


15th ANNUAL REPORT

1999-2000

Report  Junction.com



HONDA SIEL POWER PRODUCTS LIMITED

People who look
for a reliable genset,
buy a Honda.



Here's why.

HONDA RELIABLE TECHNOLOGY



World power power!
Honda 4-Stroke engine
Fuel efficiency • Low
operation • Emergency ready



Over 4000 Honda Power Products sold all over the world • Self-start option available
• Low maintenance • Network of over 700 dealer service outlets • Easy finance schemes



Special generator starter
motor • Starter effort
Reduced fuel consumption



Special double tank • Zinc alloy coated
large fuel tank • Prevents corrosion
• Honda's exclusive
checking and wiring problems

EASY

In a world full of uncertainties, chances are things around you will not work when you need it most. Which is why, we at Honda passionately engineer our gensets so that at least during a power-cut, you can be sure of reliable power. Our gensets start instantly each time, every time and once on, they don't stop off you want them to. And that's not all, the power of a Honda is stable and doesn't fluctuate so that your appliances have a trouble-free longer life. Little wonder that we are India's No.1 selling genset. So, with a Honda genset, future's Kai chance nah!

HONDA
POWER PRODUCTS
Demand More From Us.

Complete 4-Stroke Range - 0.5 KVA to 5.5 KVA • Select models powerful enough to run heavy appliances like Refrigerators, Washing Machines, Coolers, Airconditioners, etc. • Over 4000 Honda Power Products sold all over the world • Self-start option available • Low maintenance • Network of over 700 dealer service outlets • Easy finance schemes

Continuous
Running.



All the time.

In the times we live in, life is full of uncertainties. Which is why, we at Honda passionately engineer our gensets so that when you need it most, you can be sure that it won't let you down. Our gensets never stop in the middle of a power-cut, thanks to the Honda 4-Stroke technology and the large capacity Z-Tank. Little wonder that we are India's No.1 selling genset. So, with a Honda genset, future's Kai chance nah!

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Instant
Start.



Every time.

In the times we live in, life is full of uncertainties. Which is why, we at Honda passionately engineer our gensets so that when you need it most, you can be sure that it won't let you down. Our gensets start instantly each time, thanks to the Insta-Start and its Zinc Alloy coated Z-Tank that prevents corrosion and carbonation checking problems. Little wonder that we are India's No.1 selling genset. So, with a Honda genset, future's Kai chance nah!

EASY

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Stable
Voltage.



All the time.

In the times we live in, life is full of uncertainties. Which is why, we at Honda passionately engineer our gensets so that you can be sure that it won't ever let you down. Thanks to the GBT Alternator, the voltage of a Honda genset never fluctuates. Which means it guarantees a longer life for your household appliances. Little wonder that we are India's No.1 selling genset. So, with a Honda genset, future's Kai chance nah!

EASY

HONDA RELIABLE TECHNOLOGY



World power power!
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operation • Emergency ready



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Presenting
a range of
reliable
gensets from
HONDA

Instant start. Stable
voltage. Continuous
running



EBK 400
525VA Kerosene. Rs. 18,100/-**



EM 650
550VA Kerosene. Rs. 21,100/-



E 650 K
550VA Kerosene. Rs. 19,600/-



E 1000K
750VA Kerosene. Rs. 22,600/-



EBK 1200
1200VA Kerosene. Rs. 26,350/-



EBK 2000AC
1600VA Kerosene. Rs. 32,150/-



EB 2200
1900VA Petrol. Rs. 34,300/-



EBK 2800
2400VA Kerosene. Rs. 39,900/-



EBK 2800S
2400VA Kerosene. Rs. 46,400/-



EP 6500S
5500VA Petrol

EASY FINANCE

HONDA
POWER PRODUCTS
Demand More From Us.

Complete 4 stroke Range of 15 models. 0.5 KVA to 5.5 KVA • Over 4000 Honda Power Products sold all over the world • Self start option available • Low fuel consumption • Low maintenance • Non-stop uninterrupted power • Smooth and silent operation • Network of over 700 dealer service outlets. **All maximum outputs. **MRP by Delhi on 1/5/2008 ***Continuous supply.



