auditor attend the meetings of Audit Committee. Company Secretary acts as the Secretary to the Committee. During the financial year 2010-11, Audit Committee met four times on May 21, July 26, October 28, 2010 and February 09, 2011. Resolution by Circulation was passed on September 08, 2010. Constitution of the Committee and attendance of the members at the meetings are as under:

Name of the Member	Status	No. of Meetings attended
Dr. D.V. Kapur	Chairman	4
Mr. R.V. Gupta	Member	3
Mr. O.P. Khaitan	Member	4
Mr. M. Takedagawa*	Member	NA
Mr. T. Nagai**	Member	1

* Ceased to be Member effective 01.04.2010.

** Appointed as Member effective 01.04.2010.

ii. Shareholders /Investors Relations Committee

The Board has constituted Shareholders/Investors Relations Committee to approve the matters relating to transfer of shares, issue of duplicate share certificate on consolidation/splitting, transmission, transposition, rematerialisation of shares and on loss of share certificates and for review and redressal of investor grievances. Sufficient powers have been delegated to this Committee. The power of approving transfer of securities has been delegated to the Company Secretary of the Company.

The Committee met four times during the year on May 21, July 26, October 28, 2010 and February 09, 2011. Attendance of the Members at the meetings was as follows:

Name of the Member	Status	No. of meetings attended
Dr. D.V. Kapur	Chairman	4
Mr. Siddharth Shriram	Member	4
Mr. R.S. Bidesi *	Member	NA
Mr. T. Hamasaki**	Member	4
Mr. Y. Watanabe**, #	Member	4

* Ceased to be Member effective 01.04.2010.

** Appointed as Member effective 01.04.2010.

Ceased to be a Member effective 27.03.2011.

Compliance Officer

Ms. Payal Chaddha, Company Secretary is the Compliance Officer for complying with the requirements of Securities & Exchange Board of India (Prohibition of Insider Trading) Regulation, 1992 and the Listing Agreement entered into with the Stock Exchanges.

Investor Grievance Redressal

As on March 31, 2011, your Company had 12,870 investors. During the year under review, the status of complaints was as follows:

Particulars	Received	Redressed	Balance
Non-receipt of shares sent for Transfer/ Demat	2	2	NIL
Non – receipt/ Revalidation of Dividend Warrants	1	1	NIL
Others/Miscellaneous	9	9	NIL

iii. Board Committee on Financial Matters

The Board Committee on Financial Matters met three times during the year on April 01, July 26, September 01, 2010. Attendance of the Members at the Meetings was as follows:

Name of the Member	Status	No. of Meetings attended
Mr. T. Hamasaki**	Chairman	3
Mr. Siddharth Shriram	Member	3
Mr. R.S. Bidesi *	Member	NA
Mr. Y. Watanabe***, #	Member	3

* Ceased to be Member effective 01.04.2010.

** Appointed as Chairman effective 01.04.2010.

*** Appointed as Member effective 01.04.2010.

Ceased to be a Member effective 27.03.2011.

iv. Remuneration Committee

The Committee comprises of three Non-Executive Independent Directors. The Committee was formed to review and recommend the compensation payable to the Whole Time Directors of the Company. While recommending the remuneration, increment etc., it takes into account the financial position of the Company, industry trend, appointee's qualification, experience, past performance/remuneration, etc.

The Company Secretary acts as the Secretary of the Committee.

During the year, the Committee met once on October 28, 2010. Resolution by Circulation was passed on 31.03.2011.

Attendance of the Members at the Meeting was as follows :

Name of the Member	Status	No. of Meetings attended
Dr. D.V. Kapur	Chairman	1
Mr. Siddharth Shriram	Member	1
Mr. O.P. Khaitan	Member	1

Remuneration Policy

The remuneration payable to the Whole Time Directors is recommended by the Remuneration Committee to the Board of Directors for their approval thereon. However, such remuneration is subject to the approval by the Shareholders at the General Meeting and also subject to the approval of other Authorities, as the case may be.

The remuneration is fixed considering various factors such as qualification, experience, expertise of the appointee and the prevailing remuneration in the corporate world, financial position of the Company etc. The remuneration structure of the Whole Time Directors comprises of Basic Salary, Perquisites and Allowances, contribution to Provident Fund and other funds in accordance with the provisions of the Companies Act, 1956.

Details of remuneration paid to Directors for the year 2010-11

A. Executive Directors

The details of the remuneration paid to the Whole Time Director(s) during the year 2010-11 are as under:

Name	Salary	Perquisites/Retiral benefits	Service Contract
	Amount in Rs. Lacs		
Mr. T. Hamasaki	69.00	8.41	01.04.2010 to 31.03.2015
Mr. Y Watanabe	60.22	9.80	01.01.2011 to 26.03.2011

Note: During the year, Mr. R. S. Bidesi, who ceased to be Director of the Company w.e.f. 01.04.2010, was paid Rs. 67.17 Lacs towards Retiral benefits.

B. Non-Executive Directors

Details of sitting fees paid during the year 2010-11 for attending the Meetings of Board of Directors and of its Committees were as under:

(Amount in Rs.)

Name of the Director	Board	Audit Committee	Shareholders/ Investors Relations Committee	Board Committee on Financial Matters	Remuneration Committee	Total
Mr. Siddharth Shriram	1,00,000	-	80,000	60,000	20,000	2,60,000
Dr. D. V. Kapur	1,00,000	80,000	80,000	-	20,000	2,80,000
Mr. O. P. Khaitan	1,00,000	80,000	-	-	20,000	2,00,000
Mr. R. V. Gupta	80,000	60,000	-	-	-	1,40,000
Mr. M. Saito	-	-	-	-	-	-

- Mr. T. Nagai, Director nominated by Honda Motor Co., Ltd., Japan submitted a letter of waiver for sitting fee of the Board and Committee thereof.

Equity shares of the Company held by the Non-Executive Directors

Mr. Siddharth Shriram, Chairman and Non-Executive Director holds 50 equity shares of the Company in his name. No other Non-Executive Director holds any equity shares of the Company.

4. General Body Meetings

The last three Annual General Meetings of the Company were held as under:

Financial Year	Date	Time	Location	Special Resolution Passed
2009-10	August 19, 2010	1015 hours	Kamani Auditorium, 1, Copernicus Marg, New Delhi-110 001	No special resolution was passed.
2008-09	September 07, 2009	1015 hours	Plot No. 5, Sector 41 (Kasna), Greater Noida Industrial Development Area.	Approval for amendment/ alteration in Articles of Association of the Company
2007-08	September 10, 2008	1130 hours	Distt. Gautam Budh Nagar- 201 306 (U.P.)	No special resolution was passed.

No resolution was passed through Postal Ballot during the year 2007-08, 2008-09 and 2010-11.

During the year 2009-10, the Company had passed a special resolution for shifting of Registered Office of the Company from the State of Uttar Pradesh to the National Capital Territory of Delhi and accordingly for alteration of Memorandum of Association of the Company.

5. Subsidiary Companies

The Company does not have any subsidiary Company.

6. Disclosures

- (i) Related parties and transactions with them as required under Accounting Standard 18 (AS-18) are furnished under paragraph 13 of Schedule 12-Significant Accounting Policies and Notes to Accounts, annexed with the financial statement for the year ended March 31, 2011.
- (ii) The above transactions have no potential conflict with the interest of the Company.
- (iii) Risk Management – The Board has laid down and approved adequate procedures for management and minimization of risk.
- (iv) The financial statements are made in accordance with the Companies (Accounting Standards) Rules, 2006.
- (v) There have not been any non-compliances, penalties, strictures imposed on the Company by the Stock Exchanges or SEBI or any other authorities, on any matters relating to capital markets during the last three years.
- (vi) The Company has not adopted any of the non-mandatory requirements, except constitution of the Remuneration Committee as mentioned in Annexure ID of Clause 49 of the Listing Agreement.

7. Means of Communication

1. The Company has published the annual results (year ended March 31, 2010), quarterly results (quarter ended June 30, 2010 and December 31, 2010) and the half yearly results (period ended September 30, 2010) in English and Hindi language newspapers.
2. The results of the Company are also displayed on the Company's website www.hondasielpower.com. The Company's website also displays the official news releases.
3. No presentations were made by the Company to the Analysts during the year.
4. Annual Report containing inter-alia, Audited Annual Accounts, Directors' Report, Auditors' Report and other important information is circulated to Members and others entitled thereto. The Management Discussion & Analysis Report forms part of this Annual Report and is provided elsewhere in this Annual Report.

8. General Shareholders' Information

i. 26th Annual General Meeting

Day, Date & Time	:	Wednesday, August 10, 2011, 10.15 A.M.
Venue	:	Kamani Auditorium, 1, Copernicus Marg, New Delhi - 110 001.
Financial Year	:	Year ended March 31, 2011
Book Closure	:	August 04, 2011 to August 10, 2011 (both days inclusive)
Dividend Payment Date	:	August 31, 2011

ii. Tentative Financial Calendar 2011-12

(Subject to change)

The tentative dates for approval of Unaudited / Audited Financial Results for 2011 - 12, are as follows:

Quarter ending June 30, 2011	2 nd week of August, 2011
Quarter ending September 30, 2011	2 nd week of November, 2011
Quarter ending December 31, 2011	2 nd week of February, 2012
Quarter ending March 31, 2012	Last week of April, 2012 (Unaudited) / Last week of May 2012 (Audited)

iii. Dividend Details

Unclaimed dividends upto financial year 1994-95 have been transferred to the General Revenue Account of the Central Government and for the financial years 1995-96 to 2002-03 (Final Dividend) to Investor Education and Protection Fund constituted by the Central Government. Details of unclaimed dividend as on March 31, 2011 are given hereunder:

Period	Rate (%)	Date of declaration	Date of payment	Unclaimed dividend (Rs.)
2003-2004	40	29.09.2004	12.10.2004	3,32,093
2004-2005	30	26.07.2005	16.08.2005	2,61,103
2005-2006	40	27.07.2006	05.08.2006	3,57,936
2006-2007	40	26.07.2007	01.08.2007	3,17,968
2007-2008	40	10.09.2008	16.09.2008	3,17,957
2008-2009	40	07.09.2009	18.09.2009	3,93,412
2009-2010	40	19.08.2010	31.08.2010	4,54,212

iv. Listing on Stock Exchanges and Stock Codes

The names and addresses of the Stock Exchanges at which the equity shares of the Company are listed and the respective stock codes are as under:

Name & Address of the Stock Exchange	Stock Code
Bombay Stock Exchange Limited (BSE) Phiroze Jeejeebhoy Towers, 25 th Floor, Dalal Street, Fort, Mumbai – 400 001.	522064
The National Stock Exchange of India Ltd. (NSE) 5 th Floor, Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai-400 051	HONDAPOWER

Note: The Equity Shares of the Company had been delisted from Calcutta Stock Exchange as per Notice dated June 6, 2007.

