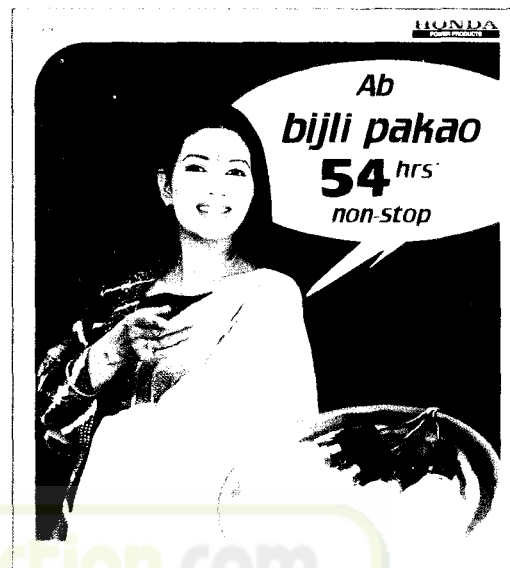


19th
Annual Report
2003-2004



HONDA
POWER PRODUCTS

Honda SSI Power Products Limited



Commercial Cylinder



*Condition Apply

1 INDIA'S
FIRST LPG
GENSET

HONDA
ER650GP

Gas wala genset

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BOARD OF DIRECTORS

Mr Siddharth Shriram - Chairman

Mr D V Kapur

Mr O P Khaitan

Mr Dhananjaya Dvivedi

Mr H Yamada

Mr H Takiguchi

Mr T Kimura

Mr K Shimada - President & CEO

Mr R S Bidesi - Vice-President & Whole-Time Director

Mr T Sodeyama - Vice-President & 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

Plot No. 5, Sector 41 (Kasna)

Greater Noida Industrial Development Area,

Distt. Gautam Budh Nagar, UP.

WORKS

Village & Post Office Bhigwara

Via Kichha, Rudrapur

Distt. Udham Singh Nagar,

Uttaranchal

Plot No. B-16, B-30 & B-31

PIPDIC Industrial Estate,

Sedarapet,

Pondicherry

Plot No. 5, Sector 41 (Kasna)

Greater Noida Industrial Development Area,

Distt. Gautam Budh Nagar, UP.

REGISTRAR & SHARE TRANSFER AGENT

Mas Services Private Ltd.

