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

August 11, 2017

1. **Corporate Relationship Department**
   BSE Limited
   Phiroze Jeejeebhoy Towers,
   25th Floor, Dalal Street, Fort,
   Mumbai – 400001

2. **Listing Department**
   The National Stock Exchange of India Ltd.
   5th Floor, Exchange Plaza,
   Bandra Kurla Complex, Bandra (E),
   Mumbai-400051

Sub : Compliance with Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/Madam,

As required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Please find attached Annual Report of the Company for the financial year 2016-17 duly approved and adopted by the Members at the Annual General Meeting of the Company held on August 04, 2017.

We request the Exchange to take the aforesaid information on record and notify your constituents accordingly.

Thanking you.

Yours truly,
for **Honda Siel Power Products Limited,**

HONDA Siel POWER PRODUCTS LTD. Greater Noida

Sunita Ganjoo
Company Secretary

Encl: as above

Corporate Information

Board of Directors

Mr. Siddharth Shriram
Chairman

Dr. Dharam Vir Kapur
Director

Mr. Ravi Vira Gupta
Director

Mr. Manoj Arora
Director

Ms. Alka Marezban Bharucha
Director

Mr. Yoshifumi Iida
President & CEO

Mr. Hiroyoshi Sugimizu
Whole Time Director

Mr. Vinay Mittal
Whole Time Director & CFO

Company Secretary

Ms. Sunita Ganjoo

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

Registered Office

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

Head Office & Works

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

Page No.	CONTENTS
2-11	NOTICE
12-41	BOARD'S REPORT
42-45	AUDITORS' REPORT TO THE MEMBERS
46-74	FINANCIAL STATEMENTS
75-76	PROXY/ECS MANDATE FORM

NOTICE

Notice is hereby given that the 32nd Annual General Meeting of the Members of the Company will be held on August 04, 2017 (Friday) at Kamani Auditorium, 1, Copernicus Marg, New Delhi – 110 001 at 11:00 a.m. to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Financial Statements of the Company for the year ended March 31, 2017, together with the Reports of the Board of Directors and Auditors thereon.

2. To declare dividend on equity shares.

3. To appoint a Director in place of Mr. Yoshifumi Iida (DIN 07136925), 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 Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, as may be applicable and pursuant to the recommendation of the Audit Committee, M/s Price Waterhouse Chartered Accountants LLP (Firm Registration No. 012754N/N500016), be appointed as Statutory Auditors of the Company, to hold office from the conclusion of this 32nd Annual General Meeting (AGM) until the conclusion of the 37th AGM, subject to ratification by Members every year, as applicable, at such remuneration and out of pocket expenses (incurred by them for carrying out the audit), and service tax thereon, 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. **Revision in remuneration of Mr. Yoshifumi Iida, President & CEO (DIN 07136925)**

   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, 198 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 to the Companies Act, 2013 and subject to the approvals as may be required and pursuant to the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company, consent of the Members be and is hereby accorded for revision in remuneration of Mr. Yoshifumi Iida (holding DIN-07136925), Managing Director (designated as President & CEO) of the Company, with effect from June 01, 2017 as under:

   Salary : Not exceeding ₹13,00,000/- (Rupees thirteen lakh) per month.

   RESOLVED FURTHER THAT the other components of remuneration and terms of appointment of Mr. Yoshifumi Iida, as approved at the Annual General Meeting of the Company held on August 12, 2015 and August 11, 2016, respectively shall remain the same.

   RESOLVED FURTHER THAT subject to the provisions of Schedule V of the Companies Act, 2013 and any other applicable provisions thereof and Rules framed thereunder, this remuneration shall be paid as minimum remuneration to Mr. Yoshifumi Iida in the event of absence or inadequacy of profits during any financial year, during the tenure of his appointment.

   RESOLVED FURTHER THAT 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."

6. **Revision in remuneration of Mr. Hiroyoshi Sugimizu, Whole Time Director (DIN 06848213)**

   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, 198 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 to the Companies Act, 2013 and subject to the approvals as may be required and pursuant to the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company, consent of the Members be and is hereby accorded for revision in remuneration of Mr. Hiroyoshi Sugimizu (holding DIN- 06848213), Whole Time Director of the Company, with effect from June 01, 2017 as under:

   Salary : Not exceeding ₹ 13,00,000/- (Rupees thirteen lakh) per month.

   RESOLVED FURTHER THAT the other components of remuneration and terms of appointment of Mr. Hiroyoshi Sugimizu, as approved at the Annual General Meeting of the Company held on August 05, 2014, shall remain the same.

