



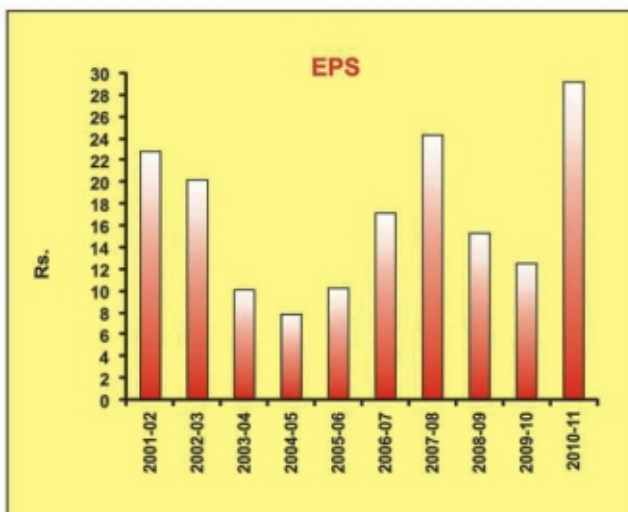
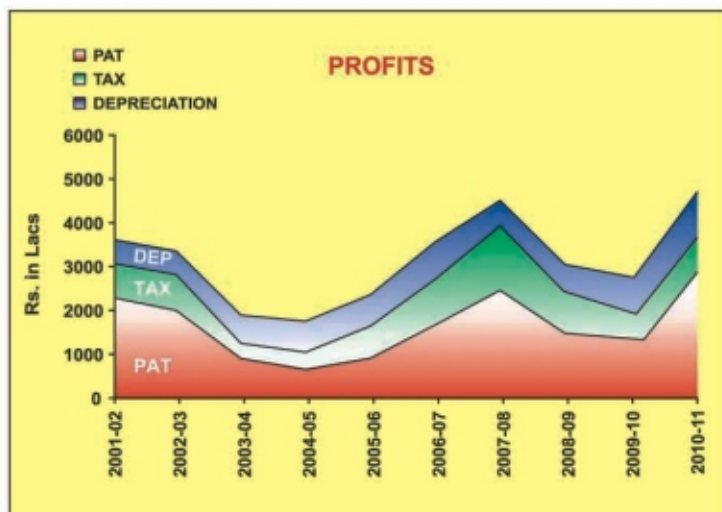
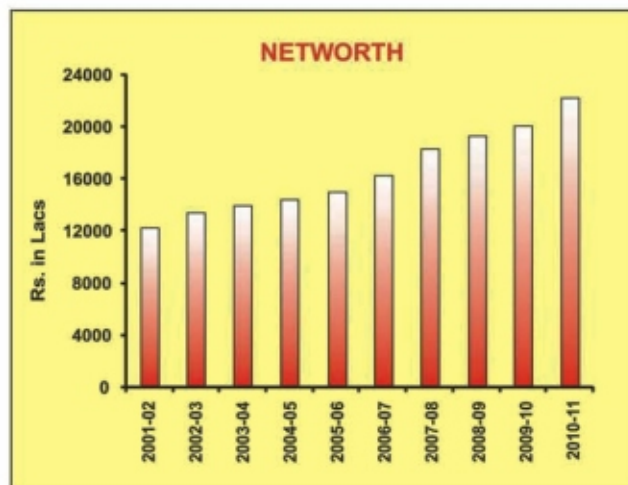
26th

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.