BOARD OF DIRECTORS

Mr Siddharth Shriram	— Chairman
Mr Mantosh Sondhi	
Mr D V Kapur	
Mr O P Khaitan	
Mr T Fujisaki	
Mr H Takiguchi	
Mr T Kamo	
Mr Y Nakano	— President & CEO
Mr R S Bidesi	— Whole-time Director
Mr T Sodeyama	— Whole-time Director

COMPANY SECRETARY

Mr Anil Rustgi

AUDITORS

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

BANKERS

The Bank of Tokyo-Mitsubishi Ltd.
Allahabad Bank

TECHNICAL AND FINANCIAL COLLABORATORS

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

REGISTERED OFFICE

5th Floor,
Kirti Mahal,
19, Rajendra Place,
New Delhi - 110 008

WORKS

Village & Post Office Bhigwara,
Via Kichha, Rudrapur
Distt. Udham Singh Nagar
U.P.

Plot No. B-16 & B-30,
PIPDIC Industrial Estate,
Sedarapet,
Pondicherry

REGISTRAR & SHARE TRANSFER AGENT

Mas Services Private Ltd.
AB-4, Safdarjung Enclave,
New Delhi-110 029



NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of the members of Honda Siel Power Products Limited will be held as scheduled below :

DAY : Thursday
 DATE : 21st September 2000
 TIME : 11.00 AM
 PLACE : FICCI Auditorium, Tansen Marg,
 New Delhi-110 001.

to transact the following business :

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 31st March 2000 and the Profit and Loss Account of the Company for the year ended on that date and the Report of Board of Directors and Auditors thereon.
2. To confirm the payment of Interim Dividend of Rs. 4.00 per equity share as the Final Dividend for the Financial year 1999-2000.
3. To appoint a Director in place of Mr Siddharth Shriram who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr Mantosh Sondhi who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass the following resolution, with or without modification(s) as an Ordinary Resolution:
 "RESOLVED that Mr H Takiguchi, who was appointed as an Additional Director of the Company under Article 90 of the Articles of Association of the Company and who holds such office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing, pursuant to Section 257 of the Companies Act, 1956, proposing his candidature to the office of Director, be and is hereby appointed as Director of the Company".
7. To consider and if thought fit, to pass the following resolution, with or without modification(s) as an Ordinary Resolution:
 "RESOLVED that Mr T Sodeyama, who was appointed as an Additional Director of the Company under Article 90 of the Articles of Association of the Company and who holds such office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing, pursuant to Section 257 of the Companies Act, 1956, proposing his candidature to the office of Director, be and is hereby appointed as Director of the Company".
8. To consider and if thought fit, to pass the following resolution, with or without modification(s) as an Ordinary Resolution:
 "RESOLVED that pursuant to Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 or any amendment or modifications thereof and further subject to the approval of the Central Government and of the Financial Institution, the consent of the shareholders of the Company be and is hereby accorded to the appointment and remuneration of Mr T Sodeyama as a Whole-Time Director of the Company for a period of five years w.e.f. 21st June 2000 on the following terms and conditions :