   RESOLVED FURTHER THAT subject to the provisions of Schedule V of the Companies Act, 2013 and any other applicable provisions thereof and Rules framed thereunder, this remuneration shall be paid as minimum remuneration to Mr. Hiroyoshi Sugimizu in the event of absence or inadequacy of profits during any financial year, during the tenure of his appointment.

   RESOLVED FURTHER THAT 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 approve re-appointment and remuneration of Mr. Vinay Mittal as Whole Time Director (DIN 05242535) of the Company**

   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, 198 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) (including any statutory modifications or re-enactment thereof for the time being in force) read with Schedule V to the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, and subject to such approvals and sanctions as may be necessary and pursuant to the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company, approval of the Members of the Company be and is hereby accorded to the re-appointment of Mr. Vinay Mittal as the Whole Time Director (DIN 05242535) of the Company, liable to retire by rotation, for a further period of 5 (Five) years effective April 01, 2017.

RESOLVED FURTHER THAT the remuneration for the period from April 01, 2017 to March 31, 2018 shall be paid as per the following particulars:

Basic Salary	₹ 3,13,687/- (Rupees Three Lakh Thirteen Thousand Six Hundred Eighty Seven only) per month.
Perquisites	
Housing Allowance	₹ 1,56,844 /- (Rupees One Lakh Fifty Six Thousand Eight Hundred Forty Four only) per month.
Special Allowance	₹ 2,38,649 /- (Rupees Two Lakh Thirty Eight Thousand Six Hundred Forty Nine only) per month.
Medical reimbursement	₹ 1,250/- (Rupees One Thousand Two Hundred Fifty only) per month.
Child Education	₹ 200/- (Rupees Two Hundred only) per month.
Washing Allowance	₹ 2,000/- (Rupees Two Thousand only) per month.
Food Allowance	₹ 3,000/- (Rupees Three Thousand only) per month.
Entertainment Reimbursement	₹ 5,000/- (Rupees Five Thousand only) per month.
Leave Travel Concession	₹ 39,211 /- (Rupees Thirty Nine Thousand Two Hundred Eleven only) per month.
Club Fee	One Club.
Personal Accident Insurance	As per Company policy.
Medical Insurance	As per Company policy.
Car (including driver, 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 reimbursement of medical expenses, leave travel concession and other perquisites, benefits, leave accrued and not availed of by Mr. Vinay Mittal, in his previous term as the Whole Time Director of the Company, be and are hereby approved to be carried forward. The other terms and conditions of his appointment shall remain the same.

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. Vinay Mittal, the terms and conditions of appointment including 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. Vinay Mittal, provided that the remuneration after such alteration shall not exceed the limits prescribed under the Companies Act, 2013.

RESOLVED FURTHER THAT subject to the provisions of Schedule V of the Companies Act, 2013 and any other applicable provisions thereof and Rules framed thereunder, this remuneration shall be paid as minimum remuneration to Mr. Vinay Mittal in the event of absence or inadequacy of profits during any financial year, during the tenure of his appointment.

RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby authorized 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 approve and ratify payment of remuneration to the Cost Auditors

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 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration payable to M/s Rakesh Singh & Co., Cost Accountants appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year 2017-18, amounting to ₹ 1,15,000/- (Rupees One Lakh Fifteen Thousand only) (exclusive of Service Tax and reimbursement of out-of-pocket expenses incurred by them for carrying out the audit), be and is hereby ratified and confirmed.

RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

9. To approve Material Related Party Transactions

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

"RESOLVED THAT pursuant to provisions of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (Listing Regulations) (including any statutory modification(s) or amendments(s) or re-enactments(s) thereof, for the time being in force), approval of the members be and is hereby accorded to the Material Related Party transactions entered into/ to be entered into and carried out/to be carried out in the ordinary course of business and at arm's length basis with the Related Parties, as defined under Section 2(76) of the Companies Act, 2013 and Regulation 2 (zb) of the Listing Regulations, during the period from April 01, 2016 to March 31, 2019 as detailed below:

