

NOTICE

Notice is hereby given that the Twenty Ninth Annual General Meeting of the Members of the Company will be held on August 05, 2014 at Kamani Auditorium, 1, Copernicus Marg, New Delhi – 110 001 at 11:15 a.m. to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss of the Company for the year ended on that date and the Reports of Board of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Takashi Hamasaki (holding DIN 03024621), who retires by rotation and being eligible offers himself for re-appointment.
4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139 (1) and (2) and provisos thereto read with Companies (Audit and Auditors) Rules 2014 and all other applicable provisions, if any, of the Companies Act, 2013 and Pursuant to the recommendation of the Audit Committee, M/s B S R & Co. LLP, Chartered Accountants (firm Registration No. 101248W), be and are hereby appointed as auditors of the Company, to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company, at such remuneration (exclusive of Service Tax and reimbursement of out-of-pocket expenses incurred by them for carrying out the audit), as may be fixed by the Board of Directors or any Director(s), jointly or severally, as may be authorised by the Board."

SPECIAL BUSINESS

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made there under, including any statutory modification(s) or re-enactment thereof for the time being in force, Mr. Hiroyoshi Sugimizu (holding DIN 06848213) who was appointed as an Additional Director of the Company by a resolution of the Board of Directors dated the 27th February, 2014, to hold office as such from 01.04.2014, under Section 260 and other applicable provisions, if any of the Companies Act, 1956 corresponding to Section 161 of the Companies Act, 2013 and Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement of directors by rotation."

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the Rules made there under, including any statutory modification(s) or re-enactment thereof for the time being in force, read with Schedule V of the Companies Act, 2013 and subject to the approval of the Central Government, if required, and such other approvals and sanctions as may be necessary, the approval of the Shareholders be and is hereby accorded for the appointment and to the remuneration of Mr. Hiroyoshi Sugimizu (holding DIN 06848213)

as Whole Time Director of the Company for a period of five years effective from 1st April 2014, liable to retire by rotation, on the following terms and conditions as recommended by the Remuneration Committee:

Basic Salary

Rs. 75,000/- (Rupees Seventy Five thousand only) per month.

Perquisites Housing

The expenditure by the Company on hiring accommodation will be subject to a ceiling of Rs. 2,00,000/- (Rupees two lacs only) per month.

Hard Furnishing

As per Company Rules.

Special Allowance

Not exceeding Rs. 6,50,000/- (Rupees six lacs fifty thousand only) per month.

Medical Reimbursement

Actual medical expenses to be borne by the Company.

Health Inspection/ Medical Check Up

Cost of air tickets (economy class) for travel to Japan for health inspection/ medical check up twice a year for self and family.

Membership fee for Japanese Association

Rs. 1000/- (Rupees One Thousand only) per month.

Club Fee

Admission fee, monthly and annual charges, for one Club.

Personal Accident Insurance

Premium not to exceed Rs. 2000/- (Rupees Two Thousand only) per annum.

Insurance of Household Goods

Premium not to exceed Rs. 750/- (Rupees Seven Hundred Fifty only) per annum.

Medical Insurance

Premium not to exceed Rs. 10,000/- (Rupees ten thousand only) per annum.

Reimbursement of Expenses Incurred on Joining Duty And Returning to home country after completion of tenure

Cost of air ticket (economy class) and actual expenses incurred on travel pertaining to self and family 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 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.

Car

Company car with driver, including petrol, maintenance expenses, road tax and insurance charges for official use.

Leave

35 days per year of service (i.e. 365 days from date of arrival). Leave may

be accumulated but encashment will not be permissible.

Plus

In case of death or imminent danger of death of immediate member i.e. mother, father, wife and children left behind in Japan, special home leave will be granted for reasonable sufficient period. Round trip air ticket shall be provided by the Company.

Subsidy for recreation

Subsidy for recreation Rs. 24,000/- (Rupees Twenty Four Thousand only) per annum.

Miscellaneous expenses

At actuals, to cover Import duty and charges for Japanese food, electricity, water, fuel, maintenance for generator at home, security guard, pest control, all repair and maintenance expenses at House such as electric goods, furniture etc.

Provident Fund

As per Act.

Gratuity

As per Act.

RESOLVED FURTHER THAT the Board of Directors, which term shall include the Committee of the Board duly constituted, be and is hereby authorized to alter and vary from time to time during the tenure of appointment of Mr. Hiroyoshi Sugimizu, the terms and conditions of appointment including the remuneration in such manner as in the best interest of the Company and in accordance with the laws in force from time to time and acceptable to Mr. Hiroyoshi Sugimizu, provided that the remuneration after such alteration shall not exceed the limits prescribed under the Companies Act, 2013.

RESOLVED FURTHER THAT the remuneration as aforesaid, shall be paid as minimum remuneration for any year in the event of absence or inadequacy of profits for such year.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and deeds as may be necessary, expedient or desirable, in order to give effect to this resolution or otherwise as considered by the Board to be in the best interest of the Company."

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 or any amendment or modification thereof and subject to the approval of the Central Government, if required and such other approvals as may be necessary, the approval of the Shareholders be and is hereby accorded for payment of remuneration to Mr. Vinay Mittal, Whole Time Director, for the period from 01.04.2014 to 31.03.2015 (both days inclusive), as recommended by the Remuneration Committee, as per the following particulars:

Basic Salary

Rs. 2,00,788/- (Rupees two lac seven hundred eighty eight only) per month.

Perquisites

Housing Allowance

Rs. 1,00,394/- (Rupees One lac three hundred ninety four only) per month.

Special Allowance

Rs. 1,62,440/- (Rupees one lac sixty two thousand four hundred forty only) per month.

Medical reimbursement

Rs. 1,250/- (Rupees one thousand two hundred fifty only) per month.

Child Education

Rs. 200/- (Rupees two hundred only) per month.

Washing Allowance

Rs. 2,000/- (Rupees two thousand only) per month.

Food Allowance

Rs. 3,000/- (Rupees three thousand only) per month.

Entertainment Reimbursement

Rs. 5,000/- (Rupees five thousand only) per month.

Leave Travel Concession

Rs. 25,099/- (Rupees twenty five thousand ninety nine only) per month.

Club Fee

One Club.

Personal Accident Insurance

As per Company policy.

Medical Insurance

As per Company policy.

Car (including maintenance) and Fuel

As per Company policy.

Telephone

As per Company policy.

Provident Fund

As per Company policy.

Superannuation Fund

As per Company policy.

Gratuity

As per Company policy.

Leave

As per Company policy.

Interest Subsidy on Housing Loan

As per Company policy.

Variable Pay

As per Company policy.

RESOLVED FURTHER THAT the recuperation of medical reimbursement, leave travel concession and other perquisites, benefits, leave accrued to Mr. Vinay Mittal till 31.03.2014 be and are hereby approved to be carried forward.

RESOLVED FURTHER THAT the above remuneration shall be minimum remuneration payable to Mr. Vinay Mittal in the event of absence or inadequacy of profits during any financial year.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and deeds as may be necessary, expedient or desirable, in order to give effect to this resolution or otherwise as considered by the Board to be in the best interest of the Company."

8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules 2014, including any statutory modification(s) or re-enactment thereof for the time being in force and Clause 49 of the Listing Agreement, Mr. Manoj Arora (holding DIN 00844279), who was appointed as an independent director of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice

in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an independent Director of the Company to hold office for Five (5) consecutive years from 01.03.2014 to 28.02.2019”

9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules 2014, including any statutory modification(s) or re-enactment thereof for the time being in force and Clause 49 of the Listing Agreement, Mr. Ravi Prakash Mehrotra (holding DIN 06823899) who was appointed as an independent director of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an independent Director of the Company to hold office for Five (5) consecutive years from 01.04.2014 to 31.03.2019”

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules 2014, including any statutory modification(s) or re-enactment thereof for the time being in force and Clause 49 of the Listing Agreement, the appointment of Dr. Dharam Vir Kapur (holding DIN 00001982) as an independent director of the Company, for holding office from 05.08.2014 to 31.03.2019 i.e. for a term not exceeding Five (5) consecutive years, be and is hereby approved.”

11. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules 2014, including any statutory modification(s) or re-enactment thereof for the time being in force and Clause 49 of the Listing Agreement, the appointment of Mr. Om Prakash Khaitan (holding DIN 00027798) as an independent director of the Company, for holding office from 05.08.2014 to 31.03.2019 i.e. for a term not exceeding Five (5) consecutive years, be and is hereby approved.”

12. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules 2014, including any statutory modification(s) or re-enactment thereof for the time being in force and Clause 49 of the Listing Agreement, the appointment of Mr. Ravi Vira Gupta (holding DIN 00017410) as an independent director of the Company, for holding office from 05.08.2014 to 31.03.2019 i.e. for a term not exceeding Five (5) consecutive years, be and is hereby approved.”

13. To consider and if thought fit, to pass, with or without modification the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 196 and Section 152 and any other applicable provisions of the Companies

Act, 2013 and Articles of Association of the Company, the terms of appointment of Mr. Takashi Hamasaki (holding DIN 03024621), Director of the Company be and are hereby amended to the effect that his office shall be liable to determination by retirement of directors by rotation.

RESOLVED FURTHER THAT all other terms of appointment of Mr. Takashi Hamasaki shall remain unchanged. The emoluments and retirement benefits, accrued to him during his previous tenure shall be carried forward and his term of office shall be treated as continuing.”

14. To consider and if thought fit, to pass, with or without modification the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 196 and Section 152 and any other applicable provisions of the Companies Act, 2013 and Articles of Association of the Company, the terms of appointment of Mr. Vinay Mittal (holding DIN 05242535), Director of the Company are hereby amended to the effect that his office shall be liable to determination by retirement of directors by rotation.

RESOLVED FURTHER THAT the other terms of appointment of Mr. Vinay Mittal shall remain unchanged.”

By order of the Board
for Honda Siel Power Products Limited,

Rahul Kumar
Company Secretary

Place : New Delhi
Date : May 30, 2014

NOTES

1. In terms of Section 102(1) (a) and (b), none of the Directors, Key Managerial Persons or their relatives have any concern, financial or otherwise and does not have any conflict of interest in Item No. 5 to Item No. 14 except as expressed under each of the items in the explanatory statement.
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 which sets out details relating to Special Business at the meeting is annexed hereto.
3. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY NEED NOT TO BE A MEMBER OF THE COMPANY. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING 50 (FIFTY) AND HOLDING IN THE AGGREGATE NOT MORE THAN 10 PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY.**
THE INSTRUMENT OF PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A BLANK PROXY FORM IS ATTACHED TO THE NOTICE. PROXIES SUBMITTED ON BEHALF OF COMPANIES, SOCIETIES ETC., MUST BE SUPPORTED BY AN APPROPRIATE RESOLUTION/AUTHORITY, AS APPLICABLE.
4. In case of joint holders attending the Meeting, only such a joint holder who is higher in the order of names will be entitled to vote.
5. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
6. Members are requested to bring their attendance slip alongwith their copy of Annual Report to the Meeting.
7. The Register of Members and Share Transfer Books of the Company will remain closed from July 26, 2014 to August 05, 2014 (both days inclusive).

8. Payment of Dividend

The Dividend on Equity Shares for the year ended March 31, 2014, as recommended by the Board, if declared at the meeting will be paid as follows:

- i) In respect of shares held in physical form, to those Members whose names appear on the Register of Members of the Company on August 05, 2014 after giving effect to all valid share transfers lodged with the Company on or before July 25, 2014.
- ii) In respect of shares held in electronic form, to those beneficial owners whose names appear in the statement of beneficial ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited as at the end of the business hours on July 25, 2014.

The members are hereby informed that the Company would transfer the dividends which remain unclaimed over a period of 7 years to the Investor Education and Protection Fund ('IEPF') established under Section 205C of the Companies Act, 1956.

The Company has already transferred unclaimed dividends upto financial year 1994 - 95 to the General Revenue Account of the Central Government and for the financial years 1995-96 to 2005-06 to IEPF. Following are the details of dividends paid by the Company and respective due dates for transfer of unclaimed dividend to IEPF:

Dividend year	Date of Declaration	Due date for transfer to IEPF
2006-07	26.07.2007	25.08.2014
2007-08	10.09.2008	10.10.2015
2008-09	07.09.2009	07.10.2016
2009-10	19.08.2010	18.09.2017
2010-11	10.08.2011	09.09.2018
2011-12	31.08.2012	30.09.2019
2012-13	05.08.2013	04.09.2020

The Company shall not be in a position to entertain the claims of the shareholders for the unclaimed dividends, which have been transferred to the credit of IEPF. Accordingly, the shareholders are advised to send all the un-encashed dividend warrants pertaining to the years 2006-07 upto 2012-13 to our Share Transfer Agent at New Delhi for revalidation and encash them before the due dates for transfer to IEPF.

9. Investors holding shares in physical mode are advised, with a view to provide protection against fraudulent encashment of dividend warrants, to forward the particulars of their bank account, name, branch and address of the bank immediately, if not sent already, so as to enable us to incorporate the same on the dividend warrants.

Investors holding shares in physical mode are further advised to opt for Electronic Clearing Service (ECS) to avail of fast and safe remittance of dividend and return the Mandate Form at the earliest accurately filled and signed. A photocopy of a leaf of your cheque book bearing your bank account number may also be sent along with the Mandate Form to the Share Transfer Agent. A blank ECS Mandate Form is annexed. The same is also available on the website of the Company at www.hondasielpower.com

10. Electronic Copy of the Annual Report for the financial year 2013-14 is being sent to all the members whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for the financial year 2013-14 is being sent in the permitted mode.

11. Electronic copy of the Notice of the 29th Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 29th Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

12. Members may also note that the Notice of the 29th Annual General Meeting and the Annual Report for financial year 2013-14 will also be available on the Company's website www.hondasielpower.com for their download.

13. 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.

14. Voting through electronic means

1. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 29th Annual General Meeting by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).

The instructions for e-voting are as under:

A. In case of members receiving e-mail:

- i) If you are holding shares in Demat form and had logged on to www.evotingindia.com and casted your vote earlier for EVSN of any Company, then your existing login id and password are to be used.
- ii) Log on to the e-voting website www.evotingindia.com.
- iii) Click on "Shareholders" tab to cast your votes.
- iv) Now, select the Electronic Voting Sequence Number - "EVSN" along with "COMPANY NAME-Honda SIEL Power Products Limited" from the drop down menu and click on "SUBMIT"
- v) Now, fill up the following details in the appropriate boxes:

	For Members holding shares in Demat Form	For Members holding shares in Physical Form
User ID	For NSDL: 8 Character DP ID followed by 8 Digits Client ID For CDSL: 16 digits beneficiary ID	Folio Number registered with the Company
PAN*	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders)	
	* Physical Shareholders who have not updated their PAN with the Company are requested to use the first two letters of their name in Capital Letter followed by 8 digits folio no in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's after the folio number. Eg. If your name is Ramesh Kumar with folio number 1234 then enter RA12340000 in the PAN field.	
	* Demat Shareholders who have not updated their PAN with their Depository Participant are requested to use the first two letters of their name in Capital Letter	

	followed by 8 digit CDSL/ NSDL client id. For example: in case of name is Rahul Mishra and Demat A/c No. is 12058700 00001234 then default value of PAN is 'RA00001234.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on cut-off date (record date) of July 04, 2014 in the Dividend Bank details field.

- vii) After entering these details appropriately, click on "SUBMIT" tab.
- viii) Members holding shares in physical form will then reach directly to the EVSN selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily change their login password, in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@ # \$ % & *). Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Kindly note that this changed password is to be also used by the Demat holders for voting for resolutions for the Company or any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform.
- ix) Click on the EVSN for Honda Siel Power Products Limited to vote.
- x) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xi) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- xii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

B. In case of members receiving the physical copy of Notice of AGM [for members whose e-mail IDs are not registered with the Company/depository participant(s) or requesting physical copy]:

Please follow all steps from sl. no. (ii) to sl. no. (xii) above, to cast vote.

- C. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution in PDF format in the system for the scrutinizer to verify the vote.
- D. The voting period begins on July 29, 2014 at 9.00 a.m. and ends on July 31, 2014 at 6.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of July 04, 2014, may cast their vote electronically. The e-voting module shall be disabled by

CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

- E. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.
2. The Company has appointed M/s Tanuj Vohra & Associates., Practicing Company Secretaries as the Scrutinizer for conducting the e-voting process in fair and transparent manner.
15. Brief resume and other particulars of Mr. Takashi Hamasaki, Mr. Manoj Arora, Mr. Ravi Prakash Mehrotra, Mr. Hiroyoshi Sugimizu, Dr. Dharam Vir Kapur, Mr. Om Prakash Khaitan and Mr. Ravi Vira Gupta, as required under Para IV G of Clause 49 of Listing Agreement are annexed.
16. Members are requested to:
 - a) Send their queries, if any, to reach the Company's Registered Office at 409, DLF Tower B, Jasola Commercial Complex, New Delhi – 110 025 at least 10 days before the date of the Meeting so that information can be made available at the Meeting.
 - b) Avail the dematerialization facility and get their shareholding dematerialized by sending the Dematerialization Request Form alongwith the Share Certificates through their Depository Participant.
 - c) Notify immediately any change in their address to the Company or to the Company's Registrar and Share Transfer Agent quoting their folio number and also notify their e-mail address for prompt response.
17. M/s Mas Services Ltd. is Registrar and Share Transfer Agent of the Company. All investor related communication may be addressed to:

M/s 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
18. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat account. Members holding shares in physical form can submit their PAN details to M/s Mas Services Ltd., Registrar and Share Transfer Agent of the Company.
19. In terms of Section 72 of the Companies Act, 2013 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 M/s Mas Services Ltd., Registrar and Share Transfer Agent of the Company.
20. The Ministry of Corporate Affairs ('MCA') through provisions in new Companies Act, 2013 has allowed paperless compliances by Companies through electronic mode. To take part in this initiative, your Company proposes to send documents like the Notice convening the General Meetings, Financial Statements, Annual Reports etc. in electronic form to those Members who wish to get the same in electronic form, in lieu of receiving in physical mode, at their e-mail addresses registered with the Company/Depositories.

Members desirous of availing of the above facility in future are requested to register their email IDs with the Company's Registrar and Share Transfer Agent at the address mentioned above.