BASIC SALARY	: Rs. 50,000 (Rupees fifty thousand) per month.
PERQUISITES	
HOUSING	: a) The expenditure by the Company on hiring unfurnished accommodation will be subject to a ceiling of 60 per cent of the basic salary. b) Free furnished accommodation in case the accommodation is owned by the Company. c) In case no accommodation is provided by the Company, entitlement to house rent allowance subject to the ceiling laid down in (a) above. <i>The expenditure incurred by the Company on gas, electricity & water will be valued as per Income Tax Rules, 1962, subject to a ceiling of 10% of basic salary.</i>
FURNISHING	: Provision of furnishing as per Company Rules.
MEDICAL REIMBURSEMENT	: One month's basic salary in a year or 3 months basic salary in a block of three years.
LEAVE TRAVEL CONCESSION	: For self and family once in a year for any destination in India. In case it is proposed that leave be spent in home country, return passage may be allowed for self and family in accordance with rules specified by the Company.
HEALTH INSPECTION/ MEDICAL CHECK UP	: Cost of Air Tickets for travel to Japan for health inspection/medical check up once in a year.
MEMBERSHIP FEE FOR JAPANESE ASSOCIATION	: Rs. 500 (Rupees five hundred) per month.
CLUB FEES	: Admission fee, Monthly and Annual charges, subject to a maximum of two clubs
PERSONAL ACCIDENT INSURANCE	: Premium not to exceed Rs.1200/- (Rupees one thousand two hundred) per annum.
INSURANCE OF HOUSEHOLD GOODS	: Premium not to exceed Rs. 6000/- (Rupees six thousand) per annum.
MEDICAL INSURANCE	: Premium not to exceed Rs. 6000/- (Rupees six thousand) per annum.
CHILDREN'S EDUCATION ALLOWANCE	: In case of children studying in or outside India, an allowance limited to a maximum of Rs.5,000/- (Rupees five thousand) per month per child or actual expenses incurred, whichever is less, is admissible. Such allowance is admissible upto a maximum of two children.
HOLIDAY PASSAGE FOR CHILDREN STUDYING OUTSIDE INDIA/ FAMILY STAYING ABROAD	: Return holiday passage is admissible once in a year by air by economy class to children from their place of study abroad to India and to the members of the family from the place of their stay abroad to India, if they are not residing in India with the Whole-Time Director.
REIMBURSEMENT OF EXPENSES INCURRED ON JOINING DUTY	: Actual expenses incurred on travel and on packing, forwarding, loading / unloading as well as freight, insurance, customs duty, clearing expenses, local transportation and installation expenses in connection with the moving of personal effects for self and



**AND RETURNING TO
HOME COUNTRY
AFTER COMPLETION
OF TENURE**

family for joining duty in India, in case these have not been claimed from the previous employer. After completion of the tenure, such expenses would be reimbursed if the Whole-Time Director leaves for the home country.

GRATUITY

: As per Rules of the Company.

CAR

: Facility of car with driver.

TELEPHONE

: Telephone facilities at residence.

LEAVE

: As per Company Rules.

However leave accumulated but not availed of will be governed as per Rules of the Company.

**ALLOWANCE FOR
MISCELLANEOUS
EXPENSES**

: Rs. 25,000/- (Rupees Twenty Five Thousand) per month to cover entertainment, servants, security, secretarial service, etc. at residence.

Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Whole-Time Director.

Family means the spouse, dependent children and dependent parents of the appointee.

Resolved further that the Board of Directors be and is hereby authorised to alter and vary from time to time during the current tenure of appointment of Mr T Sodeyama the terms and conditions and/or remuneration in such manner as in the best interest of the Company in accordance with the laws from time to time in force and acceptable to Mr T Sodeyama provided that remuneration after such alteration shall not exceed the limits prescribed under Schedule XIII of the Companies Act, 1956.

Resolved further that the remuneration as aforesaid shall be paid as minimum remuneration for any year in the case of absence or inadequacy of profits for such year.