	Name of the related Party	Relationship	Nature, duration and particulars of the Contract/ arrangement	Material terms of the contract/ arrangement including value (₹ /Lakh) F.Y. 2016-17	Material terms of the contract / arrangement including value (₹ /Lakh) F.Y. 2017-18	Material terms of the contract/ arrangement including value (₹ /Lakh) F.Y. 2018-19	Basis	Explanation
1	Honda Motor Co., Ltd., Japan	Promoter	Royalty	-	3,000	3,300	Running royalty @ 6% of net ex-factory sales price	Rate of royalty paid by the Company compared with terms agreed between unrelated parties
			Export Commission	2,220	2,450	2,700	8% of export price in FOB	Rate of export commission paid by the Company compared with payment made in the domestic segment or terms agreed between unrelated parties
			Technical Guidance Fee	-	600	800	Monthly labour cost of technical experts (Japanese Yen) + reimbursement of actual expenses incurred	The Company's margin (OP/TC) compared with companies engaged in similar manufacturing activities or overseas related party's margin compared with other service providers
			Purchase of Raw Material , Components, Consumables, Spares	-	5,000	5,500	Cost Plus basis	The Company's margin (OP/TC) compared with companies engaged in similar manufacturing activities
			Purchase of finished goods	-	2,000	2,200	Cost Plus basis.	The Company's margin (OP/TC) compared with companies engaged in similar manufacturing activities
			Purchase of Capital goods and spares	-	300	350	Cost Plus basis.	Related Party's margin (OP/TC) on sale compared with companies in similar region
			Reimbursement received and paid including warranty expenses	-	1,000	1,110	Actual basis	Evidence / Representation that price recovered is the actual cost incurred for warranty / other expenses
			Export Sale of finished goods and spares	-	1,700	1,900	Cost plus basis/ terms and conditions are not more favourable than the sales made to unrelated party	The Company's margin (OP/TC) compared with companies engaged in similar manufacturing activities
			Model fee	-	210	210	Lump sum fee	The Company's margin (OP/TC) compared with companies engaged in similar manufacturing activities

	Name of the related Party	Relationship	Nature, duration and particulars of the Contract/ arrangement	Material terms of the contract/ arrangement including value (₹ /Lakh) F.Y. 2016-17	Material terms of the contract / arrangement including value (₹ /Lakh) F.Y. 2017-18	Material terms of the contract/ arrangement including value (₹ /Lakh) F.Y. 2018-19	Basis	Explanation
2	American Honda Motor Co. Inc, America	Subsidiary of Honda Motor Co. Ltd., Japan	Export Sale of finished goods and spares	19,750	22,000	24,200	Cost plus basis/ terms and conditions are not more favourable than the sales made to unrelated party	The Company's margin (OP/TC) compared with companies engaged in similar manufacturing activities
			Reimbursement received and paid including warranty expenses	-	200	220	Actual basis	Evidence / Representation that price recovered is the actual cost incurred for warranty / other expenses
3.	Asian Honda Motor Co. Ltd., Thailand	Subsidiary of Honda Motor Co. Ltd., Japan	Purchase of Raw Material, Components, Consumables, Spares	-	3,200	3,500	Cost Plus basis.	The Company's margin (OP/TC) compared with companies engaged in similar manufacturing activities
			Purchase of finished goods	-	5,000	5,500	Cost plus basis/ terms and conditions are not more favourable than the sales made to unrelated party.	The Company's margin (OP/TC) compared with companies engaged in similar manufacturing activities
			Reimbursement received and paid including warranty expenses	NA	35	40	Actual basis	Evidence / Representation that price recovered is the actual cost incurred for warranty / other expenses
			Export Sale of finished goods and spares	NA	50	60	Cost plus basis/ terms and conditions are not more favourable than the sales made to unrelated party.	The Company's margin (OP/TC) compared with companies engaged in similar manufacturing activities

RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

Sunita Ganjoo
Company Secretary

Place : New Delhi
Date : May 15, 2017

NOTES

1. 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. 9 except as expressed under the respective items in the explanatory statement.

2. The Explanatory Statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013, ('the Act') concerning the Special Business in the Notice is annexed hereto and forms part of this Notice.

3. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY/PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN 10% OF THE TOTAL EQUITY SHARE CAPITAL OF THE COMPANY. HOWEVER, A MEMBER HOLDING MORE THAN 10% OF THE TOTAL EQUITY SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER SHAREHOLDER.**

   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 THIS REPORT. PROXIES SUBMITTED ON BEHALF OF SHAREHOLDERS WHO ARE COMPANIES, SOCIETIES ETC., MUST BE SUPPORTED BY APPROPRIATE RESOLUTION/ AUTHORITY.

4. In case of joint holders attending the Meeting, only one of such joint holders 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. The Register of Members and Share Transfer Books of the Company will remain closed from July 29, 2017 to August 04, 2017 (both days inclusive).