21. **Members may please note that briefcase, bag, mobile phone and/or eatables shall not be allowed to be taken inside the hall for security reasons.**

EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 5

Mr. Hiroyoshi Sugimizu has been appointed as an Additional Director of the Company w.e.f. April 01, 2014 by the Board of Directors vide resolution by circulation on February 27, 2014.

Notice under Section 160 of the Companies Act, 2013 has been received from a member proposing his candidature for the office of Director of the Company.

Your Directors are confident that Mr. Sugimizu's guidance would be very beneficial to the Company and recommend the resolution for your approval.

Except Mr. H. Sugimizu none of the Directors, Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise and does not have any conflict of interest in the resolution.

The Directors recommend the resolution for your approval.

ITEM NO. 6

Mr. Hiroyoshi Sugimizu has been appointed as Whole Time Director for five years effective April 01, 2014.

The remuneration of Mr. H. Sugimizu has been approved by the Board of Directors after receiving the recommendation from Remuneration Committee through resolution by circulation on February 27, 2014.

Except Mr. H. Sugimizu none of the Directors, Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise and does not have any conflict of interest in the resolution.

The Directors recommend the resolution for your approval.

ITEM NO. 7

You had approved the remuneration of Mr. Vinay Mittal as Whole Time Director of the Company from 01.04.2013 to 31.03.2014 at the Annual General Meeting of the Company held on August 05, 2013.

The Remuneration of Mr. Vinay Mittal from 01.04.2014 to 31.03.2015 has been fixed by the Board on May 30, 2014 on receiving the recommendation of the Nomination and Remuneration Committee at its Meeting held on May 30, 2014.

The recuperation of medical reimbursement, leave travel concession and other perquisites, benefits, leave accrued to him till 31.03.2014 have also been approved to be carried forward.

Except Mr. Vinay Mittal none of the Directors, Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise and does not have any conflict of interest in the resolution.

The Directors recommend the resolution for your approval.

ITEM NO. 8 AND 9

In order to strengthen the Board and to comply with the provisions of the Clause 49 of the Listing Agreement with the Stock Exchanges, Mr. Manoj Arora and Mr. Ravi Prakash Mehrotra have been appointed as Independent Directors of the Company for 5 years with effect from March 01, 2014 and April 01, 2014 respectively.

Mr. Manoj Arora and Mr. R. P. Mehrotra are possessing great expertise and rich experience of business management and their presence on the Board of the company will help towards growth of the Company. In the opinion of the Board, these Directors fulfill the conditions specified in the Companies

Act, 2013 and Rules made there under for their appointment as Independent Directors of the Company and are independent of the management.

Except Mr. Manoj Arora and Mr. R. P. Mehrotra none of the Directors, Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise and does not have any conflict of interest in the resolution.

The Directors recommend the resolutions for your approval.

ITEM NO. 10, 11 AND 12 :

Dr. D.V. Kapur, Mr. O.P. Khaitan and Mr. R.V. Gupta are Non-Executive Independent Directors of the Company. Dr. Kapur and Mr. Khaitan were to retire by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Dr. Kapur, Mr. Khaitan and Mr. Gupta, have been appointed as Independent Directors from the date of the General Meeting upto 31.03.2019 i.e for a term of up to five consecutive years. In the opinion of the Board, Dr. Kapur, Mr. Khaitan and Mr. Gupta fulfill the conditions specified in the Companies Act, 2013 and Rules made thereunder for their appointment as Independent Directors of the Company and are independent of the management. Copy of the draft letter of appointment of Dr. Kapur, Mr. Khaitan and Mr. Gupta as Independent Directors setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day. The Board considers that their continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Dr. Kapur, Mr. Khaitan and Mr. Gupta as Independent Directors. Accordingly, the Board recommends the resolutions in relation to the approval of the appointment of Dr. Kapur, Mr. Khaitan and Mr. Gupta as Independent Directors.

Except Dr. D.V. Kapur, Mr. O.P. Khaitan and Mr. R.V. Gupta, being appointees, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise and does not have any conflict of interest in the resolution set out at Item No. 10, 11 and 12.

The Directors recommend the resolution for your approval.

ITEM NO. 13 AND 14:

The provisions of Sub-sections (6) of Section 152 of the Companies Act, 2013 mandates that at least 2/3 of the Directors are liable to retire by rotation, excluding the Independent Directors. In order to comply with the said provisions of the Companies Act, 2013 and to have proper balance of retiring and non-retiring Directors on the Board, the terms of appointment of Mr. Takashi Hamasaki and Mr. Vinay Mittal, executive directors of the Company have been changed to the effect that their office shall be liable to determination by retirement of directors by rotation. The other terms of their appointment shall remain unchanged and will be as per their individual contracts.

Except Mr. Takashi Hamasaki and Mr. Vinay Mittal none of the Directors, Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise and does not have any conflict of interest in the resolution.

The Directors recommend the resolutions for your approval.

By order of the Board
for **Honda SIEL Power Products Limited**

Place: New Delhi
Date : May 30, 2014

Rahul Kumar
Company Secretary

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

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

Particulars	Mr. Takashi Hamasaki	Mr. Manoj Arora	Mr. Ravi Prakash Mehrotra	Mr. Hiroyoshi Sugimizu	Dr. D. V. Kapur	Mr. O. P. Khaitan	Mr. Ravi Vira Gupta
DIN	03024621	00844279	06823899	06848213	00001982	00027798	00017410
Date of Birth	30.11.1960	22.05.1959	19.09.1950	01.11.1961	09.09.1928	21.11.1943	19.11.1937
Date of appointment/ re-appointment	01.04.2010	01.03.2014	01.04.2014	01.04.2014	31.03.1988	31.03.1988	25.03.2005
Expertise in specific functional Areas	Mr. Hamasaki has expertise in planning and implementation of business / product strategy and overseas sales, establishment and development of overseas sales distributors, organizational operation and extensive experience in training and development of personnel.	Mr. Manoj Arora has over 25 years of work experience at the bar. Mr. Arora specializes in transactional law, mergers and acquisitions, corporate structuring and corporate laws. He was formerly the Counsel for the Revenue Service in the Supreme Court of India.	Mr. Ravi Prakash Mehrotra has vast and rich experience in General Management and Marketing. Handling a wide range of products spread from capital goods to industrial and consumer products, across the complete spectrum of markets, ranging from urban, semi urban to rural in all the different geographies of the country and diverse sizes of organizations with special emphasis on the rural market penetration.	Mr. Sugimizu has expertise in management of equipment in Assembly/ processing area, gathering and implementation of field quality information, facilitation of failure analysis and countermeasures thereof, management of personnel, materials, investment and information at the plant.	Dr. Kapur had an illustrious career in the Government sector with a successful track record of building vibrant organizations and successful project implementation. Dr. Kapur also served as Secretary to the Government of India in the Ministry of Power.	Mr. Khaitan is practicing as Solicitor & Advocate since 1967 – doing commercial law, corporate law, industrial disputes and labour law, maritime laws, insurance laws, commission of inquiry, arbitration, conveyancing, foreign collaborations, etc.	Mr. Gupta is an IAS Officer (retired) and has held key positions at various levels in Government of Madhya Pradesh and Government of India. He was Secretary to the Government of India in the Ministry of Food as well as Secretary Banking in the Ministry of Finance. He has also served as Dy. Governor in RBI. Mr. Gupta is actively connected with institutions promoting education and culture.
Qualifications	Graduate Major – Political Science and Economics	LLb	BSc. Electrical Engineering MBA(IIM Calcutta)	Graduate-General Course	Honors Graduate in Electrical Engineering with wide experience in Power, Capital Goods, Chemicals and Petrochemicals Industries.	B.Com & LL.B., from Calcutta University Attorney-at-Law (Solicitor), from Calcutta High Court Received Bell Chambers Gold Medal from Calcutta High Court.	IAS
Name of other Indian companies in which directorship held	Honda Motor India Private Ltd.	1. Tanmay Constructions Pvt Ltd. 2. ION Trading India Pvt Ltd. 3. Maze System Furniture Pvt. Ltd. 4. Airjaldi Networks Research & Innovation 5. Rural Boardband Pvt. Ltd. 6. Full circle Financial Services India Pvt. Ltd.	-	-	1. DLF Limited 2. Reliance Industries Limited 3. Sunon Energy Pvt. Ltd. 4. GSD Automation Pvt. Ltd. 5. Amida Cleantech Private Ltd.	1. J.K. Tyre & Industries Ltd. 2. ECE Industries Ltd. 3. Shriram Pistons and Rings Ltd. 4. VLCC Health Care Ltd. 5. Sharda Motor Industries Ltd. 6. Bengal & Assam Company Ltd. 7. Howden Insurance Brokers India Pvt. Ltd. 8. Nipshell Builders Pvt. Ltd. 9. Wires & Fabriks (S.A) Ltd.	1. Goodyear India Limited 2. DCM Engineering Limited 3. Delhi Safe Deposit Co. Ltd. 4. Mawana Sugars Ltd. 5. Seshasayee Paper & Boards Ltd. 6. DCM Ltd.

Particulars	Mr. Takashi Hamasaki	Mr. Manoj Arora	Mr. Ravi Prakash Mehrotra	Mr. Hiroyoshi Sugimizu	Dr. D. V. Kapur	Mr. O. P. Khaitan	Mr. Ravi Vira Gupta
Chairman/ Member of Board Committees in Indian Companies	Honda Siel Power Products Ltd. - Stakeholders Relationship Committee- Member - Board Committee on Financial Matters – Chairman - CSR Committee- Member	Honda Siel Power Products Ltd. - CSR Committee - Member	-	Honda Siel Power Products Ltd. - Board Committee on Financial Matters – Member	Honda Siel Power Products Ltd. - Audit Committee – Chairman - Stakeholders Relationship Committee- Chairman - Remuneration Committee- Chairman DLF Limited - Corporate Governance Committee- Chairman - Shareholders'/ Investors' Grievance Committee - Chairman - Audit Committee - Member Reliance Industries Ltd. - Human Resources, Nomination and Remuneration Committee – Member - Corporate Social Responsibility and Governance Committee- Member - Health, Safety & Environment Committee- Member	Honda Siel Power Products Ltd. - Audit Committee- Member - Remuneration Committee- Member J K Tyre & Industries Ltd. - Audit Committee- Chairman- Shareholders/Investors Grievance Committee – Member ECE Industries Ltd. - Audit Committee- Member - Remuneration Committee- Chairman Shriram Pistons and Rings Ltd. - Remuneration Committee- Member - Audit Committee- Chairman Sharda Motor Industries Ltd. - Remuneration Committee- Member - Shareholder Grievance Committee- Member - Audit Committee- Chairman Bengal & Assam Company Ltd. - Audit Committee- Member - Shareholders Grievance Committee – Chairman VLCC Health Care Ltd. - Remuneration Committee- Member	Honda Siel Power Products Ltd. Audit Committee - Member Goodyear India Ltd. - Audit Committee – Chairman - Investor Grievance Committee Matters - Member Seshasayee Paper and Boards Ltd. Audit Committee – Chairman DCM Engineering Ltd. Audit Committee – Member Mawana Sugars Ltd. Audit Committee – Member
Shareholding in the Company	NIL	NIL	200	NIL	NIL	NIL	NIL

Honda Siel Power Products Limited

CIN: L40103DL2004PLC203950

Regd office: 409, DLF Tower B, Jasola Commercial Complex,
New Delhi – 110 025

Form No. MGT-11

Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member (s):

Registered address:

E-mail Id:

Folio No/ Client Id:

DP ID:

I/We, being the member (s) of shares of the above named company, hereby appoint

1. Name:

Address:

E-mail Id:

Signature:, or failing him

2. Name:

Address:

E-mail Id:

Signature:, or failing him

3. Name:

Address:

E-mail Id:

Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 29th Annual General Meeting of the Company, to be held on the 5th day of August, 2014 At 11.15 a.m. at Kamani Auditorium, 1, Copernicus Marg, New Delhi 110001 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolution	Vote (Optional see Note 2) (please mention No. of shares)		
		For	Against	Abstain
Ordinary Business				
1	Adoption of Balance Sheet, Statement of Profit and Loss, Report of the Board of Directors and Auditors for the financial year ended March 31, 2014			
2	Approval of dividend for the financial year ended March 31, 2014			
3	Appoint a Director in place of Mr. Takashi Hamasaki, who retires by rotation and being eligible, seeks re-appointment			
4	Appointment of B S R & Co. LLP as the Auditors of the Company			

Tear Here

Resolution Number	Resolution	Vote (Optional see Note 2) (please mention No. of shares)		
		For	Against	Abstain
Special Business				
1	Appoint Mr. Hiroyoshi Sugimizu as a director, liable to retire by rotation			
2	Appoint Mr. Hiroyoshi Sugimizu as Whole Time Director of the Company for a period of five years with effect from April 01, 2014 and to approve terms of appointment			
3	Approval of payment of remuneration to Mr. Vinay Mittal, Whole Time Director with effect from April 01, 2014 to March 31, 2015			
4	Appoint Mr. Manoj Arora as an Independent Director upto February 28, 2019			
5	Appoint Mr. Ravi Prakash Mehrotra as an Independent Director upto March 31, 2019			
6	Appoint Dr. D.V. Kapur as an Independent Director upto March 31, 2019			
7	Appoint Mr. O.P. Khaitan as an Independent Director upto March 31, 2019			
8	Appoint Mr. Ravi Vira Gupta as an Independent Director upto March 31, 2019			
9	Approve amendment in terms of appointment of Mr. Takashi Hamasaki			
10	Approve amendment in terms of appointment of Mr. Vinay Mittal			

Signed this day of 2014

Affix
Revenue
Stamp of not
less than
Rs : 0.15

.....
Signature of the Member

.....
Signature of the Proxy holder

Notes:

1. This form, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered office of the Company, not less than 48 hours before the meeting.
2. It is optional to indicate your preference. If you leave the 'for', 'against' or 'abstain' column blank against any or all resolutions, your Proxy will be entitled to Vote in the manner as he/she may deem appropriate.

ECS MANDATE FORM

1. Shareholder's Name : _____
(in Block LETTERS) (First Holder)
- _____ (Joint Holder)
2. Folio Number / Client ID No. :

--	--	--	--	--	--	--	--
- DP ID - NSDL

--	--	--	--	--	--	--	--
- CDSL

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
3. No. of Shares : _____
4. Bank Name : _____
5. Branch Name & Address : _____

6. Status of the Investor : Resident ☐ Non-Resident ☐
(Mark '✓' in the appropriate box)
7. Bank Account Type : SB ☐ Current ☐
(Mark '✓' in the appropriate box) Other (Please Specify)
8. Bank Account Number * : _____
9. Ledger Folio No. of the A/c : _____
(if appearing on Cheque Book)
10. Nine Digit Code Number of the Bank :

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and Branch as appearing on the
MICR Cheque issued by the Bank **

I/We hereby declare that the particulars given above are correct and complete. If credit is delayed or at all not effected for reasons of incomplete or incorrect information, I/We would not hold the Company responsible.

Dated : _____

Signature of the Sole/First Holder
(as appearing in the Company's Records)

Note :

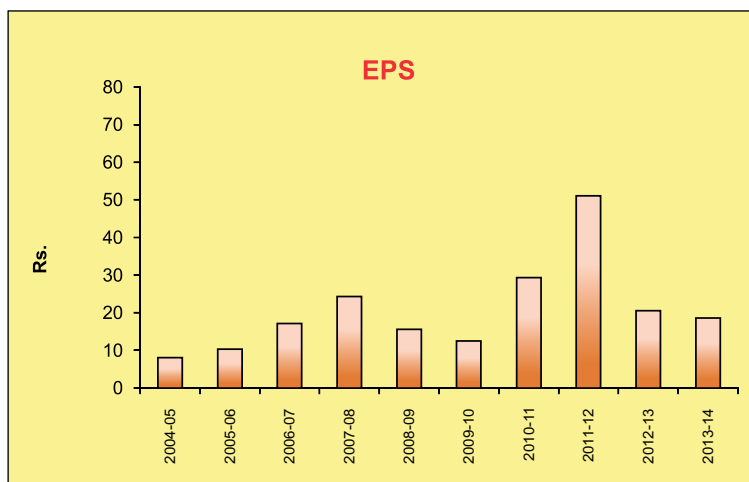
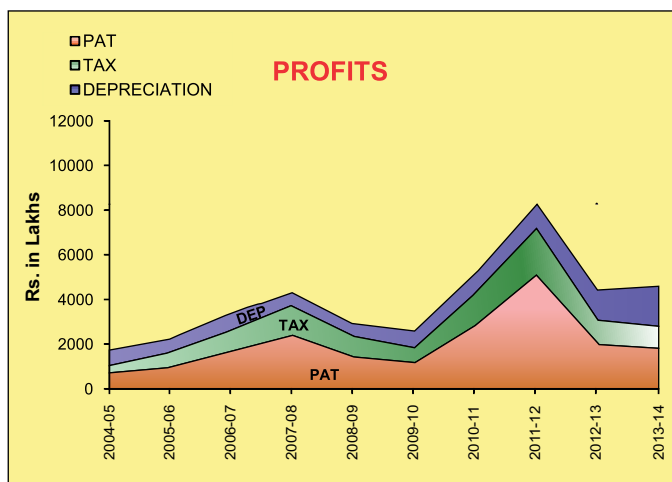
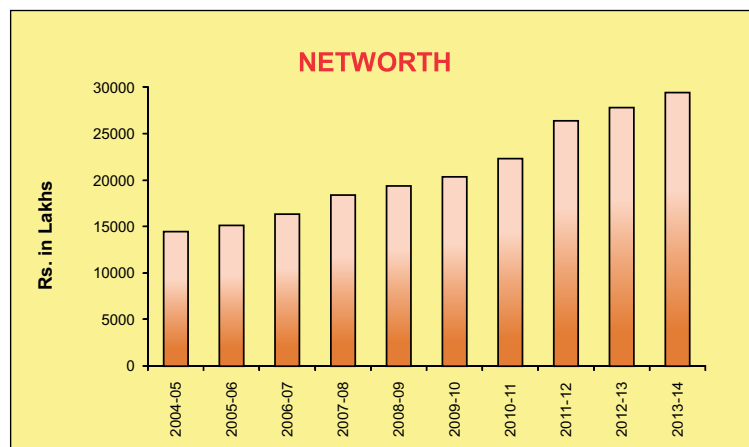
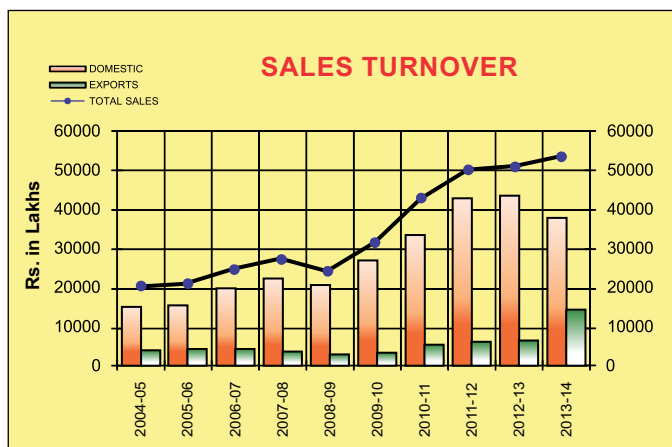
* A/c No. more than 15 characters is not acceptable for ECS.