By order of the Board
for HONDA SIEL POWER PRODUCTS LIMITED

ANIL RUSTGI
COMPANY SECRETARY

New Delhi

June 21, 2000



NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE MEETING. A PROXY FORM IS ATTACHED HERewith.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 01.09.2000 to 21.09.2000 (both days inclusive).
3. With a view to provide protection against fraudulent encashment of dividend warrants, shareholders are requested to provide their bank account numbers, names and addresses of the Bank Branches to enable the Company to incorporate the said details in the dividend warrants.
4. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business as set out above is annexed hereto.
5. Documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company during office hours on all working days between 11.00 A.M. to 1.00 P.M. upto the date of the Annual General Meeting.
6. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
7. Shareholders seeking any information with regard to accounts are requested to write to the Company at least ten days in advance so as to enable the company to keep the information ready.
8. The members are requested to notify immediately any change in their address to the Company or to the Company's Registrar and Share Transfer Agent quoting their folio number.
9. All correspondence relating to shares must be addressed to the Company at its Registered Office or to the Company's Registrar & Share Transfer Agent, Mas Services Private Limited, AB-4, Safdarjung Enclave, New Delhi - 110029.
10. Pursuant to Section 205 of the Companies Act, 1956 dividends upto the financial year 1993-94 and interim dividend for the financial year 1994-95, which remained unclaimed have been transferred to the General Revenue Account of the Central Government. Members who have not encashed their dividend warrants for the said period, are requested to claim the amount from the Registrar of Companies, NCT of Delhi and Haryana, New Delhi. Members who have not encashed their dividend warrants for the subsequent years may please write to the Company.
11. The Company, consequent to introduction of Depository System entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Members, therefore, now have the option of holding and dealing in the shares of the Company in electronic form through NSDL and CDSL.

The equity shares of the company have been notified for compulsory trading in demat form by all investors from 24th July 2000.



EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 6

Mr H Takiguchi has been co-opted as Additional Director by the Board of Directors on 27.01.2000. Under Article 90 of the Articles of Association of the Company, Mr H Takiguchi will hold office as Director upto the date of the ensuing Annual General Meeting.

Notice under Section 257 of the Companies Act, 1956 has been received from a member proposing his candidature for the office of Director of the Company.

The Board considers that continuance of Mr H Takiguchi on the Board of Directors will be beneficial to the Company and recommend that he may be appointed as Director of the Company.

Except Mr H Takiguchi, no other Director is interested or concerned in the resolution.

ITEM NO. 7

Mr T Sodeyama has been co-opted as Additional Director by the Board of Directors on 21.06.2000. Under Article 90 of the Articles of Association of the Company, Mr T Sodeyama will hold office as Director upto the date of the ensuing Annual General Meeting.

Notice under Section 257 of the Companies Act, 1956 has been received from a member proposing his candidature for the office of Director of the Company.

The Board considers that continuance of Mr T Sodeyama on the Board of Directors will be beneficial to the Company and recommend that he may be appointed as Director of the Company.

Except Mr T Sodeyama, no other Director is interested or concerned in the resolution.

ITEM NO. 8

Mr K Kitanoya, Whole-Time Director, representative of Honda Motor Co. Ltd., Japan on the Board of Directors, has been recalled to Japan. Honda Motor Co., Ltd., has now nominated Mr T Sodeyama in place of Mr K Kitanoya.

Mr T Sodeyama has been appointed as Whole-Time Director for a period of 5 years with effect from 21st June 2000 on the terms and conditions as set out in the resolution. Mr T Sodeyama will be based at Factory at Rudrapur and will be overall responsible for Rudrapur Works including products quality, product development, quality systems and assurance.

Appointment of Mr T Sodeyama is subject to the approval of the Central Government and of the Financial Institution. The notice together with the explanatory statement may be taken as the abstract of the terms of the contract with the Whole-Time Director together with Memorandum of concern or interest of the Directors under Section 302 of the Companies Act, 1956.

Except Mr T Sodeyama, no other Director is interested or concerned in the resolution.

By order of the Board
for HONDA SIEL POWER PRODUCTS LIMITED

ANIL RUSTGI
COMPANY SECRETARY

New Delhi
June 21, 2000



DIRECTORS' REPORT

Your Directors have pleasure in presenting the Fifteenth Annual Report together with Audited Accounts of the Company for the year ended 31st March 2000.

FINANCIAL RESULTS

The Gross Profit of the Company for the year has been Rs. 30.65 crores as against Rs. 31.11 crores for the last year.

The Net Profit after tax for the year has been Rs. 20.14 crores (Income Tax Provision Rs. 6.15 crores) as compared to Rs. 20.70 crores for the last year (Income Tax provision Rs. 6.20 crores).