Listing fees for the year 2011 – 2012 has since been paid to BSE and NSE.

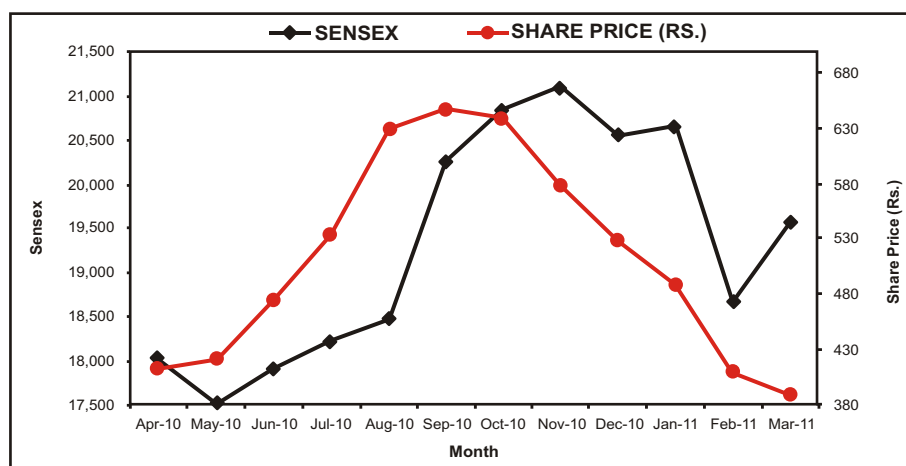
v. Stock Market Data

Monthly high and low quotations as well as the volume of shares traded at BSE and NSE were as under:

(Amount in Rs./Share)

Month (s)	BSE			NSE		
	High	Low	Volume (Nos.)	High	Low	Volume (Nos.)
April 2010	414.00	353.00	44694	414.00	353.00	33581
May 2010	422.00	387.00	70730	425.25	387.90	80861
June 2010	475.00	400.00	49668	474.25	400.05	31588
July 2010	534.00	424.25	137596	549.90	425.00	105419
August 2010	630.00	493.30	153567	599.50	462.15	207390
September 2010	648.65	526.00	329707	648.00	530.00	472572
October 2010	641.30	556.90	124123	624.50	554.60	192292
November 2010	580.00	448.00	141141	586.95	461.50	193245
December 2010	529.00	420.00	107886	520.00	427.15	47418
January 2011	490.00	385.00	90574	498.95	385.10	86750
February 2011	410.00	320.95	44749	405.90	326.55	55998
March 2011	390.00	329.50	52934	395.00	329.05	62589

vi. Sensex Vs. Honda Siel Power Products' Share Price



vii. Registrar and Share Transfer Agents

The Company has appointed M/s. Mas Services Ltd., as its Registrar and Share Transfer Agents (RTA). Share transfer in physical form and other communications regarding shares, dividends, change in address, etc. may be addressed to :

Mr. Narender Rastogi
Mas Services Limited
Unit: Honda Siel Power Products Limited
T-34, 2nd Floor, Okhla Industrial Area, Phase - II,
New Delhi-110 020
Ph:- 011-26387281/82/83, Fax:- 011-26387384
email:- info@masserv.com, website : www.masserv.com

viii. Investors' Service and Share Transfer System

The Company has a system of attending to and redressing all investors' related grievances/correspondences within a period of 7 to 15 days from the date of receipt of the same. The investors can personally contact or send their grievance/correspondence either to RTA at their address or to the Secretarial Department of the Company at the following address:

Honda SIEL Power Products Limited,
 Secretarial & Legal Department,
 Plot No. 5, Sector 41 (Kasna), Greater Noida Industrial Development Area,
 Distt. Gautam Budh Nagar, U.P. -201 306.
 Phone Nos. : 0120-2341055-59; Email : ho.legal@hspp.com

The shares for transfer received in physical mode by the Company/RTA, are transferred expeditiously, provided that the documents are complete and ownership of shares under transfer is not under dispute. The share certificates duly endorsed are returned immediately. Confirmation in respect of the request for dematerialisation of shares is sent to the respective depositories, NSDL / CDSL within 15 days. The Company obtains a certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement on half yearly basis from a Company Secretary in practice and files a copy of the certificate with the Stock Exchanges.

ix. Distribution of shareholding as on March 31, 2011

No. of Equity Shares held	Folios		Shares	
	Numbers	%	Numbers	%
Upto 5000	12213	94.89	1076699	10.61
5001-10000	362	2.81	269315	2.66
10001-20000	153	1.19	224528	2.21
20001-30000	42	0.33	106024	1.05
30001-40000	17	0.13	59006	0.58
40001-50000	10	0.08	46169	0.46
50001-100000	32	0.25	226389	2.23
100001 and above	41	0.32	8134941	80.20
Total	12870	100	10143071	100

x. Pattern of shareholding as on March 31, 2011

Categories	No. of Shares	Shareholding (%)
Promoters	6863433	67.67
Bodies Corporate	1024937	10.10
NRI's, FI's, OCBs etc.	109805	1.08
Mutual Funds, Banks, FIs	4010	0.04
Insurance Companies	30566	0.30
Others (Clearing Members & Trust)	15718	0.16
Individuals	2094602	20.65
Total	10143071	100

xi. Dematerialization of shares and liquidity

30.59 % of total equity capital is held in dematerialised form with NSDL and CDSL as on March 31, 2011. During the year 584 share certificates involving 20,700 shares were dematerialized by the shareholders representing 0.20% (last year 0.17%) of the total share capital of the Company.

Demat ISIN in NSDL and CDSL : INE634A01018

xii. The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.
xiii. Plant locations

- Plot No. 5, Sector 41 (Kasna), Greater Noida Industrial Development Area, Distt. Gautam Budh Nagar, U.P. - 201 306.
- Plot Nos. B-16 and B-30 & B-31, PIPDIC Industrial Estate, Sedarapet, Puducherry -605 111.

xiv. Information pursuant to Clause 49 IV (G) (i) of the Listing Agreement

Information pertaining to particulars of Directors to be appointed and re-appointed at the forthcoming Annual General Meeting is being included in the Notice convening the Annual General Meeting.

9. Quarterly Compliance Report

The Company has been submitting the Compliance Report on Corporate Governance on quarterly basis to the Stock Exchanges within 15 days from the close of the relevant quarter.

10. Compliance with Code of Conduct

A declaration by the President & CEO that all Directors and Senior Management personnel have affirmed compliance with the Code of Conduct of the Company for the year ended March 31, 2011 is annexed as **Annexure-D**.

11. CEO/CFO Certification

In terms of Clause 49 of the Listing Agreement, the Board of Directors have reviewed the certificate submitted by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of the Company certifying various covenants about financial / cash flow statements, internal controls, financial reporting, etc. and is annexed as **Annexure-E** and forms part hereof.

12. Compliance Certificate of Practicing Company Secretary

The Company has obtained a Certificate from Practicing Company Secretary regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement. The Certificate is annexed as **Annexure-F**.

ANNEXURE-D TO DIRECTORS' REPORT**CERTIFICATE AND DECLARATION**

I, T. Hamasaki, in my capacity as President & CEO of Honda Siel Power Products Limited do hereby confirm and declare to the best of my knowledge and belief that the Company has complied with the provisions of Code of Conduct of the Company, for the year ended March 31, 2011, as stipulated under Clause 49 of the Listing Agreement.

This declaration has been issued on the basis of acknowledgement and confirmation, with respect to the compliance with the provisions of Code of Conduct of the Company, received from respective members of Board of Directors, Senior Management including functional Heads of the Company.

For Honda Siel Power Products Limited

T. Hamasaki
President & CEO

ANNEXURE-E TO DIRECTORS' REPORT**CERTIFICATE**

We, T. Hamasaki, President & CEO and Vinay Mittal, Chief Financial Officer of Honda Siel Power Products Limited hereby declare, confirm and certify as under:

- (a) We have reviewed the financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps to be taken to rectify these deficiencies.
- (d) We indicated to the Auditors and the Audit Committee :
 - (i) Significant changes in internal control, if any over financial reporting, during the year.
 - (ii) Significant changes in accounting policies, if any, during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the Management or an employee having a significant role in the Company's internal control system over financial reporting.

This certificate has been issued in compliance with the provisions of Clause 49 of the Listing Agreement.

For Honda Siel Power Products Limited,

Vinay Mittal
Chief Financial Officer

T. Hamasaki
President & CEO

ANNEXURE-F TO DIRECTORS' REPORT**CERTIFICATE**

To the Members of Honda Siel Power Products Limited,

I have examined the compliance of conditions of Corporate Governance by Honda Siel Power Products Limited for the year ended March 31, 2011 as stipulated in Clause 49 of the Listing Agreements of the said Company with the Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. My examination was limited to the procedure and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements. I state that no investor grievance was pending for a period exceeding one month against the Company as per the records maintained by Shareholders'/Investors' Relations Committee.

I further state that such compliance is neither an assurance as to the future viability of the Company nor its efficiency or effectiveness with which the management has conducted the affairs of the Company.

New Delhi,
May 03, 2011

(T.V. NARAYNASWAMY)
COMPANY SECRETARY
Membership No. : CP-203

AUDITORS' REPORT

TO THE MEMBERS OF HONDA SIEL POWER PRODUCTS LIMITED

- a) We have audited the attached Balance Sheet of Honda Siel Power Products Limited ("the Company") as at 31 March 2011 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, (or "financial statements"), annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- b) We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
- c) As required by the Companies (Auditor's Report) Order, 2003 ('the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- d) Further to our comments in the Annexure referred to above, we report that:
- (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) on the basis of written representations received from the Directors of the Company as on 31 March 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i) in the case of the Balance Sheet, of the state of the affairs of the Company as at 31 March 2011;
 - ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **B S R & Co.**
Chartered Accountants
Firm Registration No. 101248W

Vikram Aggarwal
Partner
Membership No. 089826

Place : New Delhi
Date : 19 May 2011

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in our report of even date)

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) As explained to us, the Company has a programme of physical verification of its fixed assets in a phased manner over a period of three years. In accordance with this programme, during the current year, physical verification of certain fixed assets has been carried out by the Company. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
(c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
2. (a) Inventories, except stock-in transit, have been physically verified by management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained.
(b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) In our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories and fixed assets are for the Company's specialised requirements and similarly certain goods sold and services rendered are for the specialised requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
(b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rs 5 lacs are for sale of certain goods and services for the specialised requirements of the buyer and for which suitable alternative sources are not available to obtain comparable quotations. Hence it is not possible for us to comment whether above contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 in respect of its products and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
9. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income tax, Wealth tax, Excise duty, Service tax, Customs duty, Cess and other material statutory dues have been regularly deposited with the appropriate authorities. Sales tax, Entry Tax, Employees' State Insurance and Professional tax have generally been regularly deposited with the appropriate authorities though there has been slight delay in a few cases.