** Please attach a photocopy of Cheque/ Cancelled Cheque issued by your Bank relating to your above account for verifying the accuracy of the Code Number.

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Ten Years Financial Performance



	SALES TURNOVER (Rs. in Lakhs)			PROFIT (Rs. in Lakhs)						
YEAR	DOMESTIC	EXPORTS	TOTAL SALES	PBDT	DEPRECIATION	PBT	TAX	PAT	EPS (Rs.)	NETWORTH (Rs. in Lakhs)
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	33823	6488	40311	5265	820	4445	1479	2966	29.24	22315
2011-12	43100	7033	50133	8304	1030	7274	2106	5168	59.95	26422
2012-13	43838	7399	51237	4501	1375	3126	1066	2060	20.31	28007
2013-14	38630	15218	53848	4647	1754	2893	1015	1878	18.52	29411

Corporate Information

Board of Directors

Mr. Siddharth Shriram
Chairman

Dr. D.V. Kapur

Mr. O.P. Khaitan

Mr. Ravi V. Gupta

Mr. Y. Matsumoto

Mr. T. Hamasaki
President & CEO

Mr. H. Sugimizu
Whole Time Director

Mr. Vinay Mittal
Whole Time Director

Mr. Manoj Arora

Mr. Ravi Prakash Mehrotra

Company Secretary
Mr. Rahul Kumar

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. LLP
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.
Yes Bank Ltd.

Registered Office

409, DLF Tower B,
Jasola Commercial Complex,
New Delhi - 110 025

Head Office

Plot No.5, Sector-41 (Kasna),
Greater Noida Industrial Development Area,
Distt. Gautam Budh Nagar, UP- 201 310

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21 - 48	FINANCIAL STATEMENTS

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Twenty Ninth Annual Report together with Audited Accounts of the Company for the year ended 31st March 2014.

FINANCIAL RESULTS AND APPROPRIATIONS

Particulars	(Rs. in lacs)	
	Year Ended March 31, 2014	Year Ended March 31, 2013
Revenue from Operations	54,135	51,555
Other Income	457	697
Profit before depreciation and exceptional items	5,569	4,501
Depreciation	1,754	1,375
Exceptional items	922	-
Profit before tax	2,893	3,126
Provision for taxation		
- Current	1,206	736
- Deferred Tax charge/(benefit)	(191)	330
Profit after Tax	1,878	2,060
Balance of profit brought forward	14,673	13,293
Amount available for appropriation	16,551	15,354

APPROPRIATIONS

Dividend	406	406
Tax on Dividend	69	69
General Reserves	188	206
Balance carried to Balance Sheet	15,888	14,673

DIVIDEND

Your Directors recommend a dividend of Rs. 4/- per equity share of Rs. 10 each (40%) for the year ended 31st March 2014 (previous year 40%). The total outgo on this account (including dividend tax) will be Rs. 474.67 lacs.

APPROPRIATIONS

It is proposed to transfer Rs. 188 lacs to General Reserve and retain the balance in Profit and Loss Account.

DOMESTIC MARKETS AND EXPORTS

Your company achieved sales of Rs. 57,570 lacs in 2013-14 (as against Rs. 55,559 lacs in 2012-13) in domestic and export markets, thereby registering a growth of 4% over the previous year.

The year saw the introduction of the New 7 kVA generators for the North American markets as well as overhead valve engine based petrol water pumps for the domestic market. These new models are expected to contribute significantly to your company's future business.

During the year, your Company introduced a New Tiller model in the 5.5 HP category 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.

To achieve cost competitiveness, the Company is focusing on reduction in import content in GX series of engines through localization and cost reduction on SA FLOW.

Your Company is further working on indigenization of many critical parts in SA FLOW for improving the local content ratio and for realizing further cost reduction benefits.

ENVIRONMENT PROTECTION & SAFETY

Your Company is committed towards the protection and safety of environment. This is depicted in overall HONDA Philosophy "BLUE SKIES FOR OUR CHILDREN" and is adopted by your Company also. All employees make efforts in daily operations 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:

- Reduced electrical energy consumption of Paint Shop Pumps and Assembly Line Exhaust Blowers by reducing their speed, using variable frequency drive, without affecting their performance. Thus CO₂ release was reduced by 18.5 ton/year.
- Reduced air consumption in air cleaning of components in Machine Shop up to 37% by use of energy efficient guns & auto shut off solenoid valves in air supply line of individual machines to prevent internal air leakages during machine idle time. Thus CO₂ release was reduced by 1.67 ton/year.

Your Company is further planning to reduce energy consumption by :

- Replacing Street Lights by LED Lights.
- Replacing Normal Tube Lights by LED Tube Lights.
- Replacing 150W MVL/MH lamps by 96W Dome Light.
- Installation of Movement Sensor for auto switching off of lights in toilets and office building.
- Installation of Solar Pipe for Natural Lighting in Shop Floor.

The products manufactured by your Company comply with the air emission and noise regulation norms notified by the Ministry of Environment and Forests (MOEF), Government of India. 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

Mr. S. Yotsumoto ceased to be Director of the Company with effect from the close of the working hours of March 31, 2014. Your Board places on record its deep appreciation for the services rendered by Mr. S. Yotsumoto during his tenure with the Company.

Mr. Manoj Arora, Mr. Ravi Prakash Mehrotra and Mr. Hiroyoshi Sugimizu were appointed as Directors effective March 1, 2014, April 1, 2014 and April 1, 2014 respectively. Your Board recommends the appointment of Mr. Manoj Arora, Mr. Ravi Prakash Mehrotra and Mr. Hiroyoshi Sugimizu as Directors of the Company. Proposal for the appointment of Mr. Manoj Arora, Mr. Ravi Prakash Mehrotra and Mr. Hiroyoshi Sugimizu is being put up for your approval.

The proposal for the change in terms of appointment of Mr. Takashi Hamasaki and Mr. Vinay Mittal directors, is being put up for your approval.

In accordance with the provisions of the Companies Act, 1956, Companies Act, 2013, Articles of Association of the Company and applicable Regulations issued by the Securities & Exchange Board of India, Mr. Takashi Hamasaki, Director of the Company is liable to retire by rotation at the forthcoming Annual General Meeting ('AGM') and being eligible, offers himself for re-appointment.

Brief resume of Directors appointed on the Board, 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 with the Stock Exchanges, are given in the Notice convening the Annual General Meeting.

The remuneration to be paid to Mr. Hiroyoshi Sugimizu as Whole Time Director of the Company has been approved by the Board of Directors on May 30, 2014 subsequent to the recommendation of the Nomination and Remuneration Committee on May 30, 2014. Your Board recommends the remuneration of Mr. Hiroyoshi Sugimizu for your approval.

The revised remuneration of Mr. Vinay Mittal from 01.04.2014 to 31.03.2015 (both days inclusive) has been approved by the Board of Directors on May 30, 2014 subsequent to the recommendation of the Nomination and Remuneration Committee at its Meeting held on May 30, 2014. Your Board recommends the approval of revised remuneration of Mr. Vinay Mittal. Proposal for the same is being put up for your approval.

Necessary resolutions for the appointment / re-appointment and remuneration 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 164(2) (a) and (b) of the Companies Act, 2013.

AUDITORS

Statutory Auditors

The observations of Statutory 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. LLP, 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 139 (1) of the Companies Act, 2013.

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.

Cost Auditors

In pursuance of Section 148 of the Companies Act 2013, Circular issued by the Ministry of Corporate Affairs and applicable provisions, if any, M/s Rakesh Singh & Co., Cost Accountants will be appointed as Cost Auditors of the Company for the Financial Year 2014-15, subject to approval of the Central Government, as required.

The Cost Auditors have certified that they are not disqualified under any of the provisions of Section 141 read with Section 139 and Section 148 of the Companies Act, 2013 and that the appointment made is within the limits prescribed. A declaration to this effect has been submitted by the Auditors to the Audit Committee. A certificate from the Cost Auditors of their being an independent firm of Cost Accountants and at arm's length relationship with the Company has also been submitted to the Audit Committee.

CONSOLIDATION OF MANUFACTURING FACILITY FROM PUDUCHERRY TO GREATER NOIDA

In accordance with the restructuring programme announced during the year, your company has decided to shift the manufacturing operations from Puducherry to the existing facility at Greater Noida w.e.f. March 03, 2014.

Consequently, a peaceful settlement has been reached with the workers union at Puducherry and final settlement agreement has been executed on March 13, 2014. The facility is under shifting, which is expected to be completed by mid June, 2014.

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 judgments 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 2014

There were no material changes and commitments affecting the financial position of the company after 31st March 2014.

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 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 and gratitude towards the contribution made by every employee of the Company.

New Delhi
May 30, 2014
Chairman

On behalf of the Board,
Siddharth Shriram

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

- This year the overall generator business was impacted due to the improved power scenario in Southern parts of the country. However, the advance technology based EU series generators continued to gain acceptance and contributed to over 19% of the genset sales.

The 'Eco Throttle' feature in Honda EU series generators helped consumers in reducing operating costs. Your company made sustained efforts to communicate such advantages to prospective customers.

- The 1 kVA petrol fuelled Generator EP1000, launched late last year has also received an encouraging response amongst urban & semi-urban customers. Its easy start feature due to the unique Honda decompression technology has been well appreciated.

Opportunities

- Your Company with support of Honda R&D, Japan will shortly introduce emission compliant gensets based on revised and stringent norms stipulated by the Central Pollution Control Board (CPCB). Such generators, incorporating advanced technology, are expected to endear well to the environment conscious consumers.
- The Government of India may expand and integrate many social initiatives. Many of these are related to Information Technology, Computerization and Education. The success of these initiatives requires investment in power back up as well. Your Company has been making efforts to reach out to such potential customers to help them carry on their businesses consistently and sustainably.

Concerns

- The new emission compliant models to be introduced in 2014 are exclusively petrol run. While your Company will be promoting the fuel efficiency feature of these generators, rising petrol prices are a cause of concern.

Outlook

- The power deficit due to increased consumption is expected to continue and the need for uninterrupted power will be a key driver to stimulate and boost generators business.

GENERAL PURPOSE ENGINES AND WATER PUMPING SETS

- The demand for Engines and Pumps fell marginally due to excess rainfall in many parts of the country.
- Your Company continued with its efforts, to increase its network. This proximity to the users helped in reaching out to prospective customers.
- Business in the Eastern states supported the water pump business, highlighting again the advantages of light weight and portable Honda pumps.

Opportunities

- Farm mechanization led by increasing farm incomes, Government support and scarcity of labour is expected to increase demand for our engines and their application for agricultural use.
- The new and fuel efficient over head valve engine based petrol water pumps and engines of your Company are expected to increase demand in areas where kerosene availability is limited. Government Support schemes and subsidies will help us leverage our presence in these segments.

Concerns

- Increasing prices of fuels and dwindling availability of kerosene in rural areas is affecting sentiments and demand.

Outlook

- Farmers continue to get support from the retail market through better prices of farm products as well as from the Government in the form of subsidies on inputs. The demand based on the above parameters is expected to grow.
- The OEM (Original Equipment Manufacturer) market for agricultural and construction segments is also developing considering the competitive cost structure in India. Your Company is looking at increasing its presence in these segments by working with small companies and manufacturers. Applications such as high tree and back pack sprayers are gaining popularity and your company is working very closely with select good quality assemblers to grow volumes and counter the low cost Chinese made imported products.

BRUSH CUTTERS

- Honda Brush cutters have been able to provide an affordable and efficient mechanized solution to replace manual operations for farm activity like de-weeding and harvesting.
- Increased support from the Government in areas such as plantations and horticulture are providing the impetus to grow this business.
- The Southern markets continue to be the major areas contributing to sales.
- Your Company strengthened its after sales support activity which is expected to consolidate and reinforce its leadership position.

TILLERS

- The category is showing promising growth as new areas are developing to help sales expansion.
- A New Tiller model with features better suited to the customers' requirement was launched. The demand for this model for initial land preparation and de-weeding is steadily growing amongst progressive farmers.

MARINE SEGMENT

- To leverage the growth in tourism and development of inland water ways, the Company is promoting LTOBs (Long Tail Out Board Engines) to cater to The Marine Segment. The prospects, currently limited to Southern India, are encouraging.

EXPORTS

- During the year your Company launched two new models in the 7 kVA category for US and Canadian markets. In the future business from the North American markets is expected to contribute significantly to your Company's overseas business.
- Total sales during the year were nearly equivalent to the previous year's performance. The decline was from the price competitive water pump category while generator and engines were equal or registered a growth.
- The Middle East region continued to generate maximum business for your Company

Concerns

- Fluctuation of Indian Rupee against the US dollar may impact the margins of the Export business.
- The competitive market scenario limits the scope for price increments.

Outlook

- Supported by the launch of the new generator models, the Company will persist with its strategy to explore new markets.

THREATS, RISKS AND CONCERNS

The Company has proper and appropriate risk mitigation and management systems in place. This is assured by:

1. Complying with overall legal and Company wide internal policy framework as required by laws of the land wherever Company does business. This is ensured by way of updation at regular intervals and is further reconfirmed by status reports prepared by all divisions of the organization for onward submission of consolidated status of compliances to the Board of Directors every quarter. This has been further strengthened by way of regular supervision of legal compliances by Internal Auditors of the company.
2. Proper recording of fixed assets of the Company in the books of accounts is ensured. The policy for physical verification w.r.t. intervals and process has been framed and described in the Annual Report of the Company. Adequate insurance coverage has been done for all probable risks.
3. Compliance to IT Security Policy designed by the Company with a view to avoid loss and mis-utilization of sensitive data of the Company.
4. The Risk Management System was also established this year. Under this it is expected by each division to review and assess business risk on a regular basis and to detect, communicate, evaluate and respond to risk in their particular business areas. The risk management officer is responsible for promoting risk management initiatives such as business continuity planning in the event of any risk.

INTERNAL CONTROLS AND SYSTEMS

Your Company has ensured an adequate, proper and effective internal control system keeping in view the size and complexity associated with the industry. Set of well designed and documented policies, rules and proper communication system have been put in place to ensure effective Management. For being workable and to be properly adopted at respective work places in daily working, these policies and rules are being communicated to the lowest level of organization by way of formal and informal communication systems.

The Internal Control System and Procedures also ensures that financial statements are prepared in conformity with established accounting principles and practices. The assets of your Company are adequately safeguarded against any misuse or loss. Independent, Professional and effective internal audit function is the back bone of your Company's Internal Control system. The internal control systems are ensured through an extensive internal audit program duly approved by the Audit Committee of your Company. This is subject to a periodic review by the Management and Audit Committee in its Meeting attended by Statutory and Internal Auditors of the Company.

The Whistle Blower/Vigil Mechanism is operative in the Company. This ensures reporting by any associate, dealer or vendor of the Company of any act being considered as not in line with the policy, rules or code of conduct of the Company or if not found to be in line with prudent commercial practice, to the appropriate levels as detailed in the system document itself. A parallel line of communication has also been made available to the directors and associates of the company for direct access to the Chairman of the Audit Committee.

FINANCIAL PERFORMANCE

During the year 2013-14 the net sale was Rs. 538.48 Cr as against Rs. 512.37 Cr. in the previous year. This represents an increase of 5% in terms of value over previous year.

Profit before Tax and Exceptional Items for the year was Rs. 38.15 Cr as against Rs. 31.26 Cr in 2012-13.

HUMAN RESOURCES

In the Financial Year 2013-14 one of the central task for Human Resource was peaceful consolidation of Puducherry manufacturing operation at Greater Noida and significant contribution in the area of Associate Capability development in achieving Self Reliance, Policy Development and revalidating process and procedures with changing business scenario.

Ensuring our work force has the right skills and abilities which is essential to our long-term success, we support the development of our employees through targeted developmental programs. In addition to the enhancement of professional and personal leadership skills, the further training programmes focused on the handling of strategically important business issues, quality management, channel management, etc. On the job learning as well as variety of programs designed to enhance individual abilities and develop specified skills that are tailored to local needs were also imparted. These program nurture management skills and support associate career building efforts.

In order to have a platform where employee gets an opportunity to share his/her area of expertise or knowledge, a link has been created and on every Saturday the material is shared with all the employees in Knowledge Enrichment Series called "Gyanarjan".

In order to preserve amity and promote measures for securing good relation between management and line associates a work committee having equal representation of Management and Line associates was constituted. The broad constructive and supportive role of the work committee is to comment upon matters of their common interest and make an effort to create an objective or relevant purpose.

In November 2013 the New Honda Conduct Guideline was adopted on the basis of Honda Corporate Governance. It represents the important values that have guided our actions to date. It is to be observed by all associates in order to emphasize and further strengthen corporate governance, compliance and business ethics. In addition to legal and compliance standards the conduct guidelines sets out basic policies concerning respect for Human rights, environmental protection, safety and health and management of information. The revised and the new Conduct Guideline were circulated to all associates through awareness session, handbook, posters, screen savers and employee portal.

Implementation of Product Traceability through barcode has been one of the initiatives of IT.