A sum of Rs. 12.64 crores has been transferred to General Reserve.

DIVIDEND

The Directors recommend that Interim Dividend @ 40% on equity shares paid for the year ended 31st March 2000 be taken as Final Dividend.

DOMESTIC MARKETS

GENSETS

The year 1999-2000 was a difficult year for the Portable Genset Industry. The volumes declined by about 9% mainly due to unseasonal rains.

During the current year the Company has plans to further increase its penetration in the rural markets.

GENERAL PURPOSE ENGINES/WATER PUMPING SETS

Due to supercyclone in the State of Orissa and unseasonal rains in southern States of the country, overall portable engine and pumpset market was badly affected. In spite of these unavoidable reasons, your Company could increase its sales volume by 3% over last year. The Company's products launched in year 1998-99 were well received in the market.

In the current year the Company is now on a firm footing to take advantage of its complete product range.

EXPORTS

The export volume grew by 40% mainly due to extensive coverage of focus markets – South Africa, Nigeria, Indonesia; expansion of Engine business; substantial increase in business volume for Japan Domestic Market and general improvement of economy of South East Asian Countries.

The outlook for the current financial year is encouraging.

INDIGENISATION PROGRAMME

Your Company continued its efforts towards indigenisation and value engineering as a cost reduction measure. However, the results of such efforts are not fully reflected in reduction of the import content since the new models which have been introduced over the last few year(s) have higher import content, which will progressively reduce.

The focus on indigenisation has helped in reducing the import content of old models considerably. The balance imported components/raw materials for these models involve high technology for which plans have been formulated to be implemented in the coming years. The import content declined from 42% to 40%.



BACKWARD INTEGRATION

In-house manufacture of flywheel required for Gensets, GP Engines and Water Pumping Sets has started in June 2000 and consequent savings in material cost will be realised in current financial year.

PRESSURE DIE-CASTING PROJECT

The Company is setting up a Pressure Die Casting Plant in Greater Noida, U.P. at a Capital outlay of Rs.7.32 crores. The commercial production is scheduled in November 2000.

ISO 14001 ACCREDITATION

The Company's works at Rudrapur and Pondicherry have been accredited with ISO 14001 certification in December 1999 by Det Norske Veritas, Netherland.

ISO 9001 ACCREDITATION

ISO 9001 certification received by the Company from RWTUV of Germany in July 1993 for having established and applied quality assurance systems for design, manufacture, installation and after-sale-service of its products, was revalidated after thorough scrutiny and compliance audit for another three years in September 1999.

DIRECTORS

1. Mr T Nakajima has resigned from the Board of Directors pursuant to withdrawal of nomination by Honda Motor Co. Ltd., Japan. Mr H Takiguchi has been nominated in place of Mr T Nakajima. Mr H Takiguchi was co-opted as Additional Director w.e.f. 27.01.2000.
2. Mr K Kitanoya has resigned from the Board of Directors pursuant to withdrawal of nomination by Honda Motor Co., Ltd., Japan. Mr T Sodeyama has been nominated in place of Mr K Kitanoya. Mr T Sodeyama was co-opted as Additional Director w.e.f. 21.06.2000.

Mr Siddharth Shriram and Mr Mantosh Sondhi retire by rotation and being eligible, offer themselves for re-appointment. The Board recommends their re-appointment.

Mr H Takiguchi and Mr T Sodeyama will hold office till the date of ensuing Annual General Meeting. The Company has received notices under Section 257 of the Companies Act, 1956 from the shareholders signifying their intention to propose these persons for the office of the Directors of the Company.

AUDITORS

A.F. Ferguson & Co., Chartered Accountants, Auditors of the Company hold office until the conclusion of the forthcoming Annual General Meeting 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.

AUDITORS' REPORT

The observations of the Auditors are self-explanatory and/or suitably explained in the notes to the accounts.

PARTICULARS OF EMPLOYEES

A statement showing particulars of employees under Section 217(2A) of the Companies Act, 1956, is annexed to this report.