There were no dues on account of cess under section 441A of the Companies Act, 1956 since the date from which the aforesaid section comes into force has not yet been notified by the Central Government.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues were in arrears as at 31 March 2011 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Wealth Tax, Cess and Customs Duty which have not been deposited with the appropriate authorities on account of any dispute. According to the information and explanations given to us, the following dues of Income-tax, Sales tax, Service tax and Excise duty have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of dues	Amount (Rs in lakhs)*	Period to which amount relates	Forum where dispute is pending/Remarks
Income-tax Act , 1961	Penalty	36.89	1995-1996	Commissioner of Income tax (Appeals)
	Various disallowances	125.94	1998-1999	Commissioner of Income tax (Appeals)
	Various disallowances	10.93	2001-2002	Income Tax Appellate Tribunal
	Various disallowances	43.45	2002-2003	Income Tax Appellate Tribunal
	Various disallowances	99.11	2002-2003	Commissioner of Income Tax (Appeals)
	Various disallowances	259.53	2003-2004	Commissioner of Income Tax (Appeals)
	Various disallowances	142.44	2003-2004	Income Tax Appellate Tribunal
	Various disallowances	238.76	2004-2005	Commissioner of Income Tax (Appeals)
	Various disallowances	377.44	2005-2006	Commissioner of Income Tax (Appeals)
Various Sales Tax Acts	Disputes in sales tax rates	31.76	1999-2000 2000-2001	High Court
	Non- submission of forms	4.75	1988-1989	High Court. Sales Tax Authorities have filed the appeal
	Other disallowance	2.66	1999-2000	High Court
	Dispute on enhancement of sales and rejection of stock transfer	33.44	2000-2002 2005-2006	Sales Tax Tribunal
	Dispute on sales tax rates	21.66	2007-2008	Sales Tax Tribunal
	Various disallowances	12.49	2004-2005 2005-2006	Joint Commissioner (Appeals)
	Non Submission of sales tax forms and rejection of stock transfer	21.40	2001-2004 2007-2008 2008-2009	Dy. Commissioner (Appeals)
	Dispute due to sales tax rates	640.45	2001-2005	Dy. Commissioner (Appeals)
	Inclusion of expenses in assessable value	98.13	2000-2003 2004-2006	Customs Excise Service Tax Appellate Tribunal. The Company has got stay from the Appellate Authority
	Inclusion of expenses in assessable value	8.88	2000-2003	Customs Excise Service Tax Appellate Tribunal.
Central Excise Act, 1944	Penalty	21.58	2004-2007	Customs Excise Service Tax Appellate Tribunal. Department has filed the appeal
	Other disallowances	2.31	2003-2004	Customs Excise Service Tax Appellate Tribunal
	Wrong availment of Cenvat credit	145.32	2002-2003	Joint Commissioner (Appeals). Department has filed the appeal
	Various disallowances	4.12	2004-2005 2006-2007	Commissioner / Asstt. Commissioner
	Disputes on differential duty	211.67	2002-2003	Supreme Court – Department in Appeal
	Service Tax on royalty	75.40	1999-2004	Customs Excise Service Tax Appellate Tribunal. The Company has got stay from the Appellate Authority
	Service Tax on Goods Transport	1.55	1997-1998	Customs Excise Service Tax Appellate Tribunal
Service Tax	In-eligibility of Cenvat Credit	6.65	2005-2007	Customs Excise Service Tax Appellate Tribunal . Department has filed the appeal.

* Includes penalty wherever indicated in the order

10. The Company does not have any accumulated losses and has not incurred cash losses in the financial year and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company did not have any outstanding debentures or any outstanding loans from any financial institution during the year.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. According to the information and explanations given to us, no term loan has been taken by the Company during the year.
17. According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
18. The Company has not made any preferential allotment of shares during the year.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **BSR & Co.**
Chartered Accountants
Firm Registration No. 101248W
Vikram Aggarwal
Partner
Membership No. 089826

Place : New Delhi
Date : 19 May 2011

BALANCE SHEET AS AT 31 MARCH 2011

(Rs. Lakhs)

Particulars	Schedule No.	As at 31 March 2011	As at 31 March 2010
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	1,014.31	1,014.31
Reserves and surplus	2	21,300.21	19,220.98
		<u>22,314.52</u>	<u>20,235.29</u>
Deferred tax liability (net)		12.38	-
(Refer to Note 12 of Schedule 12)			
		<u>22,326.90</u>	<u>20,235.29</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	3	16,025.41	14,829.94
Less: Depreciation		8,556.14	8,487.89
Net block		7,469.27	6,342.05
Add : Capital work in progress		293.16	343.83
		<u>7,762.43</u>	<u>6,685.88</u>
Deferred tax asset (net)		-	193.62
(Refer to Note 12 of Schedule 12)			
Current assets, loans and advances			
Inventories	4	7,718.31	4,730.48
Sundry debtors		1,313.74	1,532.68
Cash and bank balances		9,597.14	10,085.93
Other current assets		293.97	90.17
Loans and advances		2,722.73	1,897.46
		<u>21,645.89</u>	<u>18,336.72</u>
Less: Current liabilities and provisions	5	5,943.12	4,270.77
Current liabilities		1,138.30	710.16
Provisions		7,081.42	4,980.93
		<u>14,564.47</u>	<u>13,355.79</u>
Net current assets		<u>22,326.90</u>	<u>20,235.29</u>
Significant accounting policies and notes to accounts	12		

The schedules referred to above form an integral part of the Balance Sheet.

As per our report of even date

For **B S R & Co.**

Chartered Accountants

Firm Registration No. : 101248W

Vikram Aggarwal

Partner

Membership No. : 089826

For and on behalf of the Board

Siddharth Shriram

Chairman

D.V. Kapur

Director

O.P. Khaitan

Director

Ravi V. Gupta

Director

T. Hamasaki

President & CEO

S. Yotsumoto

Vice President &

Whole Time Director

Place : New Delhi

Date : 19 May 2011

Vinay Mittal

Chief Financial Officer

Payal Chaddha

Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011

(Rs. Lakhs)

Particulars	Schedule No.	Year ended 31 March 2011	Year ended 31 March 2010
INCOME			
Gross sales		43,226.79	32,013.08
Less : Excise duty		2,477.15	1,433.03
Net Sales		40,749.64	30,580.05
Job work charges (Gross)*		252.21	261.15
Other income	6	1,059.24	885.76
		42,061.09	31,726.96
* Income tax deducted at source Rs. 5.75 lakhs (Previous year Rs. 5.85 lakhs)			
EXPENDITURE			
Material cost	7	25,639.24	19,517.71
Personnel cost	8	2,958.03	2,485.11
Other expenses	9	8,188.19	5,001.90
Depreciation	3	820.34	742.81
Financial charges	10	9.98	18.63
		37,615.78	27,766.16
Profit before tax and exceptional items		4,445.31	3,960.80
Less: Exceptional Items	11	-	2,004.46
Profit before tax		4,445.31	1,956.34
Less: Provision for taxation			
- Current tax		1,273.00	1,113.00
- Deferred tax (release) / charge		206.00	(425.64)
Profit after tax		2,966.31	1,268.98
Balance brought forward		7,923.67	7,256.36
Amount available for appropriation		10,889.98	8,525.34
Appropriations			
Proposed dividend		760.73	405.72
Corporate dividend tax		126.35	68.95
General reserve		297.00	127.00
Balance carried to balance sheet		9,705.90	7,923.67
Basic and diluted earnings per share (face value Rs.10 each) in Rupees	12(15)	29.24	12.51
Significant accounting policies and notes to accounts	12		

The schedules referred to above form an integral part of the Profit & Loss account.

As per our report of even date

 For B S R & Co.
 Chartered Accountants
 Firm Registration No. : 101248W

 Vikram Aggarwal
 Partner
 Membership No. : 089826

For and on behalf of the Board

Siddharth Shriram	Chairman
D.V. Kapur	Director
O.P. Khaitan	Director
Ravi V. Gupta	Director
T. Hamasaki	President & CEO
S. Yotsumoto	Vice President & Whole Time Director

 Place : New Delhi
 Date : 19 May 2011

 Vinay Mittal
 Chief Financial Officer

 Payal Chaddha
 Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

(Rs. Lakhs)

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
A. CASH FLOW FROM OPERATING ACTIVITIES :		
NET PROFIT BEFORE TAX	4,445.31	1,956.34
ADJUSTMENTS FOR :		
Depreciation	820.34	742.81
Interest income	(723.07)	(626.84)
Profit on sale of fixed assets	(46.79)	(45.06)
Loss on sale of fixed assets	23.02	7.54
Fixed asset written off	2.86	-
Provision for compensated absences	10.31	(20.31)
Unrealised exchange (gain)/ loss	(5.32)	6.07
Provision for gratuity	(54.12)	(3.89)
Provision for slow moving inventory	25.22	11.76
Liabilities no longer required written back	(60.91)	(61.07)
Interest expenditure	-	3.18
	4,436.85	1,970.53
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		
ADJUSTMENTS FOR :		
Decrease / (Increase) in inventories	(3,013.05)	999.56
Decrease / (Increase) in trade / other receivables	(195.95)	(799.84)
(Decrease) / Increase in trade / other payables	1,465.37	1,510.79
CASH GENERATED FROM OPERATIONS	2,693.22	3,681.04
Direct taxes paid	(1,634.13)	(1,229.66)
NET CASH GENERATED FROM OPERATING ACTIVITIES (A)	1,059.09	2,451.38
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(1,672.62)	(983.25)
Sale of fixed assets	83.82	143.63
Interest received	519.27	643.17
NET CASH USED IN INVESTING ACTIVITIES (B)	(1,069.53)	(196.45)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from short term borrowings	-	2,550.00
(Repayment) from short term borrowings	-	(2,550.00)
Interest paid on loans	-	(3.18)
Dividend paid	(407.77)	(404.86)
Corporate dividend tax paid	(68.95)	(68.95)
NET CASH USED IN FINANCING ACTIVITIES (C)	(476.72)	(476.99)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	(487.16)	1,777.94
Cash and cash equivalents at the beginning of period (Refer to Schedule 4)	10,085.93	8,313.45
Effects of exchange rate changes	(1.63)	(5.46)
Cash and cash equivalents at the end of period (Refer to Schedule 4)	9,597.14	10,085.93

- The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard 3 "Cash Flow Statement".
- Cash and cash equivalents include pledged fixed deposits, unclaimed dividends and margin accounts Rs. 60.26 lakhs (Previous year Rs. 62.31 lakhs) which are not available for use by the Company.