We promote team work and creativity, this year our New Honda Circle "KHOJ" from Weld shop qualified and participated in the New Honda Circle, Japan Block Convention 2013 held at Aumamoto –Japan from 17th October 2013 to 20th October 2013.

Effective policy reflects the organization's culture and direction and guides its managers, administrators and employees. It is fundamental to the success of the Company and its people. We play an essential role in developing, reviewing and administering Company-wide policy in the area of people development and employment practices and have renewed our focus in this area to ensure our clients have the information they need to make decisions. Policies like Document Management, Export Security Control Policy, Retirement Policy, Wedding Gift Policy and Higher Education Scheme were reviewed and released during the Year.

Due to the Business reasons it was decided to close the Puducherry Operations. The Puducherry unit was closed on March 3, 2014. An amicable bipartite settlement was reached between Union and Management and all Line Associates were paid 85 days additional closure compensation, the closure was done peacefully, without any agitation.

Various employee engagement initiatives such as sports activities, long service awards, foundation day, etc. were held during the year. Employees showed lot of enthusiasm and team spirit and appreciated such initiatives.

The Company, as on March 31, 2014, had 1019 associates.

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 the plant's energy efficient to the extent possible and continually reviews various areas 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:

- Reduced electrical energy consumption of Paint Shop pumps and Assembly Line exhaust blowers by reducing their speed, using variable frequency drive, without affecting their performance. Thus CO₂ release was reduced by 18.5 ton/year.
- Reduced air consumption during air cleaning of components in Machine Shop up to 37% by use of energy efficient guns and shut off solenoid valves in air line of machines to stop air leakages during machine idle time. Thus CO₂ release was reduced by 1.67 ton/year.
- The products manufactured by your Company comply with the air emission and noise regulation norms notified by the Ministry of Environment and Forests (MOEF), Government of India. The 'Confirmation of Production' (COP) to the air emission and noise regulation is done as laid down by the MOEF.

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

- Installation of Variable Frequency Drive (VFD) at Paint Shop pump motors and Assembly blower motors, resulting in their energy consumption reduction by 34%.
- Installation of energy efficient air guns and auto shut off solenoid valves in machines to reduce air consumption resulting in reduction of electrical energy consumption of air compressor by 2%.

(b) The steps taken by the company for utilizing alternate source of energy

- Use of wind ventilators for natural air ventilation of plant.
- Use of waste heat of flue gases of gas generator for steam generation through waste heat recovery boiler.
- Use of waste heat of gas engine's jacket water for generating chilled water through hot water Vam. This chilled water is further used for comfort air conditioning of office building by using chilled water cassettes.

We are further planning to use solar pipes for natural lighting in Shop Floor.

(c) Additional Capital 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 2014-15:

- By replacing T-5 Tube Lights by LED Tube Lights in phased manner.
- By replacing 150W MVL/MH lamps by 96W Dome Light in phased manner.
- By replacing Street Lights by LED Lights.
- Auto switching off of idle lights by installing Movement Sensors in Toilets and office building.
- Installation of Solar Pipe for Natural Lighting in Shop Floor.

(d) 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. The thermal energy of fuel consumed in burners per unit production for the year 2013-14 is 1.24% lower than the immediate previous year due to optimum machine utilization. 1.68 % reduction in electric energy consumption of Air compressor was achieved by reducing air consumption in machine shop through energy efficient air guns and auto shutoff valves in air supply line of individual machines. 11.06% reduction in electrical energy consumption of Paint Shop was achieved by installation of variable frequency drives in pumps. The net electrical energy consumption per unit production is 6.7% higher than the immediate previous year due to full year impact of new facilities and machines added in previous year. The focus is continuing and is expected to be reduced in the year 2014-15 by about 2 % over the year 2013-14.

(e) Total energy consumption and energy consumption per unit of production

Particulars	Unit	Current Year 2013-14	Previous Year 2012-13
A. Power and Fuel Consumption			
1. Electricity			
(a) <u>Purchased</u>			
Quantity	kwh	16,62,157	11,39,308
Total Amount	Rs. (Lacs)	135	85.47
Rate / Unit	Rs./kwh	8.11	7.50
(b) <u>Own Generation</u>			
(i) Through Diesel Generator			
Quantity	kwh	1,61,045	1,81,391
HSD Qty	ltr	70,970	76,460
Unit per ltr of diesel oil	kwh/ltr	2.27	2.4
Cost / Unit	Rs./kwh	23.61	17.07
(ii) Through Gas Generator			
Quantity	kwh	32,20,928	40,22,646
LNG Qty	SCM	9,49,608	12,41,984
Unit per SCM of LNG	kwh/SCM	3.4	3.2
Cost / Unit	Rs./kwh	13.79	11.19
2. Coal			
Quantity (tonnes)		N.A.	N.A.
Total Amount		N.A.	N.A.
Average Rate		N.A.	N.A.
3. Furnace Oil			
(a) Furnace HSD			
Quantity (k.ltr)	k.ltr	N.A.	N.A.
Total Amount	Rs.	N.A.	N.A.
Average Rate	Rs./k.ltr	N.A.	N.A.
(b) Furnace LPG			
Quantity (kg)	kg	N.A.	N.A.
Total Amount	Rs.	N.A.	N.A.
Average Rate	Rs./kg	N.A.	N.A.
(c) Furnace Natural Gas (R-LNG)			
Quantity (SCM)	SCM	3,10,924	3,55,664
Total Amount	Rs.	1,46,61,000	1,35,89,176
Average Rate	Rs./SCM	47.15	38.21
4. Others / internal generation			
Quantity		N.A.	N.A.
Total Cost		N.A.	N.A.
Rate / Unit		N.A.	N.A.
B. Consumption per unit of Production			
Production unit	No.	2,15,786	2,43,989
Electricity	kwh/Unit	23.38	21.90
Coal		N.A.	N.A.
Furnace oil		N.A.	N.A.
- HSD used in Burners of Furnace	ltr/Unit	N.A.	N.A.
- LPG used in Burners of Boiler / Furnace	kg/Unit	N.A.	N.A.
- Natural Gas (R-LNG) used in Burners of Furnace	SCM/Unit	1.44	1.46

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.
- Substantial reduction in hazardous substances in product and processes.
- Development of following more efficient and technologically advanced Inverter Generator Models:
 - Recoil start - EU30i
 - Self start - E30is / EU65is
- Started development of GX160/200 (OHV Engines) for domestic market
- Development of 1 KVA model for developing countries and domestic market.
- Development of EU7000is for developed/advance countries like USA, Canada and Japan etc.

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 areas:

- 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.
- Expansion of Dry off Oven in Paint Shop for painting of GX160/200 (OHV) Engine Fuel Tank.
- Expansion of Pressure Die Casting Shop to accommodate GX/1KVA new model pressure die casting parts.
- Expansion of Alternator Shop for production of Alternator for Inverter Generator Model.

- New addition of Global Assembly Line for assembly of Generator Model for advanced / developed Countries.
- Installation of new machine for matching of aluminum shop head cylinder, housing rear etc. parts of 1KVA.
- Feasibility study for development of new range of engine and its appliances.
- Development of new model to meet the Indian Emission Regulation requirements.

For giving guidance on specific matters related to indigenization, improvement of manufacturing method and quality, experts from Honda Motor Co., Ltd., 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. 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 is furnished

a) Technology imported

Manufacture of Portable Inverter 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/ revamped from time to time and valid for a period of 5 years till March 31, 2017.

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 24 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 :

1. Developed business from new markets in Pakistan.
2. Maximized sales from the high volume Saudi Arabian market.

(b) Total foreign exchange used and earned:

The foreign exchange outgo was Rs. 17,932.59 lacs on account of imports and payment of royalty etc. as against foreign exchange inflow of Rs. 14,857.75 lacs through exports.

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

Corporate Governance ensures fairness, transparency and integrity of the Management. The Company believes that sound Corporate Governance is critical for enhancing and retaining investor trust and thus seeks to ensure that its performance goals are met with integrity. The Company has established systems and procedures to ensure that its Board is well informed and well equipped to fulfill its overall responsibilities and to provide Management with the strategic direction needed to create long term shareholders value. The Company maintains highest levels of transparency, accountability and good Management practices through the adoption and monitoring of corporate strategies, goals and procedures to comply with its legal and ethical responsibilities. The Company has always worked towards building trust with shareholders, employees, customers, suppliers and other stakeholders based on the principles of good Corporate Governance.

The Company strives to foster a corporate culture in which high standards of ethical behavior, individual accountability and transparent disclosure are ingrained in all its business dealings and shared by its Board of Directors, Management and Employees.

The Company has set to itself the objective of expanding its capacities and becoming globally competitive in its business. The Company is committed to meeting the aspirations of all the stakeholders. This is also embodied in the corporate vision of the Company, which states that **"Honda Siel Power Products Limited would like to be a Company which Society would want to exist."**

The Directors fully endorse and support the essentials of Corporate Governance and accordingly herein below 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 nine Members. The Board has an ideal composition. It consists of three Executive Directors and Six Non-Executive Directors. Five 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, four Board Meetings were held on May 20, August 05, November 12, 2013 and January 27, 2014. Resolutions by Circulation were passed on April 01, 2013, July 07, 2013, October 29, 2013, February 27, 2014 (passed twice) and March 22, 2014. 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, number of Directorships in Indian Public Limited Companies and Membership of Committee(s) (Audit and Shareholders/Investors Relations 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	3	3	2(1)
Mr. T. Hamasaki	Non ID/ ED	Yes	4	1	2
Mr. S. Yotsumoto	Non ID/ ED	Yes	2	NIL	NIL
Dr. D. V. Kapur	ID/NED	Yes	4	2	4(3)
Mr. O. P. Khaitan	ID/NED	Yes	4	6	9 (4)
Mr. R. V. Gupta	ID/NED	Yes	4	6	6(2)
Mr. Vinay Mittal	Non ID/ ED	Yes	4	NIL	1
Mr. Y. Matsumoto*	Non ID/ NED	NO	NIL	1	NIL
Mr. Manoj Arora**	ID/NED	NA	NIL	NIL	NIL
Mr. H. Kanayama* **	Non ID/ NED	NA	NA	NA	NA

ID- Independent Director

ED- Executive Director

NED- Non- Executive Director

Note:

- a) * Appointed as Director w.e.f. 01.04.2013.
- b) ** Appointed as Director w.e.f. 01-03-2014
- c) *** Ceased to be Director w.e.f. 01.04.2013
- 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.

One-third of the Directors who are liable to retire by rotation, retire every year and are eligible for re-election as prescribed under the Companies Act, 1956 and in terms of the Articles of Association of the Company.

3. Committees of the Board

The Board has constituted four Committees of Directors, namely:

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

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 role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below.

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 for ensuring compliance thereof and accordingly the adequate follow up actions are taken.

The Chief Financial Officer, Statutory Auditors, Internal Auditors and Cost Auditors attend the meetings of Audit Committee. Company Secretary acts as the Secretary to the Committee. During the financial year 2013-14, Audit Committee met four times on May 20, August 05, November 12, 2013 and January 27, 2014 Constitution of the Committee and attendance of the members at the meetings are as under:

Name of the Member	Status	Number of Meetings attended
Dr. D.V. Kapur	Chairman	4
Mr. R.V. Gupta	Member	4
Mr. O.P. Khaitan	Member	4
Mr. T. Hamasaki	Member	4

ii. 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 financial year 2013-14, Remuneration Committee met once on May 20, 2013. Resolution by Circulation was passed on February 27, 2014. 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	1
Mr. Siddharth Shriram	Member	1
Mr. O.P. Khaitan	Member	1

Remuneration Policy

The remuneration payable to 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 of 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 for similarly placed persons, 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 relevant laws and the Companies Act, 1956.

Details of remuneration paid to Directors for the year 2013-14

A. Executive Directors

The details of the remuneration paid to the Whole Time Director(s) during the year 2013-14 are as under:

Name	Salary	Perquisites/ Retiral benefits	Service Contract
	Amount in Rs.		
Mr. T. Hamasaki	90,34,000	10,89,183	01.04.2010 to 31.03.2015
Mr. S. Yotsumoto	90,02,839	11,02,030	01.04.2011 to 23.03.2014
Mr. Vinay Mittal	49,15,824	12,20,325	01.04.2012 to 31.03.2017

B. Non-Executive Directors

Details of sitting fees paid during the year 2013-14 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	60,000	-	60,000	80,000	20,000	2,20,000.00
Dr. D. V. Kapur	80,000	80,000	80,000	-	20,000	2,60,000.00
Mr. O. P. Khaitan	80,000	80,000	-	-	20,000	1,80,000.00
Mr. R. V. Gupta	80,000	80,000	-	-	-	1,60,000.00

- Mr. Y. Matsumoto, 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 hold 50 equity shares of the Company in his name. No other Non-Executive Director holds any equity shares of the Company.

iii. 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, consolidation, splitting, transmission, transposition, dematerialization, rematerialisation of shares, endorsement on Fully Paid share certificates and for review and redressal of investor grievances. Sufficient powers have been delegated to this Committee. The power of approving transfer of shares, consolidation,

splitting, transmission (except for cases of transmission where the heirs of the deceased shareholder do not produce full documentary evidence of their title to shares), re-materialisation of shares, endorsement on Fully Paid share certificates have further been sub-delegated by the Committee to the Company Secretary of the Company.

The Committee met four times during the year on May 20, August 05, November 12, 2013 and January 27, 2014. Resolutions by Circulation were passed on July 22, August 21, October 07, 2013, January 06, February 06, March 10 and March 27, 2014. Composition of the Committee and 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	3
Mr. T. Hamasaki	Member	4
Mr. Vinay Mittal	Member	4

Compliance Officer

Mr. Rahul Kumar, Company Secretary is the Compliance Officer for complying with the requirements of Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and the Listing Agreement entered into with the Stock Exchanges.

Investor Grievance Redressal

As on March 31, 2014, your Company had 11449 investors. During the year under review, the status of complaints was as follows:

Particulars	Received	Redressed	Not redressed to the satisfaction of shareholders	Number of pending complaints as on March 31, 2014
Non-receipt of shares sent for Transfer/ Transmission/ Duplicate/ Demat	1	1	NIL	NIL
Non – receipt/ Revalidation of Dividend Warrants	7	6	NIL	1
Others/Miscellaneous	9	9	NIL	NIL

iv. Board Committee on Financial Matters

The Board Committee on Financial Matters met four times during the year on May 07, July 15, October 29 and November 13, 2013. Attendance of the Members at the meetings was as follows:

Name of the Member	Status	No. of Meetings attended
Mr. T. Hamasaki	Chairman	4
Mr. Siddharth Shriram	Member	4
Mr. S. Yotsumoto	Member	4
Mr. Vinay Mittal	Member	4

The Company Secretary acts as the Secretary of the Committee.

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
2012-13	August 05, 2013	1030 hours	Kamani Auditorium No. 1, Copernicus Marg, New Delhi - 110 001	No special resolution was passed.
2011-12	August 31, 2012	1030 hours		
2010-11	August 10, 2011	1015 hours		

No resolution was passed through Postal Ballot during the year 2010-11, 2011-12 and 2012-13.

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 Note No. 33 of Notes to Financial Statement for the year ended March 31, 2014.
- (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 has not been any non-compliance, 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 adopted non-mandatory requirement of 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 financial results for the year ended March 31, 2013, quarter ended June 30, 2013, quarter and six months ended September 30, 2013 and quarter and nine months ended December 31, 2013 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 the Annual Report and is provided elsewhere in this Annual Report.

8. General Shareholders' Information

i. 29th Annual General Meeting

Day, Date & Time	: Tuesday, August 05, 2014, 11.15 A.M.
Venue	: Kamani Auditorium, 1, Copernicus Marg, New Delhi-110001.
Financial Year	: Year ended March 31, 2014
Book Closure	: July 26, 2014 to August 05, 2014 (both days inclusive)
Dividend Payment Date	: September 02, 2014

ii. Tentative Financial Calendar 2014-15 (Subject to change)

The tentative dates for approval of Unaudited / Audited Financial Results for 2014 - 15, are as follows:

Quarter ending June 30, 2014	2nd week of August, 2014
Quarter ending September 30, 2014	2nd week of November, 2014
Quarter ending December 31, 2014	2nd week of February, 2015
Quarter ending March 31, 2015	Last week of May 2015 (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 2005-06 to Investor Education and Protection Fund constituted by the Central Government. Details of unclaimed dividend as on March 31, 2014 are given hereunder:

Period	Rate (%)	Date of declaration	Date of payment	Unclaimed dividend (Rs.)
2006-2007	40	26.07.2007	01.08.2007	3,15,528.00
2007-2008	40	10.09.2008	16.09.2008	3,15,444.95
2008-2009	40	07.09.2009	18.09.2009	3,86,888.00
2009-2010	40	19.08.2010	31.08.2010	3,81,504.00
2010-2011	75	10.08.2011	31.08.2011	6,72,998.00
2011-2012	90	31.08.2012	21.09.2012	7,00,776.00
2012-2013	40	05-08-2013	02.09.2013	4,29,632.00

iv. Listing on Stock Exchanges and Stock Codes

The names and addresses of the Stock Exchanges on 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, 25th Floor, Dalal Street, Fort, Mumbai – 400 001.	522064
The National Stock Exchange of India Ltd. (NSE) 5th Floor, Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051	HONDAPOWER

Listing fees for the year 2014-2015 has paid to BSE and NSE.