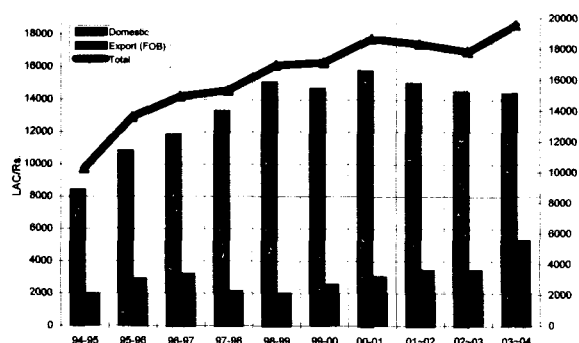
AB-4, Safdarjung Enclave,

New Delhi-110029

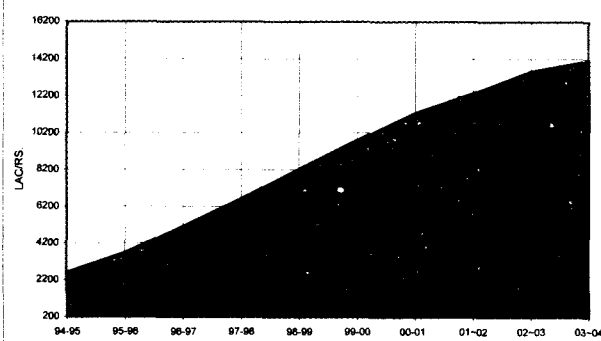
HONDA

POWER PRODUCTS

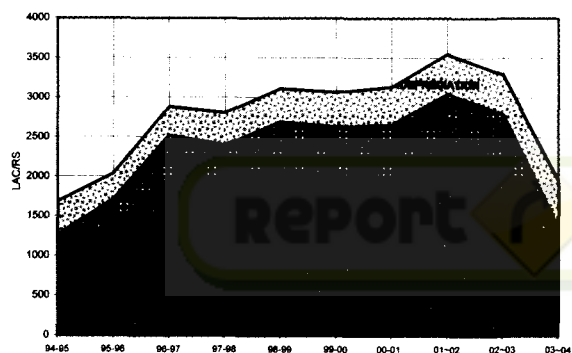
SALES TURNOVER



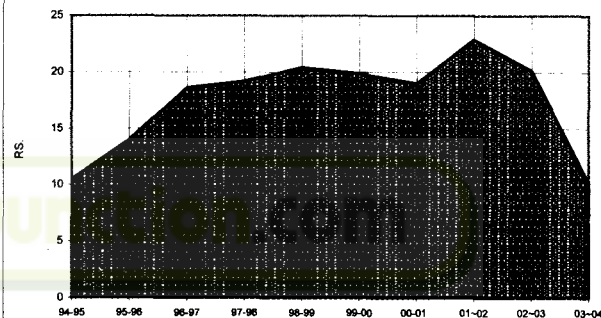
NET WORTH



PROFITS



EARNINGS PER SHARE



TEN YEAR FINANCIAL SUMMARY

PARTICULARS	UNIT	YEAR									
		94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04
SALES QTY	NOS	68159	82209	85756	82440	91603	94257	102420	105730	119562	156855
SALES	LAC.Rs.	10301	13641	14995	15367	17021	17176	18743	18385	17896	19615
PROFIT BEFORE DEPRECIATION & TAX	LAC.Rs.	1683	2036	2880	2806	3111	3065	3132	3545	3290	1943
PROFIT BEFORE TAX	LAC.Rs.	1259	1713	2519	2396	2690	2629	2654	3045	2794	1348
PROFIT AFTER TAX	LAC.Rs.	1064	1418	1889	1946	2070	2014	1929	2322	2044	1031
GROSS FIXED ASSETS @	LAC.Rs.	4116	4507	4959	6331	7019	7511	8756	9064	9581	10667
NET FIXED ASSETS @	LAC.Rs.	2218	2291	2396	3368	3648	3733	4518	4358	4395	4903
NET CURRENT ASSETS	LAC.Rs.	1647	2267	3382	4240	5354	4092	5168	5194	6509	6365
NET WORTH	LAC.Rs.	2587	3654	5099	6602	8222	9786	11268	12333	13514	14087
EARNINGS PER SHARE	Rs.	10.49	13.98	18.62	19.18	20.41	19.86	19.02	22.90	20.15	10.17
DIVIDEND	%	30	35	40	40	40	40	40	80	80	40
BOOK VALUE PER SHARE	Rs.	25.51	36.02	50.27	65.09	81.06	96.48	111.09	121.59	133.23	138.89

NOTE : @ INCLUDES CAPITAL WORK-IN-PROGRESS



NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of the members of HONDA SIEL POWER PRODUCTS LIMITED will be held as scheduled below :

Day : Wednesday
 Date : 29th September 2004
 Time : 11.30 A.M.
 Place : Plot No. 5, Sector 41 (Kasna),
 Greater Noida Industrial Development Area,
 Distt. Gautam Budh Nagar, (UP).

to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2004 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 declare Dividend on equity shares.
3. To appoint a Director in place of Mr H Yamada who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr T Kimura who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s A F Ferguson & Co., retiring Auditors are eligible for re-appointment.

By order of the Board
 For Honda Siel Power Products Limited

PLACE : New Delhi
 DATE : 29.06.2004

ANIL RUSTGI
 COMPANY SECRETARY



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. 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.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 15.09.2004 to 29.09.2004 (both days inclusive).
4. The Dividend as recommended by the Board of Directors and if approved by the Members at Annual General Meeting shall be paid to those members whose name appear on the Register of Members of the Company on 29th September 2004.
5. Pursuant to the provisions of Section 205A of the Companies Act, 1956, the amount of dividend which remains unpaid or unclaimed for a period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, would be transferred to the Investor Education and Protection Fund, constituted by the Central Government and the Members would not be able to claim any amount of dividend so transferred to that fund.

Accordingly, the Company would be required to transfer the unclaimed dividend for the year 1996-97 to the Investor Education and Protection Fund by the end of 2004. Members who have not yet encashed their dividend warrants are requested in their own interest to write to the Company immediately for claiming outstanding dividend declared by the Company for the said Financial Year and thereafter.

The Company has already transferred unclaimed dividends upto financial year 1994-95, to the General Revenue Account of the Central Government and for financial year 1995-96 to Investors Education & Protection Fund .

6. With a view to provide protection against fraudulent encashment of dividend warrants, Members are requested to provide their bank account numbers, name and address of the Bank Branch to enable the Company to incorporate the said details in the dividend warrants. Members are also requested to forward their ECS particulars to their Depository Participants and to the Registrars by 15th September 2004.
7. 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.
8. Members 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.
9. The Company has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), the two depositories and the equity shares of the Company have already been activated for dematerialisation on NSDL as well as CDSL.

Members are requested to avail this facility and get their shareholding converted into dematerialised form by sending the Dematerialisation Request Form (DRF) alongwith the share Certificates through their Depository Participant (DP) at the following address:

M/s Mas Services Pvt. Ltd.
AB- 4, Safdarjung Enclave,
New Delhi-29



10. In terms of Section 109(A) of the Companies Act, 1956 the Members of the Company may nominate a person to whom the shares held by him shall vest in the event of death.