As per our report attached of even date

For **B S R & Co.**
Chartered Accountants
Firm Registration No. : 101248W

Vikram Aggarwal
Partner
Membership No. : 089826

For and on behalf of the Board

Siddharth Shriram Chairman
D.V. Kapur Director
O.P. Khaitan Director
Ravi V. Gupta Director
T. Hamasaki President & CEO
S. Yotsumoto Vice President & Whole Time Director

Place : New Delhi
Date : 19 May 2011

Vinay Mittal
Chief Financial Officer

Payal Chaddha
Company Secretary

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rs. Lakhs)

Particulars	As at 31 March 2011	As at 31 March 2010
Schedule 1 : SHARE CAPITAL		
Authorised		
15,000,000 (Previous year 15,000,000) equity shares of Rs.10 each	<u>1,500.00</u>	<u>1,500.00</u>
Issued		
10,144,000 (Previous year 10,144,000) equity shares of Rs.10 each	<u>1,014.40</u>	<u>1,014.40</u>
Subscribed and paid up		
10,143,071* (Previous year 10,143,071*) equity shares of Rs.10 each	<u>1,014.31</u>	<u>1,014.31</u>
	<u><u>1,014.31</u></u>	<u><u>1,014.31</u></u>

* Of the above, 6,762,000 (Previous year 6,762,000) equity shares of Rs.10 each are held by Honda Motor Co. Ltd., Japan, the holding company, also being the ultimate holding company.

(Rs. Lakhs)

Particulars	As at 31 March 2010	Additions	Deductions	As at 31 March 2011
Schedule 2 : RESERVES AND SURPLUS				
Capital reserve				
- Capital investment subsidy	25.00	-	-	25.00
Share premium account	396.46	-	-	396.46
General reserve	10,875.85	297.00	-	11,172.85
Surplus in profit and loss account	7,923.67	1,782.23	-	9,705.90
	<u>19,220.98</u>	<u>2,079.23</u>	<u>-</u>	<u><u>21,300.21</u></u>

SCHEDULES FORMING PART OF THE ACCOUNTS
Schedule 3 : FIXED ASSETS

(Rs. Lakhs)

Description	Gross Block (At cost)				Depreciation				Net block	
	As at 31 March 2010	Additions during the year	Deductions	As at 31 March 2011	As at 31 March 2010	For the year	Deductions	As at 31 March 2011	As at 31 March 2011	As at 31 March 2010
Tangible assets										
Land - freehold #	19.80	-	-	19.80	-	-	-	-	19.80	19.80
- leasehold #	400.47	-	-	400.47	61.56	4.16	-	65.72	334.75	338.91
Buildings #	3,577.59	38.70	-	3,616.29	748.93	85.37	-	834.30	2,781.99	2,828.66
Plant and machinery # *	9,329.36	1,337.29	602.97	10,063.68	6,481.70	567.53	584.76	6,464.47	3,599.21	2,847.66
Furniture, fixtures and office equipment #	592.63	204.64	116.94	680.33	519.46	51.99	108.40	463.05	217.28	73.17
Vehicles	355.86	203.65	95.09	464.42	167.14	76.89	58.93	185.10	279.32	188.72
(A)	14,275.71	1,784.28	815.00	15,244.99	7,978.79	785.94	752.09	8,012.64	7,232.35	6,296.92
Intangible assets										
Technical know how	65.18	-	-	65.18	65.18	-	-	65.18	-	-
Model fee	272.52	219.45	-	491.97	258.86	15.79	-	274.65	217.32	13.66
Software	216.53	6.74	-	223.27	185.06	18.61	-	203.67	19.60	31.47
(B)	554.23	226.19	-	780.42	509.10	34.40	-	543.50	236.92	45.13
(A) + (B)	14,829.94	2,010.47	815.00	16,025.41	8,487.89	820.34	752.09	8,556.14	7,469.27	6,342.05
Previous year	14,456.46	1,059.61	686.13	14,829.94	8,325.10	742.81	580.02	8,487.89	6,342.05	-

Capital work in progress [including capital advances Rs. 230.87 lakhs (Previous year Rs. 265.74 lakhs)] **293.16** 343.83

Notes

It includes the following items retired from active use and held for disposal on account of shifting of Rudrapur factory to Greater Noida factory (Refer to Note 2 of Schedule 12): Freehold land at original cost of Rs. 19.80 lakhs, leasehold land at net book value of Rs. 9.80 lakhs (original cost Rs. 23.12 lakhs and accumulated depreciation thereon Rs. 13.32 lakhs), buildings at net book value of Rs. 379.73 lakhs (original cost Rs. 852.71 lakhs and accumulated depreciation thereon Rs. 472.98 lakhs), plant and machinery at net book value of Rs. 13.30 lakhs (original cost Rs. 192.17 lakhs and accumulated depreciation thereon Rs. 178.87 lakhs), furniture, fixtures and office equipment at net book value of Rs. 1.10 lakhs (original cost Rs. 27.15 lakhs and accumulated depreciation thereon Rs. 26.05 lakhs).

* Also includes other items of plant and machinery retired from active use and held for disposal valued at their net book value of Rs. 0.44 lakhs (original cost Rs. 463.17 lakhs and accumulated depreciation thereon Rs. 462.73 lakhs).

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rs. Lakhs)

Particulars	As at 31 March 2011	As at 31 March 2010
Schedule 4 : CURRENT ASSETS, LOANS AND ADVANCES		
Current assets		
Inventories		
(At cost or net realisable value, whichever is lower)		
Stores, spares and loose tools	115.29	92.29
Raw materials and components *	3,529.60	2,033.13
Process stock	287.91	237.97
Finished goods **	3,867.45	2,423.81
	7,800.25	4,787.20
Less : Provision for slow moving inventory	81.94	56.72
	<u>7,718.31</u>	<u>4,730.48</u>
* Includes material in transit Rs. 2,180.72 lakhs (Previous year Rs. 883.01 lakhs)		
** Includes material in transit Rs. 78.92 lakhs (Previous year Rs. 646.76 lakhs)		
Sundry debtors		
Debts outstanding for a period exceeding six months		
- considered good		
- secured	-	0.11
- unsecured	21.95	13.84
- considered doubtful		
- unsecured	8.04	32.04
	29.99	45.99
Other debts - considered good		
- secured	128.24	81.74
- unsecured #	1,163.55	1,436.99
	1,291.79	1,518.73
	1,321.78	1,564.72
Less : Provision for doubtful debts	8.04	32.04
	<u>1,313.74</u>	<u>1,532.68</u>

Includes amount due from Honda Motorcycle & Scooter India Pvt. Ltd. Rs. 44.77 lakhs (Previous year Rs. 64.08 lakhs) and from Honda Motor India Pvt. Ltd. Rs. 135.11 lakhs (Previous year Rs. 114.32 lakhs) being companies having common directors.

Refer to Note 18 of Schedule 12

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rs. Lakhs)

Particulars	As at 31 March 2011	As at 31 March 2010
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Schedule 4 : CURRENT ASSETS, LOANS AND ADVANCES (contd.)
Cash and bank balances

Cash in hand	3.19	4.32
Cheques and drafts in hand	38.53	361.14
Balance with scheduled banks		
- on current accounts	230.54	464.30
- on deposit accounts *	9,300.54	9,229.78
- on dividend accounts	24.34	26.39
	<u>9,597.14</u>	<u>10,085.93</u>

* Includes Rs. 35.92 lakhs (Previous year Rs. 35.92 lakhs) pledged as security deposit with Government authorities.

Other current assets

Interest accrued and not due on fixed deposits	293.97	90.17
	<u>293.97</u>	<u>90.17</u>

Loans and advances

Advances recoverable in cash or in kind or for value to be received - unsecured		
- considered good	330.65	299.99
- considered doubtful	21.81	21.81
	<u>352.46</u>	<u>321.80</u>
Less : Provision for doubtful debts	21.81	21.81
	<u>330.65</u>	<u>299.99</u>
Special Additional Duty Recoverable	268.26	185.23
Advance income tax and taxes deducted at source [Net of provision for income tax Rs. 10,105 lakhs (Previous year Rs. 10,635 lakhs)]	824.28	410.30
Advance fringe benefit tax (Net of provision for fringe benefit tax Rs. 43.50 lakhs) **	0.32	-
Balances with customs, excise and sales tax authorities	1,110.12	857.29
Export benefits recoverable (Refer to Note 1(ix) of Schedule 12)	36.50	37.54
Other deposits - considered good	152.60	107.11
	<u>2,722.73</u>	<u>1,897.46</u>
	<u>21,645.89</u>	<u>18,336.72</u>

** Previous year advance fringe benefit tax was disclosed net of provision for fringe benefit tax.

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rs. Lakhs)

Particulars	As at 31 March 2011	As at 31 March 2010
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Schedule 5 : CURRENT LIABILITIES AND PROVISIONS
Current liabilities #

Sundry Creditors

- Total outstanding dues to micro and small enterprises*	138.17	98.35
- Total outstanding dues to others	4,576.87	3,155.62

Unclaimed dividends

	24.34	26.39
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Security deposits from dealers (including interest thereon)

	195.99	151.69
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Advance from customers	442.27	385.60
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Other liabilities**	565.48	453.12
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5,943.12	4,270.77
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Current liabilities do not include any amount outstanding which are required to be credited to the Investor Education and Protection Fund.

* Refer to Note 7 of Schedule 12

** Includes salary, bonus, Provident Fund and Employees' State Insurance payable Rs. 98.53 lakhs (Previous year Rs. 64.86 lakhs)

Provisions

Proposed dividend	760.73	405.72
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Tax on proposed dividend	126.35	68.95
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Warranties (Refer to Note 16 of Schedule 12)	7.67	7.09
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Service coupons (Refer to Note 17 of Schedule 12)	45.82	40.03
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Compensated absences	142.65	132.34
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Gratuity	0.38	54.50
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Income tax (Net of advance income tax and taxes deducted at source Rs. 1,750.15 lakhs) @	52.85	-
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Fringe benefit tax [Net of advance fringe benefit tax Rs. 137.99 lakhs (Previous year Rs. 181.81 lakhs)]	1.85	1.53
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1,138.30	710.16
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7,081.42	4,980.93
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@ Previous year provision for income tax was

netted off with advance income tax and taxes deducted at source.