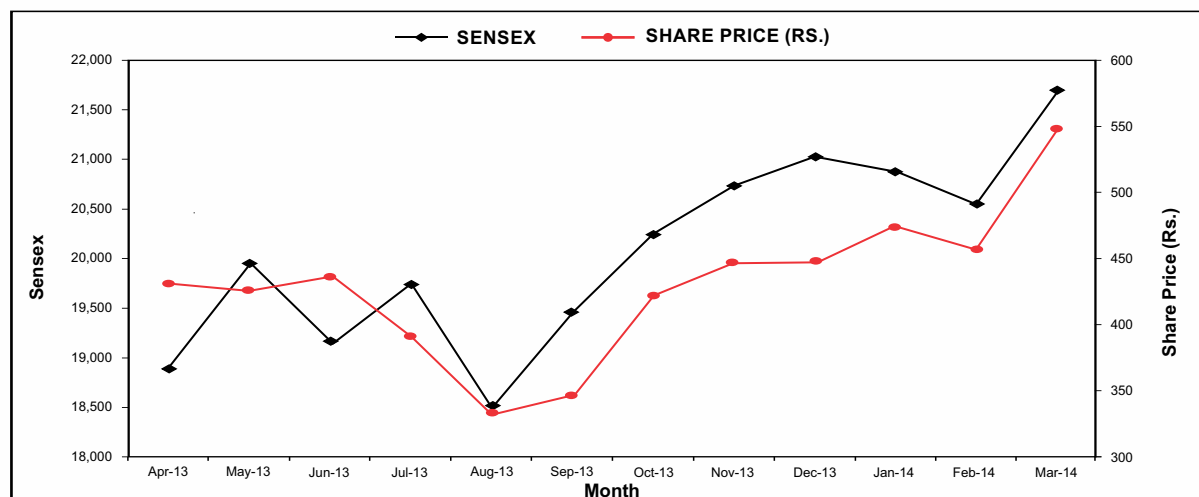
v. Stock Market Data

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 2013	469.80	394.95	42,623	469.60	388.00	66,433
May 2013	462.55	390.10	26,992	467.90	388.50	73,172
June 2013	476.00	395.05	37,049	473.95	393.70	1,15,678
July 2013	428.80	354.00	27,802	429.90	358.95	50,719
August 2013	371.30	295.20	36,719	370.00	291.00	1,28,739
September 2013	388.70	304.00	1,42,896	390.00	300.00	3,02,325
October 2013	498.45	344.00	79,892	500.00	376.00	2,12,177
November 2013	472.25	421.00	36,491	472.85	420.00	66,188
December 2013	493.90	401.25	49,718	486.00	397.05	77,626
January 2014	502.40	445.00	47,784	503.75	440.00	1,49,247
February 2014	480.00	433.00	44,247	484.00	431.00	71,594
March 2014	668.90	426.05	6,40,451	664.30	425.65	17,82,574

vi. BSE 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. -201 310.
 Phone Nos: 0120-2590211, 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, 2014

Number of shareholders	% to total	Shareholding of Nominal Value of Rs.	Number of Shares	Amount in Rs.	% to total
10739	93.799	1 TO 5000	960087	9600870	9.465
358	3.127	5001 TO 10000	274187	2741870	2.703
176	1.537	10001 TO 20000	261242	2612420	2.576
52	0.454	20001 TO 30000	133043	1330430	1.312
23	0.201	30001 TO 40000	81730	817300	0.806
24	0.21	40001 TO 50000	110944	1109440	1.094
41	0.358	50001 TO 100000	299807	2998070	2.956
36	0.314	100001 AND ABOVE	8022031	80220310	79.089
11449	100	TOTAL	10143071	101430710	100

x. Pattern of shareholding as on March 31, 2014

Categories	No. of Shares	Shareholding (%)
Promoters	6863433	67.67
Bodies Corporate	580494	5.72
NRIs, FIIs, OCBs etc.	300805	2.97
Mutual Funds, Banks, FIs	2060	0.02
Individuals	2335432	23.02
Others (Clearing Members & Trust)	60847	0.60
Total	10143071	100

xi. Dematerialization of shares and liquidity

97.62% of total equity capital is held in dematerialised form with NSDL and CDSL as on March 31, 2014. During the year, (i.e. from 01-04-2013 to 31-03-2014) 257 share certificates involving 13698 shares were dematerialized by the shareholders representing 0.14% 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. -201 310.

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. It is also regularly uploaded on the website of the Company.

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, 2014 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. The certificate is annexed as **Annexure- E**.

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, 2014, 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, Whole Time Director and 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
Whole Time Director &
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, 2014 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 abovementioned 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 20, 2014

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

Independent Auditors' Report

To the Members of **Honda Siel Power Products Limited**

Report on the Financial Statements

We have audited the accompanying financial statements of Honda Siel Power Products Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information.

Management responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 ('the Act'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Matter of emphasis

We draw attention to Note 28(b) and (c) to the financial statements, regarding the change in the emission standards in respect of production and sale of generator sets effective 31 May, 2014 and 7 August, 2014 respectively. As mentioned in the said note, the management has made an assessment of the impact of such change on the carrying value of the inventories and related fixed assets i.e. tools and dies. Being a technical matter, we have relied upon the management assessment regarding the identification of such inventories and fixed assets. Further, the provision towards write down of inventories is dependent on Company's ability to meet production and sales plan. Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

1. 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 Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. 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;
 - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e. on the basis of written representations received from the directors as on 31 March, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2014, from being appointed as a director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.

For **BSR & Co. LLP**
Chartered Accountants
Firm Registration No.: 101248W

Vikram Advani
Partner
Membership No.: 091765

Place: New Delhi
Date: 30 May, 2014

Annexure to the Auditor's report

(Referred to in our report of even date)

- (i) (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 regular programme of physical verification of its fixed assets in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were physically verified by the Company during the current year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on such verification.
- (c) Fixed asset disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
- (ii) (a) The inventory, except materials-in-transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
- (b) The procedures for the 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) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly adjusted in the books of account.
- (iii) 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.
- (iv) 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.
- (v) (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 lakh with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time except for purchases of certain items of inventories and fixed assets which are for the Company's specialised requirements and similarly for sale of certain goods for the specialised requirements of the buyers and for which suitable alternative sources are not available to obtain comparable quotations. However, on the basis of information and explanations provided, the same appear reasonable.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) 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 Section 209(1)(d) 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.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Wealth tax, Excise duty, Service tax, Customs duty and other material statutory dues have been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases of Sales tax and Professional tax.

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, Wealth tax, Service tax, Customs duty, Excise duty, Sales tax and other material statutory dues were in arrears as at 31 March 2014 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 and Customs duty which have not been deposited with the appropriate authorities on account of any dispute. Further, according to the information and explanations given to us, except as stated below, there are no dues of Income tax, Sales tax, Service tax and Excise duty which have not been deposited by the Company on account of disputes:

Name of the Statute	Forum where dispute is pending/Remarks	Amount (Rs in lakhs) (#)	Financial year	Nature of dues
Income-tax Act , 1961	Commissioner of Income tax (Appeals)	36.89	1995-1996	Penalty.
	Income Tax Appellate Tribunal	88.94	1998-1999	Various disallowances.
	Commissioner of Income Tax (Appeals)	99.11	2002-2003	Various disallowances.
	Commissioner of Income Tax (Appeals)	189.53	2003-2004	Various disallowances.
	Commissioner of Income Tax (Appeals)	30.90	2004-2005	Various disallowances.
	Income Tax Appellate Tribunal	127.91	2004-2005	Various disallowances.
	Income Tax Appellate Tribunal	298.44	2005-2006	Various disallowances.
	Commissioner of Income Tax (Appeals)	210.00	2005-2006	Penalty.
	Income Tax Appellate Tribunal*	464.94	2006-2007	Various disallowances.
	Income Tax Appellate Tribunal*	802.43	2007-2008	Various disallowances.
Various Sales Tax Acts	Income Tax Appellate Tribunal*	573.38	2008-2009	Various disallowances.
	High Court	2.66	1999-2000	Other disallowances.
	WBCT Appellate & Revision board	21.12	2000-2001	Dispute on enhancement of sales and rejection of stock transfer.
	Sales Tax Tribunal	3.66	2000-2001	Dispute on enhancement of sales and rejection of stock transfer.
	Sales Tax Tribunal	1.31	2001-2002	Dispute on enhancement of sales and rejection of stock transfer.
	Additional Commissioner (Appeals)	0.52	2001-2002	Various disallowances.
	Deputy Commissioner (Appeals)	22.18	2001-2002	Dispute due to sales tax rates.
	Deputy Commissioner (Appeals)	1.19	2003-2004	Non Submission of sales tax forms and rejection of stock transfer.
	Joint Commissioner (Appeals)	5.96	2004-2005	Various disallowances.
	Sales Tax Tribunal	18.68	2004-2005	Other disallowances.
	Joint Commissioner (Appeals)	0.92	2005-2006	Various disallowances.
	Sales Tax Tribunal	21.65	2007-2008	Dispute on sales tax rates.
	The Appellate Authority	1.78	2007-2008	Non Submission of sales tax forms.
	Deputy Commissioner (Appeals)*	8.54	2008-2009	Various disallowances.
	Additional Commissioner (Appeals)*	67.53	2009-2010	Various disallowances.
	Deputy Commissioner (Appeals)	22.83	2009-2010	Non Submission of sales tax forms and rejection of stock transfer.
	Joint Commissioner (Appeals)	2.80	2010-2011	Various disallowances.
	Customs Excise Service Tax Appellate Tribunal*	1,201.14	2000-2002	Disputes on duty on stock transfer.
	Customs Excise Service Tax Appellate Tribunal*	8.88	2000-2003	Inclusion of expenses in assessable value.
	Supreme Court	20.61	2000-2003	Inclusion of expenses in assessable value.
Central Excise Act, 1944	Customs Excise Service Tax Appellate Tribunal	145.32	2002-2003	Wrong availment of Cenvat credit.
	Supreme Court	211.67	2002-2003	Disputes on differential duty.
	Customs Excise Service Tax Appellate Tribunal	2.12	2003-2004	Other disallowances.
	High Court	181.36	2003-2004	Dispute on duty rate
	Supreme Court	14.61	2004-2005	Inclusion of expenses in assessable value.
	Customs Excise Service Tax Appellate Tribunal	21.58	2004-2007	Penalty.
	Customs Excise Service Tax Appellate Tribunal*	27.69	2005-2006	Inclusion of expenses in assessable value.
	Deputy Commissioner (Appeals)	2.70	2006-2007	Inclusion of expenses in assessable value.
	Customs Excise Service Tax Appellate Tribunal	1.55	1997-1998	Service tax on goods transport.
	Customs Excise Service Tax Appellate Tribunal*	75.40	1999-2004	Service tax on royalty.
Service Tax	High Court	6.65	2005-2007	In-eligibility of CENVAT credit.

* The Company has obtained stay orders from the Appellate authorities.

Amounts disclosed are net of total amount paid under protest of Rs. 2287.50 lakhs which has been shown under "Long term loans and advances".

- (x) The Company does not have any accumulated losses and has not incurred cash losses in the current year and immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company did not have any outstanding dues to its bankers or any financial institution or debenture holders during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) 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.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) 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.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) 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.
- (xviii) The Company has not made any preferential allotment of shares during the year.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by way of public issues during the year.
- (xxi) 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. LLP
 Chartered Accountants
 Firm Registration No.: 101248W
Vikram Advani
 Partner
 Membership No.: 091765

Place: New Delhi
 Date : 30 May, 2014

Balance Sheet as at 31 March 2014

	Note No.	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	1,014.31	1,014.31
Reserves and surplus	4	28,396.77	26,993.16
		<u>29,411.08</u>	<u>28,007.47</u>
Non-current liabilities			
Deferred tax liabilities (net)	5	287.34	478.37
Other long-term liabilities	6	182.72	170.37
Long-term provisions	7	272.08	199.54
		<u>742.14</u>	<u>848.28</u>
Current liabilities			
Trade payables	8	5,539.97	5,491.03
Other current liabilities	9	1,618.96	1,499.76
Short-term provisions	10	1,292.90	576.55
		<u>8,451.83</u>	<u>7,567.34</u>
		<u>38,605.05</u>	<u>36,423.09</u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible fixed assets	11	10,927.84	11,249.95
Intangible fixed assets	12	450.23	477.63
Capital work in progress	11	137.94	92.29
Intangible fixed assets under development	12	6.70	7.21
Long-term loans and advances	13	4,052.80	2,815.10
		<u>15,575.51</u>	<u>14,642.18</u>
Current assets			
Inventories	14	10,714.66	10,546.15
Trade receivables	15	3,975.53	2,816.22
Cash and bank balances	16	5,177.08	5,835.42
Short-term loans and advances	17	3,072.04	2,564.74
Other current assets	18	90.23	18.38
		<u>23,029.54</u>	<u>21,780.91</u>
		<u>38,605.05</u>	<u>36,423.09</u>
Significant accounting policies	2		

The notes referred to above form an integral part of the financial statements.
As per our report of even date attached

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

Vikram Advani
Partner
Membership No. : 091765

Rahul Kumar
Company Secretary

For and on behalf of the Board of Directors of
Honda Siel Power Products Limited

Siddharth Shriram	Chairman
D.V. Kapur	Director
O.P. Khaitan	Director
Manoj Arora	Director
R.P. Mehrotra	Director
T. Hamasaki	President & CEO
H. Sugimizu	Whole time Director
Vinay Mittal	Whole time Director & CFO

Place: New Delhi
Date : 30 May, 2014

Statement of Profit and Loss for the year ended 31 March 2014

	Note No.	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
Revenue			
Revenue from operations	19		
Sale of products (gross)		56,797.91	54,829.80
Sale of services		-	14.72
Other operating revenues		1,058.11	1,032.19
		<u>57,856.02</u>	<u>55,876.71</u>
Less: Excise duty		<u>3,721.29</u>	<u>4,321.99</u>
		54,134.73	51,554.72
Other income	20	456.59	697.49
Total revenue		<u>54,591.32</u>	<u>52,252.21</u>
Expenses			
Cost of materials consumed	21	29,535.80	31,021.47
Purchases of stock in trade	22	3,231.31	4,716.94
Changes in inventories of finished goods, stock in trade and work in progress	23	112.71	(2,603.17)
Employee benefits	24	5,114.71	4,272.00
Depreciation and amortization	25	1,753.55	1,374.59
Other expenses	26	11,028.07	10,344.27
Total expenses		<u>50,776.15</u>	<u>49,126.10</u>
Profit before exceptional items and tax		3,815.17	3,126.11
Exceptional items	27	922.37	-
Profit before tax		<u>2,892.80</u>	<u>3,126.11</u>
Tax expense			
Current tax		1,222.29	735.81
Tax related to prior year		(16.74)	-
Deferred tax		(191.03)	329.86
Profit for the year		<u>1,878.28</u>	<u>2,060.44</u>
Earnings per equity share (Rs.)	38		
Basic - Par value of Rs. 10 per share		18.52	20.31
Diluted - Par value of Rs. 10 per share		18.52	20.31

Significant accounting policies

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm Registration No.:101248W

Vikram Advani

Partner

Membership No. : 091765

Rahul Kumar

Company Secretary

For and on behalf of the Board of Directors of
Honda Siel Power Products Limited

Siddharth Shriram

Chairman

D.V. Kapur

Director

O.P. Khaitan

Director

Manoj Arora

Director

R.P. Mehrotra

Director

T. Hamasaki

President & CEO

H. Sugimizu

Whole time Director

Vinay Mittal

Whole time Director & CFO

Place: New Delhi

Date : 30 May, 2014

Cash Flow Statement for the year ended 31 March 2014

	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	2,892.80	3,126.11
Adjustments:		
Depreciation and amortisation	1,753.55	1,374.59
Additional depreciation on discontinuing models dies	84.35	-
Interest income	(270.83)	(578.78)
Profit on sale of fixed assets	(8.15)	(10.16)
Unrealised foreign exchange differences	82.29	29.10
Liabilities no longer required written back	(147.29)	(74.27)
Provision for discontinuing models inventory	350.01	-
Provision for onerous contracts	297.34	-
Provision for doubtful advances	19.67	-
Provision for slow moving inventory	64.64	25.61
Fixed assets written off	25.14	-
	5,143.52	3,892.20
Operating cash flow before working capital changes		
(Increase) in inventories	(583.16)	(3,456.62)
(Increase) in trade receivables	(1,236.81)	(300.17)
(Increase) in short term loans and advances	(526.98)	(640.53)
(Increase) in long term loans and advances	(348.73)	(226.03)
Increase/(Decrease) in trade payables	205.91	(330.94)
Increase/(Decrease) in other current liabilities	172.67	(524.03)
Increase/(Decrease) in short term provisions	34.93	(33.07)
Increase in other long term provisions	72.54	6.40
Increase/(Decrease) in long term liabilities	12.35	(9.68)
	(2,197.28)	(5,514.67)
Cash generated from operations	2,946.24	(1,622.47)
Income taxes paid	(1,353.45)	(1,416.87)
Net cash provided/(used) by operating activities	1,592.79	(3,039.34)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets (tangible and intangible fixed assets, capital work-in-progress, intangible assets under development)	(2,012.47)	(4,143.44)
Proceeds from sale of tangible fixed assets	15.97	27.76
Fixed deposits matured during the year	4,671.66	14,708.58
Amount invested in fixed deposits	(4,157.00)	(7,931.00)
Interest received	234.26	1,011.59
Net cash (used)/ provided by investing activities	(1,247.58)	3,673.49
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend on equity shares paid	(405.47)	(908.58)
Tax paid on dividends	(68.95)	(148.09)
Unpaid dividend (pertaining to earlier years) paid in current year	(0.25)	(4.30)
Net cash used by financing activities	(474.67)	(1,060.97)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(129.46)	(426.82)
Cash and cash equivalents at the beginning of the year	2,220.17	2,647.02
Effect of exchange differences on cash and cash equivalents held in foreign currency	(14.47)	(0.03)
Cash and cash equivalents at the end of the year	2,076.24	2,220.17
Notes to cash flow statement		
1. Components of cash and cash equivalents:		
Cash on hand	11.45	10.12
Cheques on hand	590.51	618.81
Balances with banks:		
- Current accounts	649.28	816.24
- Deposit accounts (with original maturity of three months or less)	825.00	775.00
Cash and cash equivalents	2,076.24	2,220.17
2. The notes referred to above form an integral part of the financial statements.		

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm Registration No.:101248W

Vikram Advani

Partner

Membership No. : 091765

Rahul Kumar

Company Secretary

For and on behalf of the Board of Directors of

Honda Siel Power Products Limited

Siddharth Shriram

D.V. Kapur

O.P. Khaitan

Manoj Arora

R.P. Mehrotra

T. Hamasaki

H. Sugimizu

Vinay Mittal

Chairman

Director

Director

Director

Director

President & CEO

Whole time Director

Whole time Director & CFO

Place: New Delhi

Date : 30 May, 2014

Notes to the financial statements for the year ended 31 March 2014

1. Company overview

Honda SIEL Power Products Ltd. is a public company domiciled and headquartered in India. It is incorporated under the Companies Act, 1956 and its shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The Company is primarily engaged in manufacturing and marketing the portable gensets, water pumps, general purpose engines, lawn mowers, brush cutters and tillers. The Company caters to both domestic and international markets.