In case you wish to avail the nomination facility in respect of shares held by you, please write to the Company to obtain the nomination form.

11. 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.
12. All correspondence relating to shares must be addressed to the Company at its Registered Office or to the Company's Registrar and Share Transfer Agent, M/s Mas Services Private Limited, AB-4, Safdurjung Enclave, New Delhi – 110 029.
13. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.



By order of the Board
For Honda SIEL Power Products Limited

PLACE : New Delhi
DATE : 29.06.2004

ANIL RUSTGI
COMPANY SECRETARY


Information pursuant to Clause 49 VI(A) of the Listing Agreement:

A brief resume of the Directors seeking re-appointment in the forthcoming Annual General Meeting is being given below :

Name of Director	Mr H Yamada	Mr T Kimura
Date of Birth	November 3, 1950	January 10, 1948
Date of Appointment	26.03.2002	26.10.2002
Expertise in Specific functional areas	Varied experience in Automobile Industry and extensive managerial experience.	Varied experience in Motorcycle & Power Products business and extensive managerial experience.
Qualifications	Graduation in Law	Graduation in Economics
List of Companies in which outside Directorship held as on March 31, 2004	- Honda Siel Cars India Ltd. - Honda Motorcycle & Scooter India Pvt. Ltd.	NIL
Chairman/ Member of the Committees of the Board of the Companies on which he is a Director as on March 31, 2004	<u>Honda Siel Cars India Ltd.</u> - Borrowing & Investment - Member Committee <u>Honda Siel Power Products Limited</u> - Audit Committee - Member	NIL

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DIRECTORS' REPORT

Your Directors have pleasure in presenting the Nineteenth Annual Report together with Audited Accounts of the Company for the year ended 31st March 2004.

FINANCIAL RESULTS

(Rs. in lacs)

PARTICULARS	Year Ended March 31, 2004	Year Ended March 31, 2003
Sales	19615.79	17896.08
Job Charges (gross)	217.06	223.65
Other Income	496.05	644.71
Profit before depreciation and finance charges	1990.82	3325.18
Finance Charges	48.18	36.00
Depreciation	594.67	495.59
Profit before tax	1348.15	2793.59
Provision for taxation - Current	322.00	750.00
- Deferred	(5.21)	(0.48)
Profit after Tax	1031.36	2044.07
Balance of profit brought forward	3000.00	3000.00
Investment allowance reserve written back	79.20	-
Amount available for appropriation	4110.56	5044.07
APPROPRIATIONS		
Dividend		
-Interim		405.72
-Final (Proposed)	405.72	405.72
Dividend Tax on Interim Dividend	-	51.98
Dividend Tax on Proposed Final Dividend	51.98	-
General Reserves	652.86	1180.65
Balance carried to balance sheet	3000.00	3000.00

DIVIDEND

The Board of Directors recommend Dividend @ 40% for the year ended 31st March 2004 on equity shares.

DOMESTIC MARKETS AND EXPORTS

A detailed report on operations titled "Management Discussion and Analysis Report" appears immediately after the Directors' Report.

INDIGENISATION PROGRAMME

The Company is continuously working on reducing imports and cost reduction through indigenisation of components and raw materials. In the year under review, 14 items of high value were taken up for indigenisation mainly pertaining to new models introduced recently. They are in the advance stage of approval from Honda, Japan. The benefits shall be realized in the ensuing year.

The balance components for indigenisation are high technology items requiring long term investments by the vendors and development time. The Company with the help of Honda Motor Co., Ltd., Japan has taken up indigenisation of high technology components and in the years to come it is expected to increase the indigenisation levels. Presently many raw materials like Aluminium, Copper, CRNGO etc. are being imported due to price competitiveness.

With import duties undergoing a change and domestic costs changing the basis of indigenisation which was once thought of on a profit basis, is now being viewed differently.



ERP (IT PROJECT)

The Company has successfully implemented the ERP project for the business cycles like Purchase to Pay, Order to Cash, Accounts Payable (AP), Accounts Receivable (AR) and General Ledger (GL) effective 1st April 2003.

The next phase of the project is pertaining to Production planning and control, Costing and Material Requisition Planning (MRP). This phase is at an advanced stage of implementation and is expected to be on-line by July 2004. The ERP based working shall provide a platform for integrated data based working resulting in accuracy of data with minimal manual intervention or interpretation. This standardized way of working is expected to improve the work productivity and decision making in the long run.

DIRECTORS

Mr H Yamada and Mr T Kimura retire by rotation and being eligible, offer themselves for re-appointment.

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.

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 or loss 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.

CORPORATE GOVERNANCE

The Corporate Governance Report as stipulated under Clause 49 of the Listing Agreement is attached to this report.

PARTICULARS OF EMPLOYEES

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