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rs. Lakhs)

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Schedule 6 : OTHER INCOME		
Interest (gross)*		
- On deposits	723.02	624.35
- Others	0.05	2.49
Profit on sale of fixed assets	46.79	45.06
Export benefits [Refer to Note 1(ix) of Schedule 12]	36.56	15.40
Liabilities no longer required written back	60.91	61.07
Miscellaneous Income	191.91	137.39
	<u>1,059.24</u>	<u>885.76</u>

* Income tax deducted at source is Rs. 70.41 lakhs (Previous year Rs. 72.33 lakhs)

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
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Schedule 7 : MATERIALS COST
TRADING

Opening Stock	1,188.13	1,920.61
Add : Purchase of finished goods	3,841.14	3,207.60
Less : Closing Stock	479.47	1,188.13
	<u>4,549.80</u>	<u>3,940.08</u>

MANUFACTURING

Consumption of raw material and components	22,713.98	15,971.42
Stores, spares and loose tools consumed [excluding Rs. 71.58 lakhs (Previous year Rs. 84.08 lakhs) charged to other expense heads]	353.85	360.53
(Increase) / decrease in stocks		
Opening stock		
- Process stock	237.97	320.93
- Finished goods	1,235.68	256.16
	<u>1,473.65</u>	<u>577.09</u>
Less : Closing stock		
- Process stock	287.91	237.97
- Finished goods	3,387.98	1,235.68
	<u>3,675.89</u>	<u>1,473.65</u>
	(2,202.24)	(896.56)
Increase / (decrease) in excise duty on stock	223.85	142.24
	<u>21,089.44</u>	<u>15,577.63</u>
	<u>25,639.24</u>	<u>19,517.71</u>

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rs. Lakhs)

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
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Schedule 8 : PERSONNEL COST

Salaries, wages and bonus	2,517.71	2,118.03
Contribution to provident and other funds	191.51	197.76
Staff welfare	248.81	169.32
	<u>2,958.03</u>	<u>2,485.11</u>

(Rs. Lakhs)

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
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Schedule 9 : OTHER EXPENSES

Power and fuel	512.55	411.70
Rent	158.34	151.12
Repairs - Building	24.55	47.81
- Plant and machinery	155.12	148.52
- Others	159.38	60.00
Insurance	68.07	73.32
Rates and taxes	160.60	90.12
Royalty	1,533.17	919.05
Technical guidance fees	711.91	200.87
Freight outward	837.74	624.96
Commission on sales	827.78	502.96
Sales promotion	353.61	372.36
Sales discount	344.71	210.45
Advertisement and publicity	890.24	176.58
Service expenses	145.01	109.32
Travelling and conveyance	315.85	207.41
Printing and stationery	36.81	26.38
Telephone, postage and telegram	68.34	67.85
Professional charges	152.61	125.27
Vehicle running expenses	167.02	161.84
Loss on sale of fixed assets	23.02	7.54
Fixed assets written off	2.86	-
Bad debts written off	22.88	-
Less: written off against provision	<u>21.16</u>	<u>7.99</u>
Provision for slow moving inventory	25.22	11.76
Bank charges	35.85	25.38
Warranty expenses	14.79	-
Miscellaneous	461.32	269.33
	<u>8,188.19</u>	<u>5,001.90</u>

SCHEDULES FORMING PART OF THE ACCOUNTS

(Rs. Lakhs)

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Schedule 10 : FINANCIAL CHARGES		
Interest on cash credit / short term loans	-	3.18
Interest on dealer deposits	8.57	8.23
Other interest	1.41	7.22
	<u>9.98</u>	<u>18.63</u>

(Rs. Lakhs)

Particulars	Year ended 31 March 2011	Year ended 31 March 2010
Schedule 11 : EXCEPTIONAL ITEMS		
(Refer to Note 2 of Schedule 12)		
Stores, spares and loose tools consumed	-	6.36
Travelling and conveyance	-	16.12
Professional charges	-	10.24
Salary, wages and staff welfare	-	9.45
Repairs	-	4.90
Telephone	-	0.06
Freight inward	-	48.07
Publicity	-	7.66
Voluntary retirement scheme	-	1,893.00
Miscellaneous	-	8.60
	<u>-</u>	<u>2,004.46</u>

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

Schedule 12

1. Significant Accounting Policies

(i) Accounting convention

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standards (AS) as specified in the Companies (Accounting Standards) Rules 2006 and the relevant provisions of the Companies Act, 1956, to the extent applicable.

(ii) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

(iii) Fixed assets

Fixed assets are stated at the cost of acquisition or construction less accumulated depreciation and accumulated impairment loss, if any. Cost comprises the purchase price and any directly attributable costs of bringing the asset to its working condition for the intended use.

Items of fixed assets retired from active use and held for disposal are valued at the lower of their net book value and net realisable value.

(iv) Impairment

The carrying values of assets are reviewed at each reporting date to determine if there is indication of any impairment. If any indication exists, the asset's recoverable amount is estimated. For assets that are not yet available for use, the recoverable amount is estimated at each reporting date. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

(v) Depreciation

- a) Depreciation on fixed assets except for leasehold land is provided on a pro-rata basis using straight line method.
- b) The rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 are considered as the minimum rates. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the management's estimate of the useful life / remaining useful life. Pursuant to this policy, depreciation on certain assets has been provided at the following rates which are higher than the corresponding rates prescribed in Schedule XIV:

Dies	20.00% per annum
Jigs and fixtures	20.00% per annum
Computers	33.33% per annum
Office Equipment, Air Conditioners, Fans and Heaters	20.00% per annum
Furniture and Fixtures	12.50% per annum
Cars and Jeeps	20.00% per annum

- c) Leasehold land is amortised over the period of the lease.
- d) Assets costing individually Rs.5,000 or less are depreciated fully in the year of purchase.

(vi) Intangible assets and amortization thereof

Intangible assets comprise model fee, technical know how and computer software and are stated at cost less accumulated amortization and accumulated impairment loss, if any.

Model fee is amortised over a period of five years, which in management's view represents the economic useful life of the model fee. Unamortised model fee in respect of models discontinued during the year is fully charged to the profit and loss account.

Technical know how is amortised over a period of six years.

Software is amortized over a period of three years.

Amortization expense is charged on a pro-rata basis for assets purchased during the year. The appropriateness of the amortization period and the amortization method is reviewed at each financial year-end.

(vii) Inventories

Stores, raw materials and components, process stock and finished goods are valued at weighted average cost and net realisable value, whichever is lower.

In determining cost of process stock and finished goods, fixed production overheads are allocated on the basis of normal capacity of production facilities. The proportionate amount of additional duty of customs paid on finished goods imported for trading and lying unsold as at the year end has been included in the value of the finished goods stock.

Stores, raw materials and components held for use in production of finished goods are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished goods will exceed their net realisable value.

(viii) Revenue recognition

Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership to the customer, which generally coincides with despatch against orders from customers in accordance with the contract terms.

Revenue from services is recognised on rendering of services to customers in accordance with the terms of contracts with the customers.

Interest income is recognised using the time proportion method, based on underlying interest rates.

(ix) Export benefits

Export benefit representing customs duty rebate entitlement against exports made on advance licences under duty exemption scheme and duty credit entitlement for exports made to focus markets under the focus market scheme of Government of India is accounted for on an accrual basis.

(x) Foreign currency transactions

Transactions in foreign currency are recorded at the exchange rate prevailing at the date of the transaction. Exchange differences arising on foreign currency transactions settled during the year are recognised in the profit and loss account for the year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date; the resultant exchange differences are recognised in the profit and loss account.

(xi) Leases

Lease arrangements, where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating lease.

Lease payments under operating lease are recognised as an expense in the profit and loss account on straight line basis over the lease period.

(xii) Employee benefits**1. Short – term employee benefits**

All employee benefits payable / available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc., are recognised in the profit and loss account in the period in which the employee renders the related service.

2. Retirement benefits**a) Defined Benefit****a. Gratuity**

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service. The Company makes annual contributions to gratuity fund established as trust which has taken up a group policy with Life Insurance Corporation of India. The Company accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation report using the projected unit credit method as at the year end.

b. Provident Fund

The eligible employees of the Company are entitled to receive benefits under the provident fund set up as an irrevocable trust. Both the employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. The interest rate payable by the trust to the beneficiaries every year is notified by the appropriate authorities. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

The annual contributions paid by the Company to the provident fund are charged off to the profit and loss account. In addition the Company provides for the interest shortfall, if any.

Actuarial gains and losses arising on the defined benefits plan are recognised immediately in the profit and loss account.

b) Defined Contribution**(i) Superannuation fund**

Under the superannuation scheme, a defined contribution plan, the Company pays fixed contributions into a separate trust and has

no obligation to pay further amounts. The trust has taken up a policy with the Life Insurance Corporation of India. Benefits are paid by Life Insurance Corporation of India to the vesting employees on retirement, death, incapacitation or termination of employment. Contributions paid by the Company to the superannuation trust are charged to the profit and loss account.

3. Other long term employee benefits

a. Compensated absences

As per the Company's policy eligible leaves can be accumulated by the employees and carried forward to future periods to either be utilised during the service, or encashed. Encashment can be made during the service, on early retirement, on withdrawal of scheme, at resignation by employee and upon death of employee. The scale of benefits is determined based on the seniority and the respective employee's salary. The Company accounts for the liability for compensated absences payable in future based on an independent actuarial valuation using the projected unit credit method as at the year end.

(xiii) Earning per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The company has not issued any potential equity shares and accordingly the basic earnings per share and diluted earnings per share is the same.

(xiv) Provisions, contingent liabilities and contingent assets

A provision is created when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. The Company does not recognise assets which are of contingent nature until there is virtual certainty of realisability of such assets. However, if it has become virtually certain that an inflow of economic benefits will arise, asset and related income is recognised in the financial statements of the period in which the change occurs.

(xv) Warranty and Service Coupon Costs

Warranty and Service Coupons costs are estimated by the management based on the past experience of claims and provided on an accrual basis on the sales made during the year.

(xvi) Taxation

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing difference between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities and assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward losses under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realized.