2. Significant accounting policies

i) Basis of preparation of financial statements

These financial statements have been prepared and presented on the accrual basis of accounting and comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, the relevant provisions of the Companies Act, 1956, Companies Act, 2013 and other accounting principles generally accepted in India, to the extent applicable. The financial statements are presented in Indian rupees rounded off to the nearest lakhs.

ii) Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

iii) Current–non-current classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is expected to be realised within 12 months after the reporting date; or
- (d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be settled in the company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is due to be settled within 12 months after the reporting date; or
- (d) the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

iv) Fixed assets and depreciation

Tangible fixed assets

Tangible fixed assets are carried at cost of acquisition or construction less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an item of tangible fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditures related to an item of tangible fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Tangible fixed assets under construction are disclosed as capital work-in-progress.

Depreciation is provided on the straight-line method over the estimated useful life of each asset as determined by the management. 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:

Plant and equipment	
- Dies	20.00% per annum
- Jigs and fixtures	20.00% per annum
Furniture and fixtures	12.50% per annum
Vehicles	
- Cars and Jeeps	20.00% per annum
Office equipment	20.00% per annum
Computers	33.33% per annum

Freehold land is not depreciated.

Depreciation is provided on a pro-rata basis i.e. from the date on which asset is ready for use.

Notes to the financial statements for the year ended 31 March 2014

Leasehold land is amortised on a straight line basis over the period of lease i.e. 90 years.

Plant & equipment and furniture & fixtures, costing individually Rs. 5,000 or less, are depreciated fully in the year of purchase.

A fixed asset is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal.

Losses arising from retirement or gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

Intangible fixed assets***Acquired intangible assets***

Intangible assets that are acquired by the Company are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortization and any accumulated impairment loss.

Intangible assets are amortised in Statement of Profit and Loss over their estimated useful lives, from the date that they are available for use based on the expected pattern of consumption of economic benefits of the asset. Accordingly, at present, these are being amortised on straight line basis.

Intangible assets comprise technical knowhow - model fee, technical knowhow - others and computer software.

The amortization rates are as follows:

Technical knowhow – Model fee	20.00% per annum
Technical knowhow – Others	16.67% per annum
Computer software	33.33% per annum

Amortization method and useful lives are reviewed at each reporting date. If the useful life of an asset is estimated to be significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation method is changed to reflect the changed pattern.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use and disposal.

v) Impairment

The fixed assets (tangible and intangible) 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 Statement of Profit and Loss. 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 amortization, if no impairment loss had been recognised.

vi) Inventories

Inventories which comprise raw materials, work-in-progress, finished goods, stock-in-trade, stores and spares, and loose tools are carried at the lower of cost and net realisable value.

Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

In determining the cost, weighted average cost method is used. In the case of manufactured inventories and work in progress, fixed production overheads are allocated on the basis of normal capacity of production facilities.

Goods in transit are valued at purchase cost.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

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.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

vii) Employee benefits***Short-term employee benefits***

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

Post employment benefits***Defined contribution plans***

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts.

(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 Statement of Profit and Loss.

Defined benefit plans**(i) 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.

Notes to the financial statements for the year ended 31 March 2014**(ii) 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 Statement of Profit and Loss. In addition the Company provides for the interest shortfall, if any.

The Company recognises all actuarial gains and losses arising from defined benefit plans immediately in the Statement of Profit and Loss.

Compensated Absences

The employees can carry-forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

Termination benefits

Termination benefits are recognised as an expense when, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

viii) Revenue recognition

Revenue from sale of goods in the course of ordinary activities is recognized when property in the goods or all significant risks and rewards of their ownership are transferred to the customer which generally coincides with despatch against orders from customers in accordance with the contract terms and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding its collection.

In view of the nature of services rendered, revenue from services is recognised under the proportionate completion method provided the consideration is reliably determinable and no significant uncertainty exists regarding the collection of the consideration. The amount recognised as revenue is exclusive of sales tax, value added taxes (VAT) and service tax, and is net of returns, trade discounts and quantity discounts.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

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.

ix) Foreign exchange 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 Statement of Profit and Loss for the year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated into Indian rupees at the closing exchange rates on that date. The resultant exchange differences are recognised in the Statement of Profit and Loss.

x) Provisions

A provision is recognised if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provisions are measured on an undiscounted basis.

Warranties and Service Coupon costs

Warranty and service coupon costs are estimated on the basis of a technical evaluation and past experience. Provision is made for estimated liability in respect of warranty and service coupon costs in the year of sale of goods.

xi) Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

xii) Income Taxes

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income-tax expense is recognised in Statement of Profit and Loss except that tax expense related to items recognised directly in reserves is also recognized in those reserves.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws 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 loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. 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 realised.

xiii) Operating leases

Assets acquired under leases other than finance leases are classified as operating leases. The total lease rentals (including scheduled rental increases) in respect of an asset taken on operating lease are charged to the Statement of Profit and Loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit. Initial direct costs incurred specifically for an operating lease are deferred and charged to the Statement of Profit and Loss over the lease term.

xiv) Onerous Contracts

A contract is considered as onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

Notes to the financial statements for the year ended 31 March 2014
3 Share capital

	31 March 2014		31 March 2013	
	Number of shares	Amount (Rs. lakhs)	Number of shares	Amount (Rs. lakhs)
Authorised				
- Equity shares of Rs.10 each	<u>15,000,000</u>	<u>1,500.00</u>	<u>15,000,000</u>	<u>1,500.00</u>
Issued				
- Equity shares of Rs.10 each	<u>10,144,000</u>	<u>1,014.40</u>	<u>10,144,000</u>	<u>1,014.40</u>
Subscribed and paid up				
- Equity shares of Rs.10 each fully paid up	<u>10,143,071</u>	<u>1,014.31</u>	<u>10,143,071</u>	<u>1,014.31</u>
	<u><u>10,143,071</u></u>	<u><u>1,014.31</u></u>	<u><u>10,143,071</u></u>	<u><u>1,014.31</u></u>

a. Reconciliation of shares outstanding at the beginning and at the end of the year

Outstanding at the commencement and end of the year	<u>10,143,071</u>	<u>1,014.31</u>	<u>10,143,071</u>	<u>1,014.31</u>
	<u><u>10,143,071</u></u>	<u><u>1,014.31</u></u>	<u><u>10,143,071</u></u>	<u><u>1,014.31</u></u>

b. Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the company's residual assets. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

During the year ended 31 March 2014, the Company has recognised per share dividend for distribution to equity shareholders amounting to Rs. 4.00 (31 March 2013: Rs. 4.00).

On winding up of the company, the holders of equity shares will be entitled to receive the residual assets of the company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

c. Equity shares held by holding/ultimate holding company and/or their subsidiaries/ associates

	31 March 2014		31 March 2013	
	Number of shares	Amount (Rs. lakhs)	Number of shares	Amount (Rs. lakhs)
Honda Motor Co. Ltd., Japan, the holding company and also being the ultimate holding company	<u>6,762,000</u>	<u>676.20</u>	<u>6,762,000</u>	<u>676.20</u>

d. Details of shareholders holding more than 5% shares of a class of shares

	31 March 2014		31 March 2013	
	Number of equity shares	% of total shares in the class	Number of equity shares	% of total share in the class
Honda Motor Co. Ltd., Japan, the holding company and also being the ultimate holding company	<u>6,762,000</u>	<u>66.67%</u>	<u>6,762,000</u>	<u>66.67%</u>

Notes to the financial statements for the year ended 31 March 2014
4 Reserves and surplus

	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
Capital investment subsidy		
At the commencement and at the end of the year	25.00	25.00
Securities premium account		
At the commencement and at the end of the year	396.46	396.46
General reserve		
At the commencement of the year	11,898.85	11,692.85
Amount transferred from surplus	188.00	206.00
At the end of the year	12,086.85	11,898.85
Surplus in the statement of profit and loss		
At the commencement of the year	14,672.85	13,293.08
Add: Profit for the year	1,878.28	2,060.44
Less: Appropriations		
Proposed equity dividend	405.72	405.72
Tax on proposed equity dividend	68.95	68.95
Transfer to general reserve	188.00	206.00
Total appropriations	662.67	680.67
At the end of the year	15,888.46	14,672.85
Total reserves and surplus	28,396.77	26,993.16

5 Deferred tax liabilities (net)

	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
Deferred tax liabilities		
Excess of depreciation/ amortization on fixed assets under income-tax law over depreciation/ amortization provided in accounts	634.37	699.39
Gross deferred tax liability	634.37	699.39
Deferred tax assets		
Expenditure covered by section 43B of Income-tax Act, 1961	98.34	92.33
Expenditure covered by section 35DDA of Income-tax Act, 1961	-	128.69
Provision for inventory	21.97	-
Provision for discontinuing models	118.96	-
Provision for onerous contracts	101.07	-
Others	6.69	-
Gross deferred tax asset	347.03	221.02
Deferred tax liability (net)	287.34	478.37

6 Other long-term liabilities

	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
Others:		
Security deposits from dealers	182.72	170.37
	182.72	170.37

Notes to the financial statements for the year ended 31 March 2014
7 Long-term provisions

	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
Provision for employee benefits		
Compensated absences (Refer to note 35 (vii))	272.08	199.54
	<u>272.08</u>	<u>199.54</u>

8 Trade payables

	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
Trade payables	5,539.97	5,491.03
For dues to micro and small suppliers (Refer to note 32)	<u>5,539.97</u>	<u>5,491.03</u>

9 Other current liabilities

	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
Advance from customers	256.20	260.96
Unpaid dividends	32.03	31.78
Creditors for purchase of fixed assets	149.22	202.94
Interest accrued and due on security deposits	9.50	8.61
Other payables		
Payable to employees	441.52	231.12
Statutory liabilities	730.49	764.35
	<u>1,618.96</u>	<u>1,499.76</u>

10 Short-term provisions

	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
Provision for employee benefits		
Compensated absences (Refer to note 35 (vii))	15.29	18.45
Gratuity (Refer to note 35)	26.72	-
	<u>42.01</u>	<u>18.45</u>
Other provisions		
Proposed equity dividend	405.72	405.72
Tax on proposed equity dividend	68.95	68.95
Provision for warranties (Refer to note 37)	4.32	7.15
Provision for service coupons (Refer to note 36)	54.01	39.81
Provision for onerous contracts (Refer to note 28(b))	297.34	-
Income tax [net of advance income tax and taxes deducted at source amounting to Rs. 1,989.74 lakhs (31 March 2013: Rs. 1,151.53 lakhs)]	420.55	36.47
	<u>1,250.89</u>	<u>558.10</u>
	<u>1,292.90</u>	<u>576.55</u>

Notes to the financial statements for the year ended 31 March 2014

11

Tangible fixed assets

Description	Gross Block			Depreciation			(Rs. lakhs)
	As at 1 April 2013	Additions	Disposals/ Adjustment(*)	As at 31 March 2014	As at 1 April 2013	Additions	As at 31 March 2014
Own assets:							
Freehold land	45.00	72.39	-	117.39	-	-	117.39
Buildings	3,813.22	163.41	78.61	3,898.02	552.86	122.45	638.82
Plant and equipments	14,940.35	1,018.49	261.50	15,697.34	7,878.35	1,335.75	8,972.87
Furniture and fixtures	215.06	13.27	6.41	221.92	96.36	21.63	112.32
Vehicles	627.11	111.23	39.58	698.76	322.94	110.32	398.26
Office equipments	281.19	15.20	26.94	269.45	215.25	26.63	300.50
Computers	341.15	27.70	2.77	366.08	264.00	52.35	54.09
							52.50
	20,263.08	1,421.69	415.81	21,268.96	9,329.76	1,669.03	10,651.21
Lease hold land	377.35	-	-	377.35	60.72	6.54	67.26
	377.35	-	-	377.35	60.72	6.54	67.26
	20,640.43	1,421.69	415.81	21,646.31	9,390.48	1,675.57	10,718.47
Total							
	20,640.43	1,421.69	415.81	21,646.31	9,390.48	1,675.57	10,718.47
							10,927.84

Description	Gross Block			Depreciation			(Rs. lakhs)
	As at 1 April 2012	Additions	Disposals/ Adjustment	As at 31 March 2013	As at 1 April 2012	Additions	As at 31 March 2013
Own assets:							
Freehold land	45.00	-	-	45.00	-	-	45.00
Buildings	3,149.06	677.04	12.88	3,813.22	448.25	104.61	3,260.36
Plant and equipments	10,802.56	4,141.73	3.94	14,940.35	6,903.33	977.69	7,062.00
Furniture and fixtures	176.73	39.09	0.76	215.06	78.18	18.84	118.70
Vehicles	506.50	158.98	38.37	627.11	249.27	108.89	304.17
Office equipments	255.21	29.72	3.74	281.19	192.92	26.05	65.94
Computers	304.17	37.78	0.80	341.15	213.67	50.95	77.15
							77.15
	15,239.23	5,084.34	60.49	20,263.08	8,085.62	1,287.03	10,933.32
Lease hold land	377.35	-	-	377.35	56.56	4.16	316.63
	377.35	-	-	377.35	56.56	4.16	316.63
	15,616.58	5,084.34	60.49	20,640.43	8,142.18	1,291.19	11,249.95
Total							
	15,616.58	5,084.34	60.49	20,640.43	8,142.18	1,291.19	11,249.95

* Includes items retired from active use and held for sale re-classified to "Current asset".

Asset	Gross block	Accumulated depreciation	Net block
Buildings	51.41	28.61	22.80
Plant and equipments	27.55	15.07	12.48
Office equipments	0.36	0.36	-
Total	79.32	44.04	35.28

Capital work-in-progress

	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
Opening balance at the beginning of the year	92.29	1028.95
Additions	690.58	83.87
Assets capitalised during the year	644.93	1020.53
Closing balance at the end of the year	137.94	92.29

Notes to the financial statements for the year ended 31 March 2014

12 Intangible fixed assets

Intangible fixed assets								(Rs. lakhs)
Description	Gross Block			As at 31 March 2014	Amortisation			Net Block As at 31 March 2014
	As at 1 April 2013	Additions	Disposals		As at 1 April 2013	Additions	Disposals	
Technical knowhow - Others	65.18	-	-	65.18	65.18	-	-	-
Technical knowhow - Model fees	784.57	73.15	-	857.72	381.61	110.94	-	365.17
Software	330.44	61.78	-	392.22	255.77	51.39	-	85.06
Total	1,180.19	134.93	-	1,315.12	702.56	162.33	-	450.23
Description	Gross Block			As at 31 March 2013	Amortisation			Net Block As at 31 March 2013
	As at 1 April 2012	Additions	Disposals		As at 1 April 2012	Additions	Disposals	
Technical knowhow - Others	65.18	-	-	65.18	65.18	-	-	-
Technical knowhow - Model fees	491.97	292.60	-	784.57	323.09	58.52	-	402.96
Software	279.42	51.02	-	330.44	230.89	24.88	-	74.67
Total	836.57	343.62	-	1,180.19	619.16	83.40	-	477.63

	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
Intangible fixed assets under development		
Opening balance at the beginning of the year		-
Additions	72.64	7.21
Assets capitalised during the year	73.15	-
Closing balance at the end of the year	6.70	7.21

Notes to the financial statements for the year ended 31 March 2014
13 Long-term loans and advances
(Unsecured and considered good)

	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
Recoverable from parties other than related parties :		
Capital advances	777.55	420.56
Security deposits	160.98	174.47
Advance income tax and taxes deducted at source [net of provision for income tax Rs. 13,410.15 lakhs (31 March 2013: Rs. 13,427.21 lakhs)]	2,460.05	1,928.07
Other loans and advances		
Service tax credit receivable	654.22	292.00
	<u>4,052.80</u>	<u>2,815.10</u>

14 Inventories
(Valued at the lower of cost and net realisable value)

	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
Raw materials [includes in transit: Rs.3,239.39 lakhs (31 March 2013: Rs. 2,478.18 lakhs)]	5,142.74	4,343.57
Work in progress	330.33	283.02
Finished goods	4,449.28	4,013.12
Stock in trade [includes in transit: Rs. 243.52 lakhs (31 March 2013: Rs. 976.38 lakhs)]	1,091.47	1,824.91
Stores and spares	163.99	134.60
	11,177.81	10,599.22
Less : Provision for slow moving inventory	113.14	53.07
Less: Provision for inventory related to discontinuing models	350.01	-
	<u>10,714.66</u>	<u>10,546.15</u>

15 Trade receivables

	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
Receivables outstanding for a period exceeding six months from the date they become due for payment		
Unsecured and considered good	20.91	43.08
	20.91	43.08
Other receivables		
Unsecured and considered good # *	3,954.62	2,773.14
	<u>3,975.53</u>	<u>2,816.22</u>

includes debts considered good in respect of which the company holds guarantees from the bank amounting to Rs. 244.81 lakhs (31 March 2013: Rs. 257.99 lakhs)

* includes amount due from Honda Motor India Private Limited Rs. 47.73 lakhs (31 March 2013: Rs. 57.00 lakhs) and from Usha International Limited Rs 174.75 lakhs (31 March 2013: Rs 22.15 lakhs), being companies having common directors

Notes to the financial statements for the year ended 31 March 2014
16 Cash and bank balances

	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
Cash and cash equivalents:		
Cash on hand	11.45	10.12
Cheques on hand	590.51	618.81
Balances with banks:		
on current accounts	649.28	816.24
on deposit accounts (with original maturity of three months or less)	825.00	775.00
	<u>2,076.24</u>	<u>2,220.17</u>
Other bank balances:		
Unpaid dividend account	32.03	31.78
Bank deposits (Due to mature within 12 months of the reporting date)	3,068.81	3,583.47
	<u>3,100.84</u>	<u>3,615.25</u>
	<u>5,177.08</u>	<u>5,835.42</u>

17 Short-term loans and advances
(Unsecured, considered good)

	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
Recoverable from related parties:		
Honda Motor Co. Ltd., Japan	13.39	70.35
Honda R & D (India) Private Limited, India	-	3.62
Asian Honda Motor Co., Limited, Thailand	0.35	4.56
Honda Australia M. and P.E. PTY Ltd., Australia	0.12	-
Recoverable from parties other than related parties :		
Unsecured and considered good		
- Service tax credit receivable	544.38	912.97
- CENVAT credit receivables	1,129.13	428.04
- VAT receivables	311.10	246.97
- Special additional duty recoverable	401.05	435.85
- Advances for supply of goods	143.72	79.06
- Prepaid expenses	108.41	96.93
- Security deposits	6.05	22.20
- Gratuity fund (Refer to note 35)	-	15.98
- Export benefits recoverable	96.49	61.27
- Others	317.85	186.94
Unsecured and considered doubtful		
- Others	16.83	9.32
Less : Provision for doubtful advances	16.83	9.32
	<u>-</u>	<u>-</u>
	<u>3,072.04</u>	<u>2,564.74</u>

18 Other current assets

	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
Interest accrued but not due on bank deposits	54.95	18.38
Fixed assets reclassified as held for sale (Refer to note 11)	35.28	-
	<u>90.23</u>	<u>18.38</u>

Notes to the financial statements for the year ended 31 March 2014
19 Revenue from operations

		31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
Sale of products			
Finished goods	51,788.36		49,771.25
Stock in trade	5,009.55	56,797.91	5058.55
Sale of services			
Job work income		-	14.72
Other operating revenues			
Spares and components	559.89		483.59
Scrap sales	211.76		231.18
Net gain on account of foreign exchange fluctuation	-		29.06
Support service and infrastructure fee	102.37		95.27
Other operating income	184.09	1,058.11	193.09
		<u>57,856.02</u>	<u>55,876.71</u>

Details of products sold

	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
Finished goods		
Gensets	35,325.74	33,290.97
Engines	7,511.37	6,135.79
Water pumps	8,951.25	10,344.49
	<u>51,788.36</u>	<u>49,771.25</u>
Stock in trade		
Brush cutters	2,363.80	2,070.91
Lawn mowers	351.93	316.49
Tillers	463.96	430.62
Engines	1,589.57	2,061.65
Water pumps	232.82	164.92
Others	7.47	13.96
	<u>5,009.55</u>	<u>5,058.55</u>

20 Other income

	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
Interest income on bank deposits	270.83	578.78
Net gain on sale of fixed assets	8.15	10.16
Other non-operating income	30.32	34.28
Liabilities no longer required written back	147.29	74.27
	<u>456.59</u>	<u>697.49</u>

21 Cost of materials consumed

	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
Inventory of materials at the beginning of the year	4,343.57	3,868.90
Purchases	30,334.97	31,496.14
Inventory of materials at the end of the year	5,142.74	4,343.57
	<u>29,535.80</u>	<u>31,021.47</u>

Notes to the financial statements for the year ended 31 March 2014
Break-up of cost of materials consumed

	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
Steel sheets	665.12	843.47
CRNGO sheets	458.61	1,008.60
Aluminium alloy ingots	1,280.70	1,451.82
Copper wire	810.99	1,151.35
Others	26,320.38	26,566.23
	<u>29,535.80</u>	<u>31,021.47</u>

22 Purchases of stock in trade

	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
Brush cutters	1,209.29	2,074.71
Engines	1,290.75	1,768.69
Water Pumps	218.49	200.32
Tillers	180.03	403.55
Lawn mowers	285.08	243.30
Others	47.67	26.37
	<u>3,231.31</u>	<u>4,716.94</u>

23 Changes in inventories of finished goods, stock in trade and work in progress

	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
Inventories at the end of the year:		
Finished goods	4,449.28	4,013.12
Stock in trade	1,091.47	1,824.91
Work in progress	330.33	283.02
	<u>5,871.08</u>	<u>6,121.05</u>
Inventories at the beginning of the year:		
Finished goods	4,013.12	1,899.79
Stock in trade	1,824.91	1,004.38
Work in progress	283.02	279.51
	<u>6,121.05</u>	<u>3,183.68</u>
Decrease/(increase) in excise duty	137.26	(334.20)
Decrease/(increase) in inventories	<u>112.71</u>	<u>(2,603.17)</u>

Details of inventory

	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
i) Finished goods		
Gensets	3,453.46	3,033.41
Engines	614.94	327.93
Water pumps	380.88	651.78
	<u>4,449.28</u>	<u>4,013.12</u>

Notes to the financial statements for the year ended 31 March 2014

ii) Stock in trade	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
Brush cutters	333.26	883.78
Lawn mowers	81.27	93.96
Gensets	-	4.63
Tillers	70.01	205.12
Engines	475.61	506.68
Others	131.32	130.74
	<u>1,091.47</u>	<u>1,824.91</u>

iii) Work in progress	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
Gensets	267.50	215.71
Engines	44.01	22.51
Water pumps	18.82	44.80
	<u>330.33</u>	<u>283.02</u>

24 Employee benefits

	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
Salaries, wages and bonus	4,202.75	3,528.49
Contribution to provident and other funds (Refer to note 35)	387.20	293.40
Compensated absences	128.50	47.40
Staff welfare expense	396.26	402.71
	<u>5,114.71</u>	<u>4,272.00</u>

25 Depreciation and amortization

	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
Depreciation on tangible fixed assets	1,675.57	1,291.19
Amortization on intangible fixed assets	162.33	83.40
	<u>1,837.90</u>	<u>1,374.59</u>
Less : Additional depreciation on discontinuing models dies reclassified to exceptional item (Refer to note 27)	84.35	-
	<u>1,753.55</u>	<u>1,374.59</u>

Notes to the financial statements for the year ended 31 March 2014
26 Other expenses

	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
Consumption of stores and spare parts	314.63	355.27
Power and fuel	793.16	720.92
Rent (Refer to note 34)	376.89	321.05
Repairs		
- Building	14.52	39.96
- Machinery	225.73	156.32
- Others	135.92	112.76
Insurance	65.03	50.70
Rates and taxes	257.12	259.65
Royalty	1,982.08	1,834.36
Technical guidance fees	1,560.38	1,570.40
Freight, clearing and forwarding	1,373.31	1,399.81
Commission on sales	1,298.52	981.01
Advertisement and sales promotion	691.54	1,060.27
Service expenses	182.65	158.88
Travelling expenses	505.72	369.68
Legal and professional fees (Refer to note 31)	228.28	212.80
Vehicle running expenses	195.49	195.78
Fixed assets written off	25.14	-
Foreign exchange fluctuation (net)	48.31	-
Bad debts written off	1.62	-
Provision for slow moving inventory	64.64	25.61
Inventory written off	4.57	32.44
Less: written off against provision	4.57	32.44
Warranty	53.64	-
Security expenses	106.00	90.27
Bank charges	46.55	44.62
Miscellaneous	481.20	384.15
	11,028.07	10,344.27

27 Exceptional items

	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
Termination benefits	185.73	-
Provision for discontinuing models inventory	350.01	-
Provision for onerous contracts	297.34	-
Additional depreciation on discontinuing models dies	84.35	-
Others	4.94	-
	922.37	-

Notes to the financial statements for the year ended 31 March 2014

28 a. With a view to restructure operations of the Company, the Board of Directors, in its meeting held on 27 January 2014, has decided to shift its manufacturing facility at Puducherry and consolidate manufacturing operations at manufacturing facility at Greater Noida. Pursuant to the board resolution, the Company has closed operations of Puducherry plant.

The Company has decided to shift plant & machineries and other usable assets to Greater Noida by July 2014. Following tangible assets are retired from active use and are held for disposal as at 31 March 2014:

Building – Rs. 22.80 lakhs (corresponding gross block – Rs. 51.41 lakhs)

Plant & Machinery – Rs. 12.48 lakhs (corresponding gross block – Rs. 27.55 lakhs)

Office equipments – Rs. Nil lakhs (corresponding gross block – Rs. 0.36 lakhs)

The Company has entered into settlement arrangement with its 23 employees on 13 March 2014 and made necessary provision for termination benefits aggregating to Rs. 185.73 lakhs as full and final settlement. The remaining employees are expected to join at Greater Noida/ other locations of the Company.

b. The Ministry of Environment has revised rules vide notification dated 7 August 2013 for Emission Standards in respect of production and sale of generator sets (both petrol and kerosene based models) effective 31 May 2014 and 7 August 2014 respectively. Pursuant to the new rules, the Company expects that it will not be able to use raw material inventory aggregating to Rs. 350.01 lakhs for production purposes. Further, the Company has an obligation to purchase raw materials (pertaining to discontinuing models) aggregating to Rs. 297.34 lakhs from its vendors. Accordingly, the Company has made necessary provision for such non-usable raw material and onerous commitment as at 31 March 2014.

c. Pursuant to change in Emission Standards, the Company will have limited use for certain dies which are currently used for the production of discontinuing models. Therefore, the Company has re-assessed the useful life of those dies and charged additional accelerated depreciation amounting to Rs. 84.35 lakhs.

29 Contingent liabilities

	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
Claims against the Company not acknowledged as debt:		
Income tax matters	5,652.08	4,500.54
Excise matters	4,330.20	4,859.63
Service tax matters	700.76	680.92
Sales tax matters	251.91	155.26
Other matters	74.16	55.48

30 Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advances Rs. 777.55 lakhs (31 March 2013: Rs. 331.83 lakhs)] amount to Rs. 1042.47 lakhs (31 March 2013: Rs. 614.35 lakhs)

31 Payment to auditors (included under legal and professional fees) #

	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
As auditor:		
- Statutory audit	19.25	19.25
- Tax audit	3.00	3.00
- Limited reviews of quarterly results	9.00	9.00
Reimbursement of expenses	4.21	2.86
	<u>35.46</u>	<u>34.11</u>

excludes service tax

32 Disclosure as required under the Micro, Small and Medium Enterprises Development Act, 2006 based on the information available with the Company

Particulars	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	180.57	192.65
- Interest		
The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	-	-
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	-	-
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 MSMED Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
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 the MSMED Act, 2006	-	-

Notes to the financial statements for the year ended 31 March 2014**33 Disclosures as per Accounting Standard (AS)-18 "Related Party Disclosures"****A. Name of related parties****Ultimate holding company and holding company:**

Honda Motor Co., Limited, Japan

Fellow Subsidiaries

Honda Motor Southern 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 Manufacturing (Nigeria) Ltd., Nigeria

Honda Trading Asia Co. Limited, Thailand

PT. Honda Power Products Indonesia, Indonesia

Honda Motorcycle and Scooter India Private Limited, India

Honda Motor India Private 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 Motor de Argentina S.A., Argentina

Shanghai Honda Trading Co. Limited, China

Honda Atlas Power Products Pvt. Ltd., Pakistan

PT. Honda Trading Indonesia, Indonesia

Honda Trading Brasil Ltda., Brasil

Honda Canada Inc., Canada

American Honda Motor Co. Inc., USA

Honda Europe NV, Belgium

Honda Trading De Argentina S.A., Argentina

Honda Trading Corporation India Private Limited, India

Honda Mindong Generator Co. Ltd., China

Honda Kaihatsu Co. Ltd., China

Honda Trading Europe Ltd., Belgium

Honda Motor Europe Limited, U.K.

Jialing-Honda Motors Co. Ltd., China

Honda Cars India Limited, India

Honda Kaihatsu India Hospitality Pvt. Ltd., India

Honda Selva Del Peru S.A.

Honda Power Products Ltd., Japan

B. Name of key management personnel:

Mr. T. Hamasaki President and CEO

Mr. S. Yotsumoto Vice President and Whole time director (Up to 23 March 2014)

Mr. Vinay Mittal Vice President and Whole time director

Notes to the financial statements for the year ended 31 March 2014
C. Related party transactions for the year ended 31 March 2014

(Rs. lakhs)

Particulars	Holding Company	Fellow Subsidiaries	Key Management Personnel	Total
Sale of finished goods, components, spares and samples	1.61	11,325.59	-	11,327.20
Purchase of components, raw material, consumables, finished goods and spares	6,095.21	5,568.34	-	11,663.55
Purchase of capital goods	40.04	19.66	-	59.70
Reimbursement of expenses received	127.40	21.61	-	149.01
Reimbursement of expenses paid	19.96	92.55	-	112.51
Fee for infrastructure support services received	-	18.28	-	18.28
Payment of technical guidance fee (Including amount capitalised)	1,560.38	-	-	1,560.38
Payment of export commission (included under commission on sales)	1,182.37	-	-	1,182.37
Payment of royalty	1,982.08	-	-	1,982.08
Payment of model fee	70.00	-	-	70.00
Payment of dividend	270.48	-	-	270.48
Receipt of support services and technical assistance fees	-	102.37	-	102.37
Managerial remuneration	-	-	263.64	263.64
Payables	1,830.03	497.52	-	2,327.55
Receivables	0.36	2,214.49	-	2,214.85
Advance from customer	0.43	0.09	-	0.52
Advance to creditors	-	0.96	-	0.96
Short-term loans and advances	13.39	0.47	-	13.86

D. Related party transactions for the year ended 31 March 2013

(Rs. lakhs)

Particulars	Holding Company	Fellow Subsidiaries	Key Management Personnel	Total
Sale of finished goods, components, spares and samples	73.71	2,453.01	-	2,526.72
Receipt of job work charges	-	14.72	-	14.72
Purchase of components, raw material, consumables, finished goods and spares	6,829.89	6245.86	-	13,075.75
Purchase of capital goods	34.89	579.44	-	614.33
Sale of capital goods	-	1.50	-	1.50
Reimbursement of expenses received	187.91	37.83	-	225.74
Reimbursement of expenses paid	3.15	63.79	-	66.94
Fee for infrastructure support services received	-	18.28	-	18.28
Freight Expenses paid	-	3.50	-	3.50
Payment of technical guidance fee (Including amount capitalised)	1,874.67	-	-	1,874.67
Payment of export commission (included under commission on sales)	872.88	-	-	872.88
Payment of royalty	1,834.36	-	-	1,834.36
Payment of model fee	280.00	-	-	280.00
Payment of dividend	608.58	-	-	608.58
Receipt of support services and technical assistance fees	-	95.27	-	95.27
Managerial remuneration	-	-	244.24	244.24
Payables	1,900.85	303.06	-	2,203.91
Receivables	18.85	671.89	-	690.74
Advance from customer	0.05	4.03	-	4.08
Advance to creditors	-	1.49	-	1.49
Short-term loans and advances	70.35	8.19	-	78.54

Notes to the financial statements for the year ended 31 March 2014
E Details of fellow subsidiaries with whom transaction exceeds 10% of the total class of transactions.

	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
Honda Motor Southern Africa (Pty.) Limited, South Africa		
- Sale of finished goods	-	27.18
- Reimbursement of expenses paid	-	0.29
Honda Philippines Inc., Philippines		
- Sale of finished goods	270.42	210.51
- Reimbursement of expenses paid	0.14	-
Honda Del Peru S.A., Peru		
- Sale of finished goods	348.02	338.10
- Reimbursement of expenses paid	2.33	-
Honda de Mexico, S.A. de C.V., Mexico		
- Sale of finished goods	18.36	42.97
- Reimbursement of expenses paid	1.78	0.03
Honda Australia M. & P.E. Pty. Limited, Australia		
- Sale of finished goods	22.82	-
- Purchase of finished goods	30.83	111.95
- Reimbursement of expenses received	0.12	-
Asian Honda Motor Co. Limited, Thailand		
- Sale of finished goods and spares	-	36.21
- Purchase of components, spares and finished goods	3,970.09	3,902.91
- Reimbursement of expenses paid	10.28	4.92
- Reimbursement of expenses received	8.83	12.55
Honda Trading Corporation, Japan		
- Purchase of components, raw material, consumables and spares	823.24	1,677.99
- Purchase of capital goods	11.21	525.72
Honda Manufacturing (Nigeria) Ltd., Nigeria		
- Sale of finished goods	590.69	280.69
- Reimbursement of expenses paid	0.19	-
Honda Trading Asia Co. Limited, Thailand		
- Purchase of capital goods	8.45	47.24
- Purchase of components and consumables	368.24	288.47
- Reimbursement of expenses received	0.19	-
PT. Honda Power Products Indonesia, Indonesia		
- Sale of finished goods	493.73	511.55
- Reimbursement of expenses paid	9.83	-
Honda Motorcycle and Scooter India Private Limited, India		
- Receipt of job work charges	-	14.72
- Sale of components	-	19.27
- Reimbursement of expenses received	-	2.94
Honda Motor India Private Limited, India		
- Sale of spares	441.90	284.91
- Reimbursement of expenses paid	48.76	58.55
- Receipt of support services and technical assistance fees	102.37	95.27
- Reimbursement of expenses received	-	9.45
- Purchase of spares	7.13	4.54
Honda Express Logistics India Private Limited, India		
- Freight expenses paid	-	1.50
Moto Honda da Amazonia Ltda., Brazil		
- Sale of finished goods	444.45	214.49
- Reimbursement of expenses paid	11.60	-
Honda Trading (South China) Co. Limited, Hong Kong		
- Purchase of components	148.81	185.30
Honda R & D Co., Limited, Japan		
- Sale of finished goods and spares	103.23	78.41
Honda R & D (India) Private Limited, India		
- Fee for infrastructure support services received	18.28	18.28
- Reimbursement of expenses received	9.43	9.39
- Sale of finished goods, spares and samples	7.17	1.65
- Sale of capital goods	-	1.50
Honda Motor de Argentina S.A., Argentina		
- Sale of finished goods	44.57	28.91
- Reimbursement of expenses paid	0.22	-
Shanghai Honda Trading Co. Limited, China		
- Purchase of components	167.09	35.79
Honda Atlas Power Products Pvt. Ltd., Pakistan		
- Sale of finished goods	112.88	378.16
- Reimbursement of expenses paid	0.54	-
PT. Honda Trading Indonesia, Indonesia		
- Purchase of components	26.63	22.92
Honda Trading Brasil Ltda., Brasil		
- Purchase of components	24.64	9.91
Honda Canada Inc., Canada		
- Sale of finished goods	1,195.59	-
- Purchase of finished goods	-	1.84
American Honda Motor Co. Inc, USA		
- Sale of finished goods	7,217.08	-
- Reimbursement of expenses paid	6.46	-

Notes to the financial statements for the year ended 31 March 2014
F. Transactions with key management personnel:
Managerial remuneration *

	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
Name		
Mr. T. Hamasaki	101.23	92.96
Mr. S. Yotsumoto	101.05	95.05
Mr. Vinay Mittal	61.36	56.23

* 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.