2. The restructuring programme declared by the Company in the year 2008-2009 for shifting its factory from Rudrapur, Uttaranchal to Greater Noida, Uttar Pradesh had been completed during the previous year and all expenses related / incidental to such shifting have been included under 'Exceptional Items' in the financial statements.

3. Contingent liabilities :

		(Rs. Lakhs)
	Current year	Previous year
Claims against the Company not acknowledged as debts		
- Various income-tax matters for different assessment years pending before various authorities	2,458.19	1,890.27
- Various excise matters for different years pending before various authorities	2,618.01	2,446.78
- Various service tax matters for different years pending before various authorities	675.80	176.58
- Various sales tax matters pending before various authorities	864.06*	233.94
- Other matters	30.96	43.75

*includes Rs. 50.47 lakhs for the years 1999-2000 and 2000-2001, for which the Honorable High Court of Kerala has accepted the plea of the company and instructed the Assessment authorities to revise the assessment. The above said order of the High Court has been submitted to the Assessing Authority and the revised order from the Assessing Authority is awaited.

Further, the Company has also received demand notices amounting to Rs. 113.30 lakhs on similar matter pertaining to subsequent years. The Company has filed above mentioned favorable order from the High Court of Kerala to the Assessing Authority in respect of these demand notices, which is pending with the Assessing Authority.

4. Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances, Rs 487.64 lakhs (Previous year Rs. 316.19 lakhs).

5. Disclosure in respect of employee benefits under Accounting Standard (AS) – 15 "Employee Benefits" prescribed by the Companies (Accounting Standards) Rules, 2006:

- a) Amount of Rs. 151.38 lakhs (Previous year Rs. 121.08 lakhs) pertaining to employers' contribution to provident fund, pension fund, employees' state insurance fund and superannuation fund is recognised as an expense and included in "Personnel Cost" in Schedule 8.
- b) The following tables sets out the status of the gratuity plan as required under the Standard:
- (i) Changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof:

(Rs. Lakhs)

Particulars	Current year	Previous year
Present value of obligation as at the beginning of the year	396.42	468.06
Interest cost	32.82	37.45
Current service cost	28.57	26.56
Benefits paid	(80.64)	(187.79)
Actuarial (gain) / loss on obligation	23.02	52.14
Present value of obligation as at the end of the year	400.19	396.42

- (ii) Changes in the fair value of plan assets:

(Rs. Lakhs)

Particulars	Current year	Previous year
Fair value of plan assets as at the beginning of the year	341.92	409.67
Expected return on plan assets	30.77	36.87
Contributions	108.10	88.77
Benefits paid	(80.64)	(187.79)
Actuarial gain / (loss) on plan assets	(0.34)	(5.60)
Fair value of plan assets at the end of the year	399.81	341.92

- (iii) Actuarial gain / loss recognised in the profit and loss account:

(Rs. Lakhs)

Particulars	Current year	Previous year
Actuarial gain / (loss) for the year – obligation	(23.02)	(52.14)
Actuarial gain / (loss) for the year - plan assets	(0.34)	(5.60)
Total gain / (loss) for the year	(23.36)	(57.74)
Actuarial gain / (loss) recognised in the year	(23.36)	(57.74)
Unrecognised actuarial gains / (losses) at the end of year	-	-

- (iv) The amounts recognised in the balance sheet are as follows:

(Rs. Lakhs)

Particulars	Current year	Previous year
Present value of obligation as at the end of the year	400.19	396.42
Fair value of plan assets as at the end of the year	399.81	341.92
Funded status	0.38	54.50
Unrecognised actuarial gains / (losses)	-	-
Net assets / (liability) recognised in balance sheet	(0.38)	(54.50)

- (v) The amounts recognised in the profit and loss account are as follows:

(Rs. Lakhs)

Particulars	Current year	Previous year
Current service cost	28.57	26.56
Past service cost	-	-
Interest cost	32.82	37.45
Expected return on plan assets	(30.77)	(36.87)
Net actuarial (gain) / loss recognised in the year	23.36	57.74
Expenses recognised in the statement of profit and loss*	53.98	84.88

* Included in Schedule 8 "Personnel Cost".

(vi) Principal actuarial assumptions at the balance sheet date for gratuity and compensated absences are as follows:

	Current year	Previous year
Discount rate	8.28%	8.00%
Future salary increase	7.00%	7.00%
Expected rate of return on plan assets	9.00%	9.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

The discount rate is based on the prevailing market yields of Government Bonds as at the balance sheet date for the estimated term of the obligations.

(vii) Investment details of plan assets

The gratuity trust has taken up a group policy with Life Insurance Corporation of India.

(c) Provident Fund

The Company's actuary has confirmed that as at 31 March 2011, the Company does not have any liability on account of interest shortfall between the return from the investments of the provident fund trust and the notified interest rate.

The actuary, however, has expressed an inability to provide the required information prescribed by AS-15 such as changes in present value of defined benefit obligation, fair value of plan assets, actuarial gain/loss recognised in the profit and loss account etc. Accordingly the required disclosures have not been made.

6. Out of the total leasehold land measuring 19.48 acres at Rudrapur, a lease deed had been executed for 17.92 acres. In respect of the balance leasehold land of 1.56 acres, requisite documents are yet to be executed.

7. Disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006 based on the information available with the Company (Rs. Lakhs)

	Current Year	Previous Year
(i) The principal amount remaining unpaid to any supplier as at the end of the year;	138.17	98.35
(ii) the interest due on the principal remaining outstanding as at the end of the year;	Nil	Nil
(iii) the amount of interest paid, along with the amounts of the payment made beyond the appointed day during the year;	Nil	Nil
(iv) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act;	Nil	Nil
(v) the amount of interest accrued and remaining unpaid at the end of the year; and	Nil	Nil
(vi) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	Nil	Nil

8. Managerial remuneration (Rs. Lakhs)

	Current year	Previous year
Salaries and allowances	129.22	176.09
Contribution to funds *	4.31	6.78
Monetary value of benefits (at cost)	13.90	18.04
	147.43	200.91
Directors' sitting fees	8.80	11.80

* excludes contribution to the gratuity fund and provision for compensated absences determined on an actuarial basis, as these are determined for the Company as a whole.

9. Auditors' remuneration (included under professional charges) # (Rs. Lakhs)

	Current year	Previous year
As statutory auditors - Audit fee	16.50	14.00
In other capacity :		
- for limited reviews	9.00	9.00
- for tax audit	3.00	3.00

excludes service tax and out of pocket expenses

10. The net exchange difference amounting to a net gain of Rs. 34.35 lakhs has been included in miscellaneous income (Previous year net gain of Rs.22.58 lakhs).

11. Segment information

Primary segment:

The primary reportable segment for the Company is geographical segment by location of customers. The Company's geographical segment comprises domestic customers and overseas customers.

The primary segments have been identified in line with AS 17, taking into account the risks and return, organisation structure and internal reporting system.

Segment revenue comprises income from sales and services which are directly identifiable to the individual segment. Certain non-operating incomes such as liabilities written back and income from export benefits do not form part of segment revenue and are included under "other non-operating income". Direct expenses in relation to segments is categorised based on items that are individually identifiable to that segment, while the remaining costs are categorised to the segment on a reasonable basis. Certain expenses such as administrative expenses which form a significant component of total expenses are not specifically allocable to specific segments. Accordingly these expenses are separately disclosed as "unallocated" and directly charged against total income.

Segment assets include operating assets used by a segment that are directly identifiable to that segment and consist principally of debtors and inventory. Segment liabilities include operating liabilities that are directly identifiable to that segment and consist principally of accrued liabilities and advances from customers. Assets and liabilities of the Company which cannot be identified to any of the reportable segments have not been allocated as the same are used for both segments.

Information about primary segments - geographical segments by customer

(Rs. Lakhs)

	Current year			Previous year		
Particulars	Domestic	Exports	Total	Domestic	Exports	Total
Segment revenue (net of excise duty on goods sold)	34,566.22	6,487.99	41,054.21	26,618.69	4,293.71	30,912.40
Segment result	6,104.86	(632.00)	5,472.86	5,374.56	(269.60)	5,104.96
Less: unallocated expense (including exceptional items in the previous year)			2,024.45			3,944.55
Operating profit			3,448.41			1,160.41
Add: interest income			723.07			626.84
Add: other non-operating income			283.81			187.72
Less: interest expense			9.98			18.63
Less: taxes (current and deferred)			1,479.00			687.36
Net profit after taxes			2,966.31			1,268.98
Other information						
Segment assets	6,541.92	476.00	7,017.92	4,584.64	664.25	5,248.89
Unallocated corporate assets			22,390.40			19,967.33
Total assets			29,408.32			25,216.22
Segment liabilities	2,575.60	281.91	2,857.51	1,741.18	317.41	2,058.59
Unallocated corporate liabilities			4,236.29			2,922.34
Total liabilities			7,093.80			4,980.93
Capital expenditure	248.90	-	248.90	5.84	-	5.84
Unallocated capital expenditure			1,710.90			1,039.04
Total capital expenditure			1,959.80			1,044.88
Depreciation	519.98	160.85	680.83	454.94	97.62	552.56
Unallocated depreciation			139.51			190.25
Total depreciation			820.34			742.81

Reconciliation of segment revenue reported in financials :

(Rs. Lakhs)

Particulars	Current year	Previous year
Total revenue of the segments	41,054.21	30,912.40
Less: Other income (technical and support service fee) included in segment revenue	52.36	71.20
Add: Non operating income as reported in Profit and Loss Account, not forming part of segment revenue		
- Interest income	723.07	626.84
- Other non-operating income	336.17	258.92
Total revenue as reported in the Profit and Loss Account	42,061.09	31,726.96

Secondary segment:

As the Company's business activity falls within a single business segment viz. "power products and related parts", the secondary business segment disclosure requirements of AS 17 are not applicable to the Company.