34 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 equipment for generating power for captive consumption. 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 months’ 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.
- 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 Statement of Profit and Loss Rs. 376.89 lakhs (31 March 2013: Rs.321.05 lakhs).

c) Future minimum lease payments under non-cancellable operating lease are as under:

	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
Not later than one year	12.67	5.73
Later than one year but not later than 5 years	20.06	-

d) The Company has sub-let one of its leasehold premises. The sub-lease agreement is a cancellable by either party by serving three months notice period. The rent received during the year is amounting to Rs. 2.50 lakhs and has been netted off with rent expense.

Notes to the financial statements for the year ended 31 March 2014

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

	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
(a) Employer contribution to provident fund and other funds:		
- Provident fund *	187.34	162.95
- Employees' state insurance	27.39	25.39
- Gratuity	128.34	65.62
- Superannuation fund	44.13	39.44
	387.20	293.40

* includes contribution to family pension fund Rs 66.81 lakhs (31 March 2013: Rs. 61.74 lakhs)

- (b) The following tables summarize the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet for the respective defined benefit plans

(i) **Movement in present value of defined benefit obligations**

	Gratuity		Provident Fund	
	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
Present value of obligation as at the beginning of the year	585.20	490.66	2,181.52	1,805.49
Interest cost	48.74	40.87	190.88	144.44
Current service cost	55.35	42.74	119.34	100.67
Benefits paid	(45.56)	(18.68)	(239.71)	(152.60)
Actuarial (gain)/loss	77.55	29.61	10.92	53.28
Contributions by plan participants/employees	-	-	265.15	227.89
Settlements/transfer in	-	-	14.18	2.35
Present value of obligation as at the end of the year	721.28	585.20	2,542.28	2,181.52

(ii) **Movement in fair value of plan assets**

	Gratuity		Provident Fund	
	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
Fair value of plan assets as at the beginning of the year	601.18	501.21	2,321.37	1,953.53
Expected return on plan assets	52.60	45.11	203.12	166.05
Contributions paid in to the plan	85.64	71.05	119.34	100.67
Benefits paid by the plan	(45.56)	(18.68)	(239.71)	(152.60)
Actuarial gain/(loss)	0.70	2.49	16.65	23.48
Contributions by plan participants/employees	-	-	265.15	227.89
Settlements/transfer in	-	-	14.18	2.35
Fair value of plan assets as at the end of the year	694.56	601.18	2,700.10	2,321.37

Notes to the financial statements for the year ended 31 March 2014
(iii) Actuarial gain/loss recognised in the Statement of Profit and Loss

	Gratuity		Provident Fund	
	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
Actuarial gain/(loss) for the year - obligation	(77.55)	(29.61)	(10.92)	(53.28)
Actuarial gain/(loss) for the year - plan assets	0.70	2.49	16.65	23.48
Total gain/(loss) for the year	(76.85)	(27.12)	5.73	(29.80)
Actuarial gain/(loss) recognised in the year	(76.85)	(27.12)	5.73	(29.80)
Unrecognised actuarial gains/(losses) at the end of year	-	-	-	-

(iv) Assets and liabilities recognised in the Balance Sheet

	Gratuity		Provident Fund	
	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
Present value of obligation as at the end of the year	721.28	585.20	2,542.28	2,181.52
Fair value of plan assets as at the end of the year	694.56	601.18	2,700.10	2,321.37
Funded status	(26.72)	15.98	157.82	139.85
Unrecognised actuarial gains/(losses)	-	-	-	-
Net assets/(liability) recognised in Balance Sheet	(26.72)	15.98	*	*

* There is surplus in the provident fund, hence no liability has been recognised.

(v) Expense recognised in the Statement of Profit and Loss

	Gratuity		Provident Fund	
	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
Current service cost	55.35	42.74	-	-
Past service cost	-	-	-	-
Interest cost	48.74	40.87	-	-
Expected return on plan assets	(52.60)	(45.11)	-	-
Net actuarial (gain)/loss recognised in the year	76.85	27.12	-	-
Company contribution to provident fund	-	-	119.34	100.67
Amount recognised in the Statement of Profit and Loss	128.34	65.62	119.34	100.67

(vi) Composition of plan assets

	Gratuity		Provident Fund	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Funds managed by insurer	100%	100%	-	-
Central Government securities	-	-	34%	33%
State Government securities	-	-	21%	21%
Public sector unit bonds	-	-	44%	45%
Special deposit schemes of Central Government	-	-	1%	1%

Notes to the financial statements for the year ended 31 March 2014

(vii) Principal actuarial assumptions at the Balance Sheet date for gratuity and compensated absence

	31 March 2014	31 March 2013
Discount rate (p.a.)	8.50%	8.33%
Future salary increase (p.a.)	8.00%	7.00%
Expected rate of return on plan assets (p.a.)	8.75%	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.

(viii) Principal actuarial assumptions at the Balance Sheet date for provident fund

	31 March 2014	31 March 2013
Interest rate (p.a.)	8.75%	8.00%

(ix) Amounts recognised in current year and previous four years:

	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)	31 March 2012 (Rs. lakhs)	31 March 2011 (Rs. lakhs)	31 March 2010 (Rs. lakhs)
Gratuity					
Defined benefit obligation	721.28	585.20	490.66	400.19	396.42
Fair value of plan asset	694.56	601.18	501.21	399.81	341.92
Surplus/(deficit) in plan asset	(26.72)	15.98	10.55	(0.38)	(54.50)
Experience adjustment in plan liabilities	(28.16)	(29.61)	(34.51)	(34.00)	(33.66)
Experience adjustment in plan assets	0.70	2.49	3.15	(0.34)	(3.55)

The Company expects to contribute Rs 55.35 lakhs in the next year (31 March 2013: Rs. 42.74 lakhs) to gratuity fund.

	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)	31 March 2012 (Rs. lakhs)	31 March 2011 (Rs. lakhs)	31 March 2010 (Rs. lakhs)
Provident fund					
Projected benefit obligation	2,542.28	2,181.52	1,805.49	1,532.43	*
Fair value plan assets	2,700.10	2,321.37	1,953.53	1,649.79	*
Interest guarantee liability	(10.60)	(9.13)	(7.68)	(6.49)	*
Surplus in fund	168.42	148.98	155.72	123.85	*
Net surplus in fund	157.82	139.85	148.04	117.36	*

* The actuary is unable to present reliable information in respect of the earlier year.

(c) The Company has made provision for termination benefit amounting to Rs. 185.73 lakhs. Refer to note 28(a) for more details.

36 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 movement of provision are as under:

	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
Provision at the commencement of the year	39.81	67.31
Provision made during the year	165.76	153.32
Provision utilised during the year	146.97	158.79
Unutilised provision written back during the year	4.59	22.03
Provision at the end of the year	54.01	39.81

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

Notes to the financial statements for the year ended 31 March 2014
37 Power products sales are covered by a warranty period of one year, the details of which are as under:

	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
Provision at the commencement of the year	1.90	11.13
Provision made during the year	53.64	5.33
Provision utilised during the year	51.69	8.10
Unutilised provision written back during the year	-	6.46
Provision at the end of the year *	3.85	1.90

* Net of expected reimbursement of Rs.0.47 lakhs (31 March 2013: Rs 5.25 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.

38 Earnings per share

	31 March 2014	31 March 2013
Profit for the year after taxation as per the Statement of Profit and Loss (Rs. lakhs)	1,878.28	2,060.44
Number of equity shares outstanding during the year	10,143,071	10,143,071
Basic and diluted earnings per share in Rupees (face value of Rs. 10 per share)	18.52	20.31

39 Segment information
Primary segment:

The primary reportable segment for the Company is geographical segment by location of its 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 interest income on fixed deposits, net profit on sale of fixed assets and exceptional items do not form part of segment revenue and are included under "other non-operating income". Direct expenses in relation to segments are 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. Segment liabilities exclude share capital and reserves and surplus. 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)

	31 March 2014			31 March 2013		
Particulars	Domestic	Exports	Total	Domestic	Exports	Total
Segment revenue (net of excise duty on goods sold)	38,916.50	15,218.23	54,134.73	44,156.17	7,398.55	51,554.72
Segment result	4,436.74	1,184.09	5,620.83	4,829.63	(453.90)	4,375.73
Less: unallocated expense			2,262.25			1,947.11
Operating profit			3,358.58			2,428.62
Add: other non-operating income (including exceptional items)			(465.78)			697.49
Less: taxes (current and deferred)			1,014.52			1,065.67
Net profit after taxes			1,878.28			2,060.44
Other information						
Segment assets	8,713.67	4,005.62	12,719.29	10,255.04	1,547.17	11,802.21
Unallocated corporate assets			25,885.76			24,620.88
Total assets			38,605.05			36,423.09
Segment liabilities	2,009.69	1,193.58	3,203.27	2,122.85	643.35	2,766.20
Unallocated corporate liabilities			5,990.70			5,649.42
Total liabilities			9,193.97			8,415.62
Capital expenditure	106.35	73.15	179.50	119.84	-	119.84
Unallocated capital expenditure			1,832.97			4,023.60
Total capital expenditure			2,012.47			4,143.44
Depreciation	1,230.48	431.68	1,662.16	981.36	235.50	1,216.86
Unallocated depreciation			91.39			157.73
Total depreciation			1,753.55			1,374.59

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 Accounting Standard - 17 are not applicable to the Company.

Notes to the financial statements for the year ended 31 March 2014
40 Unhedged foreign currency exposure
(Figures in lakhs)

Purpose	31 March 2014		31 March 2013	
	Amount in foreign currency	Amount in Rupees	Amount in foreign currency	Amount in Rupees
Receivables	US \$ 43.04	2,605.01	US \$ 24.71	1,312.68
	JPY 8.48	5.04	JPY 46.20	25.81
Payables	US \$ 20.37	1,232.50	US \$ 16.72	915.72
	JPY 672.47	399.98	JPY 943.10	549.82
	THB 20.77	39.04	THB 19.18	36.28
	-	-	EURO 0.01	0.56
Cash	US \$ 0.03	1.74	US \$ 0.05	2.84
Bank	US \$ 2.93	174.04	US \$ 1.35	72.60

41 Value of imports on CIF basis

	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
Raw materials	456.10	1,018.59
Components	10,160.10	10,062.83
Consumables	16.83	19.83
Stores and spares	7.37	-
Capital goods	82.29	686.64
Total	10,722.69	11,787.89

42 Value of imported and indigenous raw materials and components and the percentage of each to the total consumption

	31 March 2014		31 March 2013	
	(Rs. lakhs)	%	(Rs. lakhs)	%
Imported	11,275.46	38%	11,634.81	38%
Indigenous	18,260.34	62%	19,386.66	62%
Total	29,535.80	100%	31,021.47	100%

43 Value of imported and indigenous stores and spares consumed and the percentage of each to the total consumption

	31 March 2014		31 March 2013	
	(Rs. lakhs)	%	(Rs. lakhs)	%
Imported	15.65	5%	18.03	5%
Indigenous	298.98	95%	337.24	95%
Total	314.63	100%	355.27	100%

44 Expenditure in foreign currency

	31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
Technical guidance fee	1,560.38	1,874.67
Royalty	1,982.08	1,834.36
Travelling	54.83	32.84
Export commission	1,182.37	872.88
Purchases of stock in trade	2,734.73	3,924.56
Others	167.99	58.31
Total	7,682.38	8,597.62

Notes to the financial statements for the year ended 31 March 2014

45 Earnings in foreign currency

31 March 2014 (Rs. lakhs)	31 March 2013 (Rs. lakhs)
Export on F.O.B. basis	14,857.75 7,144.43

46 Dividend remitted in foreign currency

31 March 2014	31 March 2013
Dividend paid during the year (Rs. lakhs)	270.67 609.11
Number of non-resident shareholders	22 26
Number of equity shares held by such non-resident shareholders	6,766,814 6,767,879
Year to which the dividends relates	2012-2013 2011 - 2012

47 The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing regulation under sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international transactions entered into with the associated enterprises during the financial year and expects such records to be in existence before the due date of filing return of income under the Income-tax Act, 1961. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

48 Previous year figures have been regrouped/ reclassified to conform to the current year financial statements.

As per our report of even date attached.

For BSR & Co. LLP
Chartered Accountants
Firm Registration No.:101248W

Vikram Advani
Partner
Membership No. : 091765

Rahul Kumar
Company Secretary

For and on behalf of the Board of Directors of
Honda Siel Power Products Limited

Siddharth Shriram	Chairman
D.V. Kapur	Director
O.P. Khaitan	Director
Manoj Arora	Director
R.P. Mehrotra	Director
T. Hamasaki	President & CEO
H. Sugimizu	Whole time Director
Vinay Mittal	Whole time Director & CFO

Place: New Delhi
Date : 30 May, 2014



Honda Siel Power Products Limited
Regd. Office: 409, DLF Tower B,
Jasola Commercial Complex,
New Delhi -110025
CIN: L40103DL2004PLC203950
E-mail : ho.legal@hspp.com

Visit us at: www.hondasielpower.com

Statement of Particulars, under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and Companies (Particulars of Employees) Amendment Rules, 2011.

Name	Designation	Qualifications	Dt.of employment	Age (Years)	Experience (Years)	Remuneration received (Rs.)	Particulars of last Employment
Employees who were employed throughout the year and were in receipt of remuneration of not less than Rs. 60,00,000 for 12 months							
T. Hamasaki	President & CEO	Bachelor of Economics	01.04.2010	53	30	1,01,23,183	Honda Motor Co. Ltd., Japan Manager
Vinay Mittal	Whole Time Director	B.Com, CA	03.10.2006	47	26	61,36,149	Sumi Motherson Innovative Engineering Ltd., General Manager
K. Tanaka	Vice President	Bachelor of Agriculture	01.04.2011	50	26	90,09,459	Honda Motor Co. Ltd., Japan Manager
Y. Sayama	Vice President	Electronics course, Faculty of Engineering	01.06.2011	52	29	96,32,066	Honda Motor Co. Ltd., Japan General Manager
T. Kamei	Advisor - New Model Development	Graduate - General Education Course	01.04.2011	46	27	84,29,487	Honda Motor Co. Ltd., Japan Staff Administrator
H. Kadota	Advisor - Quality Assurance	Graduate - Electrical Course	01.08.2011	55	36	80,76,567	Honda Motor Co. Ltd., Japan Staff Engineer
S.Ishihara	Advisor - Service	Bachelor of Engineering - Mechanical Engineering	01.04.2012	51	30	81,44,556	Honda Motor Co. Ltd., Japan Assistant Manager
Y.Wada	Vice President	Bachelor of Engineering - Mechanical Engineering	04.03.2013	50	25	1,01,71,099	Honda Motor Co. Ltd., Japan Senior Staff Engineer
R.Kawai	Advisor -Domestic Sales & Marketing	Bachelor of Science	01.11.2012	29	6	67,25,406	Honda Motor Co. Ltd., Japan Associate
K. Fukuda	Junior Advisor	BE- Civil Engineering	01.04.2013	32	7	65,94,719	Honda Motor Co. Ltd., Japan Lead Associate
Employees who were employed for a part of the year and were in receipt of remuneration in aggregate of not less than Rs.5,00,000 per month							
S. Yotsumoto	Whole Time Director	Graduate - Mechanical Engineering	01.04.2011	54	28	1,01,04,869	Honda Motor Co. Ltd., Japan Chief Engineer
S. Itakura	Advisor - SEDB	Graduate , Faculty of Commerce Major- Department of Business Administration	18.05.2010	43	16	83,90,612	Honda Motor Co. Ltd., Japan Assistant Manager
K. Wada	Advisor - Materials	Graduate - Mechanical Engineering	01.02.2009	54	35	56,59,848	Honda Motor Co. Ltd., Japan Assistant Manager

Notes:

1. In accordance with the clarification given by the Ministry of Corporate Affairs, remuneration has been computed on the basis of actual expenditure incurred by the Company.
2. Remuneration includes salary,allowances,value of perquisites and Company's contribution to retiral Fund.
3. All appointments are contractual in nature.
4. None of the employee is relative of any Director of the Company.
5. None of the above employee himself or alongwith his spouse and dependent children holds 2% or more equity shares of the Company.

HONDA**POWER PRODUCTS****Honda Siel Power Products Ltd.**

Head Office & Works :

Plot No. 5, Sector-41, (Kasna)

Greater Noida Industrial Development Area,
Distt. Gautam Budh Nagar (U.P.) Pin-201310

Tel. : +91-120-234 1050-59

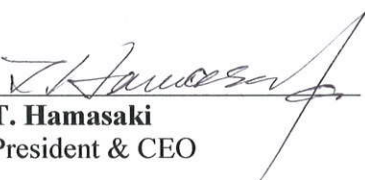
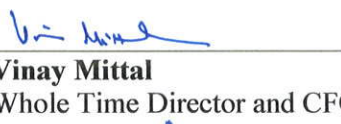
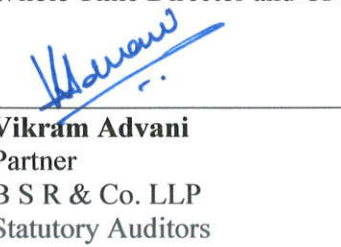
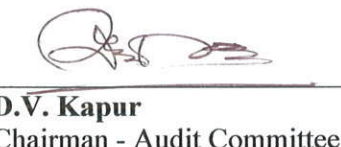
Fax : +91-120-234 1078-79

Website : www.hondasielpower.com

CIN : L40103DL2004PLC203950

E-mail : ho.mgt@hspp.com

FORM A

Name of the company	Honda Siel Power Products Limited
Annual financial statements for the year ended	31st March 2014
Type of Audit observation	Un-qualified / Matter of Emphasis
Frequency of observation	First Time
Signed by-  T. Hamasaki President & CEO  Vinay Mittal Whole Time Director and CFO  Vikram Advani Partner B S R & Co. LLP Statutory Auditors  D.V. Kapur Chairman - Audit Committee	