12. Deferred tax

Deferred tax asset/ liability (net), included in the balance sheet comprises the following:

		(Rs. Lakhs)
	Current year	Previous year
Deferred tax liability on		
Difference between written down value of fixed assets as per Income-tax Act, 1961 and as per Companies Act, 1956	447.93	391.11
	<u>447.93</u>	<u>391.11</u>
Deferred tax assets on		
Expenditure under section 43B of Income-tax Act, 1961	64.43	71.04
Expenditure under section 35DDA of Income-tax Act, 1961 on account of Voluntary Retirement Scheme	368.51	503.05
Provision for doubtful debts	2.61	10.64
	<u>435.55</u>	<u>584.73</u>
Deferred tax (liability) / asset (net)	<u>(12.38)</u>	<u>193.62</u>

13. Disclosures as per Accounting Standard (AS) - 18 "Related Party Disclosures"
a) Ultimate Holding company and Holding company: Honda Motor Co. Limited, Japan
Transactions with the holding company:

		(Rs. Lakhs)
	Current year	Previous year
Income		
Sale of finished goods and spares	565.95	8.26
Expenditure		
Purchases of components and finished goods	6,622.15	3,059.68
Technical guidance fee	711.91	200.87
Royalty	1,533.17	919.05
Export commission (included under Commission on sales)	714.89	470.54
Reimbursement of expenses paid	25.70	0.14
Reimbursement received for warranty claims	5.49	10.40
Model fees (capitalized)	210.00	-
Remittance of dividend	270.48	270.48
Balance outstanding at year end		
Payables	1,301.51	699.91
Receivables	34.93	1.52

b) Fellow subsidiaries with whom there have been transactions during the year:

Honda South Africa (Pty.) Limited, South Africa
 Honda Philippines Inc., Philippines
 Honda Del Peru S.A., Peru
 Honda de Mexico, S.A. de C.V., Mexico
 Honda Australia M. & P.E. Pty. Limited, Australia
 Asian Honda Motor Co., Limited, Thailand
 Honda Trading Corporation, Japan
 Honda Trading Asia Co. Limited, Thailand
 Honda de Venezuela C.A., Venezuela
 PT. Honda Power Products Indonesia, Indonesia
 Honda Motorcycle and Scooter India Private Limited, India
 Honda Motor India Private Limited, India
 Honda Siel Cars India Limited, India
 Honda Express Logistics India Private Limited, India
 Moto Honda da Amazonia Ltda., Brazil
 Honda Trading (South China) Co. Limited, Hong Kong
 Honda R&D Co., Limited, Japan
 Honda R&D (India) Private Limited, India
 Honda Europe NV, Belgium
 Honda Motor de Argentina S.A., Argentina
 Honda Gulf FZE, U.A.E.
 Shanghai Honda Trading Co. Limited, China
 Honda Motor Europe Limited, U.K.
 Honda Taiwan Motor Co., Limited, Taiwan

		(Rs. Lakhs)
	Current year	Previous year
Honda South Africa (Pty.) Limited, South Africa		
- Sale of finished goods	210.72	116.83
Honda Philippines Inc., Philippines		
- Sale of finished goods and spares	256.20	149.05
Honda Del Peru S.A., Peru		
- Sale of finished goods and spares	559.61	299.92
- Reimbursement of expenses paid	0.23	0.20
Honda de Mexico, S.A. de C.V., Mexico		
- Sale of finished goods and spares	22.85	79.48
Honda Australia M. & P.E. Pty. Limited, Australia		
- Sale of finished goods and spares	33.00	83.47
- Purchases of finished goods	159.74	115.38
Asian Honda Motor Co., Limited, Thailand		
- Sale of finished goods and spares	41.87	2.05
- Purchases of components, raw material and consumables	1,220.68	986.82
- Reimbursement of expenses paid	2.51	-
- Reimbursement recieved for warranty claims	0.25	0.25

		(Rs. Lakhs)
	Current year	Previous year
Honda Trading Corporation, Japan		
- Purchases of components, raw material and consumables	699.46	1,134.30
- Sales of spares	-	68.21
Honda Trading Asia Co. Limited, Thailand		
- Purchase of capital goods	137.69	-
- Purchase of components and spares	10.83	-
Honda de Venezuela C.A., Venezuela		
- Sale of finished goods	-	61.33
PT. Honda Power Products Indonesia, Indonesia		
- Sale of finished goods and spares	239.70	81.45
Honda Motorcycle & Scooter India Private Limited, India		
- Receipt of job work charges	252.21	261.15
- Sale of Components	268.75	309.49
Honda Motor India Private Limited, India		
- Sale of spares	306.41	340.63
Reimbursement of expenses paid	27.03	28.16
- Receipt of support services and technical assistance fees	52.36	71.21
Honda Siel Cars India Limited, India		
- Purchase of consumables	-	0.20
- Purchase of capital goods	-	12.80
Honda Express Logistics India Private Limited, India		
- Freight expenses paid	66.38	5.96
Moto Honda da Amazonia Ltda., Brazil		
- Sale of finished goods	50.77	273.78
Honda Trading (South China) Co. Limited, Hong Kong		
- Purchase of components	162.75	81.62
Honda R & D Co., Limited, Japan		
- Sale of finished goods and spares	18.71	0.23
Honda R & D (India) Private Limited, India		
- Fee for infrastructure support services received	18.28	9.14
- Reimbursement of expenses received	3.83	1.18
- Reimbursement of expenses paid	-	0.18
Honda Europe NV, Belgium		
- Sale of finished goods and spares	53.82	-
- Purchase of finished goods	0.27	-
Honda Motor de Argentina S.A., Argentina		
- Sale of finished goods	44.73	-
Shanghai Honda Trading Co. Limited, China		
- Purchase of components	15.84	-
Other transactions with other fellow subsidiaries		
- Sale of finished goods and spares	0.21	1.29
- Reimbursement of expenses paid	1.42	-
Balances outstanding at year end		
- Payables	201.68	31.39
- Receivables	290.65	350.33

c) Key management personnel

Mr. T. Hamasaki	President and CEO (with effect from 1 April 2010)
Mr. Y. Watanabe	Vice President and Whole time director (till 26 March 2011)

Transactions with key management personnel:
Managerial remuneration*

Name	(Rs. Lakhs)	
	Current Year	Previous Year
Mr. T. Hamasaki	77.41	-
Mr. Y. Watanabe	70.02	65.12
Mr. J. Kobayashi - President and CEO (till 30 March 2010)	-	79.36
Mr. R. S. Bidesi - Vice President and whole time director (till 31 March 2010)	-	56.43

* Excludes contribution to the gratuity fund and provision for leave encashment determined on an actuarial basis, as these are determined for the Company as a whole.

Dividends paid

Name	(Rs. Lakhs)	
	Current year	Previous year
Mr. R. S. Bidesi - Vice President and whole time director (till 31 March 2010)	-	0.03

14. Disclosure in respect of operating leases under Accounting Standard (AS) – 19 “Leases”
a) General description of the Company's operating lease arrangements:

The Company enters into operating lease arrangements for leasing area offices, residential premises for its employees and vehicles. Some of the significant terms and conditions of the arrangements are:

- certain agreements for premises may generally be terminated by the lessee or either party by serving one to three month's notice or by paying the notice period rent in lieu thereof.
- other agreements for premises cannot be terminated by either party before the expiry of one year.
- agreements for leasing of vehicles can generally be terminated early by payment of nominal fees.
- the lease arrangements are generally renewable on the expiry of lease period subject to mutual agreement.
- the Company shall not sublet, assign or part with the possession of the premises without prior written consent of the lessor.

b) Lease rent charged to the profit and loss account Rs.157.81 lakhs (Previous year Rs 149.37 lakhs).
15. Earnings per share

	Current year	Previous year
Profit for the year after taxation as per Profit and Loss account (Rs. Lakhs)	2,966.31	1,268.98
Number of equity shares outstanding during the year	10,143,071	10,143,071
Basic and diluted earnings per share in Rupees (face value – Rs. 10 per share)	29.24	12.51

16. Power products sales are covered by a warranty period of one year, the details of which are as under:

	(Rs. Lakhs)	
	Current year	Previous year
Provision at the beginning of the year	2.54	2.68
Add : Additions during the year	14.79	2.32
Less : Amounts used during the year	11.37	2.46
Provision at the end of the year *	5.96	2.54

* Net of expected reimbursement of Rs 1.71 lakhs (Previous year Rs 4.55 lakhs) from suppliers of traded goods, recognized and included in loans and advances in accordance with the requirements of Accounting Standard – 29 “ Provisions, Contingent Liabilities and Contingent Assets.”

The warranty provision is expected to be paid within the normal warranty period of one year.

17. The Company provides after-sales service coupons to its customers for availing free of cost service. The coupons are valid for one year, the details of which are as under:

	(Rs. Lakhs)	
	Current year	Previous year
Provision at the beginning of the year	40.03	12.00
Add : Additions during the year (included under service expenses)	107.69	78.41
Less : Amounts used during the year	88.88	50.38
Less : Amounts written back during the year (included under liabilities no longer required written back)	13.02	-
Provision at the end of the year	45.82	40.03

The Company expects that the service coupons will be utilised within the validity period of one year.

18. Sundry debtors include the following balances, which are due from companies under the same management as defined under Section 370(1B) of the Companies Act, 1956.

	(Rs. Lakhs)	
Name	Current year	Previous year
Honda Motor Co., Limited, Japan	34.93	1.52
Honda Del Peru S.A., Peru	12.70	49.30
Honda Europe NV, Belgium	0.49	0.07
Honda Philippines Inc., Philippines	19.80	16.74
Honda South Africa (Pty.) Limited, South Africa	49.50	28.18
Honda Motorcycle and Scooter India Private Limited, India	44.77	64.08
Asian Honda Motor Co., Limited, Thailand	0.01	-
Honda Australia M. & P.E. Pty. Limited, Australia	-	16.07
Honda Motor India Private Limited, India	135.11	114.32
Honda R & D (India) Private Limited, India	3.18	0.53
Honda R & D Co., Limited, Japan	1.03	-
Honda Gulf FZE, U.A.E.	0.12	0.09
Honda de Mexico, S.A. de C.V., Mexico	-	0.20
Moto Honda da Amazonia Ltda., Brazil	23.94	60.75

19. Unhedged foreign currency exposure (Figures in Lakhs)

Purpose	Current year		Previous year	
	Amount in Foreign Currency	Amount in Rupees	Amount in Foreign Currency	Amount in Rupees
Receivables	US \$ 7.62	338.67	US \$ 12.63	566.22
Payables	US \$ 6.91	310.30	US \$ 8.16	369.79
	JPY 1,216.97	665.84	JPY 174.09	84.94
	THB 3.76	5.61	CHF 0.09	4.09
	EURO 0.34	21.53	-	-
Cash	US \$ 0.01	0.39	US \$ 0.01	0.43
Bank	US \$ 0.93	41.32	US \$ 0.48	21.69

20. Additional information pursuant to the provisions of the Companies Act, 1956

(a) Quantitative details of products manufactured (nos.)

Item	Annual Capacity				Production	
	Licensed		Installed*			
	Current Year	Previous Year	Current Year	Previous Year	Current year	Previous Year
Portable generating sets	**	**	270,000	175,000	88,256	50,848
Internal combustion engines	**	**	***	***	73,532	61,411
Pumping sets	**	**	***	***	73,583	71,596

* As certified by the management and relied upon by the auditors, being a technical matter.

** Not applicable, as the products manufactured by the Company are delicensed.

*** Installed capacity is common with portable generating sets.

(This space has been intentionally left blank)

(b) Stock of Finished Goods, Purchases for Resale and Sales

Sl. No.	Particulars	Opening Stock				Production /Purchase				Sales**				Closing Stock			
		As at 1 April 2010		As at 1 April 2009		For the year ended 31 March 2011		For the year ended 31 March 2010		For the year ended 31 March 2011		For the year ended 31 March 2010		As at 31 March 2011		As at 31 March 2010	
		Qty (No.)	Amt/ Lakhs	Qty (No.)	Amt/ Lakhs	Qty (No.)	Amt/ Lakhs	Qty (No.)	Amt/ Lakhs	Qty (No.)	Amt/ Lakhs	Qty (No.)	Amt/ Lakhs	Qty (No.)	Amt/ Lakhs	Qty (No.)	Amt/ Lakhs
A)	<u>Manufactured Goods</u>																
	Gensets	4,210	915.74	72	8.13	88,256	NA	50,848	NA	83,420	21,558.03	46,710	11,743.21	9,046	2,921.05	4,210	915.74
	GP Engines	416	28.50	918	46.28	73,532	NA	61,411	NA	72,941	5,900.10	61,913	4,970.01	1,007	65.85	416	28.50
	Water Pumps	3,201	291.44	1,968	201.75	73,583	NA	71,596	NA	72,307	9,259.69	70,363	9,256.26	4,477	398.03	3,201	291.44
	Sub Total		1,235.68		256.16						36,717.82		25,969.48		3,384.93		1,235.68
B)	<u>Traded Goods</u>																
	Gensets	591	850.07	1,275	1,609.57	1,500	2,233.21	1,380	1,941.55	2,076	3,071.95	2,064	3,066.86	15	16.96	591	850.07
	GP Engines	286	32.26	239	27.97	2,986	281.83	1,250	123.64	2,066	279.57	1,203	159.59	1,206	137.39	286	32.26
	Water Pumps	-	-	-	-	42	4.85	-	-	34	5.41	-	-	8	0.94	-	-
	Lawn Movers	197	36.73	309	70.42	828	183.92	680	132.26	910	285.06	792	242.99	115	29.39	197	36.73
	Brush Cutters	2,496	260.20	1,816	203.14	9,924	1,001.86	8,190	873.44	10,622	1,844.52	7,510	1,305.32	1,798	179.32	2,496	260.20
	Others	#	7.17	#	7.83	#	135.47	#	136.71	#	-	#	136.12	#	115.47	#	7.17
	Sub Total		1,186.43		1,918.93		3,841.14		3,207.60		5,486.51		4,910.88		479.47		1,186.43
C)	Spare Parts	#	1.70	#	1.68	#	-	#	-	#	552.25	#	708.36	#	3.05	#	1.70
D)	Others	#	-	#	-	#	-	#	-	#	470.21	#	424.36	#	-	#	-
	Grand Total		2,423.81		2,176.77		3,841.14		3,207.60		43,226.79		32,013.08		3,867.45		2,423.81

** Gross of Excise duty and includes free of cost samples, in transit losses, write offs etc.

In view of the considerable number of items diverse in size & nature, it is not practicable to furnish quantitative information. Also, no individual item of spares and others exceed 10% of total purchase, sales & total stock.

(c) Raw materials and components consumed

Item	Unit	Current year		Previous year	
		Qty.	Rs. Lakhs	Qty.	Rs. Lakhs
Steel sheets	Tonnes	342.38	162.70	621.25	419.65
Steel sheets	Nos.	151,654.00	496.58	24,019.00	155.78
CRNGO Sheets	Tonnes	1,261.87	670.04	516.13	368.87
Aluminium alloy	Tonnes	1,145.99	1,266.12	845.55	762.90
Magnet wire	Tonnes	194.30	893.48	88.03	394.55
Other raw materials		*	9.44	*	13.13
Components		*	19,215.62	*	13,856.54
			22,713.98		15,971.42

* In view of the considerable number of items diverse in size and nature, it is not practicable to furnish quantitative information.
Also, no individual item exceeds ten percent of total raw materials and components consumed.

(d) Value of imported and indigenous raw materials and components consumed and the percentage of each to the total consumption.

Item	Current year		Previous year	
	Rs. Lakhs	%	Rs. Lakhs	%
Raw materials and components				
- Imported	6,280.88	28	4,454.04	28
- Indigenous	16,433.10	72	11,517.38	72
	22,713.98	100	15,971.42	100

(e) Value of imported and indigenous stores, spares and loose tools consumed and the percentage of each to the total consumption.#

Item	Current year		Previous year	
	Rs. Lakhs	%	Rs. Lakhs	%
Stores, spares and loose tools				
- Imported	10.17	3	12.34	3
- Indigenous	343.68	97	348.19	97
	353.85	100	360.53	100

In giving this information, spare parts used for machinery repairs have not been considered.

(Rs. Lakhs)

Item	Current year	Previous year
(f) C.I.F. value of imports		
Raw materials	698.44	199.44
Components	6,383.01	3,366.59
Consumables	11.05	9.89
Stores, tools and machinery spares	19.89	15.23
Capital goods	152.65	17.48
(g) Expenditure in foreign currency		
Technical guidance fee (net of tax)	640.72	180.83
Royalty (net of tax)	1,379.85	827.15
Foreign travelling expenses (net of tax)	21.82	15.07
Export commission (net of tax)	643.40	423.49
Other matters	34.84	0.91
(h) Earnings in foreign currency		
F.O.B. value of exports	6,114.29	3,951.70

(i) Amount remitted in foreign currency on account of dividends

Current year				Previous year		
Year to which the dividend relates	Number of non-resident shareholders	Number of equity shares held	Dividend remitted (Rs. Lakhs)	Number of non-resident shareholders	Number of equity shares held	Dividend remitted (Rs. Lakhs)
2008-09	-	-	-	25	6,768,789	270.75
2009-10	23	6,766,789	270.67	-	-	-

21. The figures for the previous year have been regrouped / recasted wherever necessary.

For and on behalf of the Board

Siddharth Shriram	<i>Chairman</i>
D.V.Kapur	<i>Director</i>
O.P.Khaitan	<i>Director</i>
Ravi V. Gupta	<i>Director</i>
T. Hamasaki	<i>President & CEO</i>
S. Yotsumoto	<i>Vice President & Whole Time Director</i>

Vinay Mittal
Chief Financial Officer

Payal Chaddha
Company Secretary

Place: New Delhi
 Date: 19 May 2011

ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
01. REGISTRATION DETAILS

Registration number	203950	State Code	55
Balance sheet date	31-03-2011		

02. CAPITAL RAISED DURING THE YEAR (RS. LAKHS)

Public issue	Nil	Right issue	Nil
Bonus issue	Nil	Private placement	Nil

03. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (RS. LAKHS)

TOTAL LIABILITIES	29,408.32	TOTAL ASSETS	29,408.32
Source of funds		Application of funds	
Paid-up capital	1,014.31	Net fixed assets	7,762.43
Secured loans	-	Net current assets	14,564.77
Deferred tax liability (net)	12.38	Investments	-
Reserves and surplus	21,300.21		
Unsecured loans	-		

04. PERFORMANCE OF THE COMPANY (RS. LAKHS)

Turnover*	42,061.09	Total expenditure	37,615.78
Profit before tax	4,445.31	Profit after tax	2,966.31
Earning per share in Rs.	29.24	Dividend rate (%)	75 %

*Including other income

**05. GENERIC NAMES OF THE PRINCIPAL PRODUCT / SERVICES OF THE COMPANY
(AS PER MONETARY TERMS)**

<u>Item code no. (ITC code)</u>	<u>Product description</u>
8502 20	Portable Generating Sets
8407 90	I C Engine
8407 90	Pumping Sets

For and on behalf of the Board























Siddharth Shriram	<i>Chairman</i>
D.V. Kapur	<i>Director</i>
O.P. Khaitan	<i>Director</i>
Ravi V. Gupta	<i>Director</i>
T. Hamasaki	<i>President & CEO</i>
S. Yotsumoto	<i>Vice President & Whole Time Director</i>

Vinay Mittal
Chief Financial Officer

Payal Chaddha
Company Secretary

Place: New Delhi
Date : 19 May 2011

The Range of Honda Power Products

 <p>EU 65i M.R.P. Rs. 1,76,676/-*</p>	 <p>EU 30i M.R.P. Rs. 81,900/-*</p>	 <p>EXK 2800 S M.R.P. Rs. 60,626/-*</p>	 <p>EXK 2800 M.R.P. Rs. 54,563/-*</p>	 <p>EXK 2000 AC M.R.P. Rs. 41,982/-*</p>
 <p>EXK 2000 S M.R.P. Rs. 50,571/-*</p>	 <p>EXK 2000 M.R.P. Rs. 44,135/-*</p>	 <p>EXK 1200 S M.R.P. Rs. 43,361/-*</p>	 <p>EXK 1200 M.R.P. Rs. 36,580/-*</p>	 <p>EBK 1000 M.R.P. Rs. 24,875/-*</p>
 <p>EB 2000GP M.R.P. Rs. 34,445/-*</p>	 <p>EB 650GP M.R.P. Rs. 23,496/-*</p>	 <p>EBK 650 M.R.P. Rs. 21,144/-*</p>	 <p>EM 650 M.R.P. Rs. 23,301/-*</p>	 <p>EK 400 M.R.P. Rs. 17,123/-*</p>
 <p>GK 100 General Purpose Engine M.R.P. Rs. 11,121/-*</p>	 <p>GK 200 General Purpose Engine M.R.P. Rs. 13,455/-*</p>	 <p>WBK 15 Portable Pumpset M.R.P. Rs. 14,399/-*</p>	 <p>WBL 30 Portable Pumpset M.R.P. Rs. 19,968/-*</p>	 <p>WBK 30 FF Portable Pumpset M.R.P. Rs. 18,023/-*</p>
 <p>Brush Cutter M.R.P. Rs. 20,344/-*</p>	 <p>Tiller M.R.P. Rs. 69,090/-*</p>	 <p>Engine Lawn Mower M.R.P. Rs. 37,568/-*</p>		

* MRP in Delhi as on 31st March 2011

Also Exported to more than 35 Countries, world wide.



Honda Siel Power Products Limited

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