7. **Payment of Dividend**

   The Dividend on Equity Shares for the year ended March 31, 2017, 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 in the Register of Members of the Company on August 04, 2017 after giving effect to all valid share transfers lodged with the Company on or before July 28, 2017.

   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 business hours on July 28, 2017.

   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 125 of the Companies Act, 2013.

   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 2008-09 to IEPF. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed dividend amounts lying with the Company as on August 11, 2016 (date of last Annual General Meeting) on the website of the Company (www.hondasielpower.com), as also on the website of the Ministry of Corporate Affairs.

   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
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
2013-14	05.08.2014	04.09.2021
2014-15	12.08.2015	11.09.2022
2015-16	11.08.2016	10.09.2023

   In terms of provisions of Section 124(6) of Companies Act, 2013 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, shares on which dividend has not been encashed/claimed for a continuous period of last seven years i.e. from F.Y. 2009-10 will be mandatorily transferred by the Company to Investor Education and Protection Fund.

   In accordance with the aforesaid IEPF Rules, the Company has sent notice to all the shareholders whose shares are due to be transferred to the IEPF Authority and has also published newspaper advertisement.

   The details of the shareholders whose dividend has been lying unclaimed/uncashed for the last seven years have been displayed on the website of the Company (www.hondasielpower.com).

   Further, 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 uncashed dividend warrants pertaining to the years 2009-10 upto 2015-16 to our Share Transfer Agent at New Delhi for issuing demand drafts in lieu thereof and en-cash them before the due dates for transfer to IEPF.

8. a. Members holding the shares in electronic mode may please note that their dividend would be paid through National Electronic Clearing System (NECS) or Electronic Clearing Services (ECS) at the available RBI locations. The dividend would be credited to their bank account as per the mandate given by the members to their Depository Participants (DPs). In the absence of availability of NECS/ECS facility, the dividend would be paid through warrants and the Bank details, as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable Regulations. A blank ECS Mandate Form is annexed. The same is also available on the website of the Company at www.hondasielpower.com.

   b. Members are requested to send their Bank Account particulars (viz. Account No., name and Branch of the Bank and the MICR code) to their DPs, in case the shares are held in electronic mode or to the Registrar and Share Transfer Agent in case the shares are held in physical mode, for printing on dividend warrant/instruction to ensure that there is no fraudulent encashment/credit of the warrants.

9. In terms of Section 101 and 136 of the Companies Act, 2013 read together with the Rules made thereunder, the copy of the Annual Report including Financial statements, Board's report etc. and this Notice is being sent by electronic mode, to those members who have registered their email IDs with their respective Depository Participants or with the Share Transfer Agent of the Company, unless any member has requested for a physical copy of the same. In case you wish to get a physical copy of the Annual Report, you may send your request to ho.legal@hspp.com, mentioning your Folio/DP ID & Client ID.

10. Members may also note that the Notice of the 32nd Annual General Meeting and the Annual Report for financial year 2016-17 is also available on the Company's website www.hondasielpower.com.

11. 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.

12. **Voting through electronic means**

i. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015 ('Amended Rules 2015') and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through remote e-voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than the venue of the AGM ("remote e-voting") is provided by Central Depository Services (India) Limited (CDSL).

ii. The facility for voting through ballot paper will be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

iii. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

iv. The Board of Directors of the Company has appointed Mr. Tanuj Vohra of M/s TVA & LLP, Practising Company Secretaries as Scrutiniser to scrutinise the poll and remote e-voting process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for the said purpose.

v. The results will be declared within 48 hours after the Annual General Meeting of the Company. The results declared alongwith the Scrutinizer's Report will be placed on the Company's website www.hondasielpower.com and on the website of CDSL e-Voting www.evotingindia.com and the same will also be communicated to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

vi. Voting shall be reckoned on the paid-up value of shares registered in the name of member/ beneficial owner (in case of electronic shareholding) as on the cut off date i.e. July 28, 2017, the date prior to the commencement of Book closure.

Only those persons, whose names are recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off-date i.e. July 28, 2017 will be entitled to avail the remote e-voting facility.

vii. Any person, who acquires shares in the Company and becomes member of the Company after dispatch of the Notice of AGM and holding shares as of the cut-off date i.e. July 28, 2017, may follow the same procedure as mentioned below for remote e-voting. However, if the member is already registered with CDSL for remote e-voting then he/she can use his/her existing password for casting their votes. If the member has forgotten his/her login password then he/she may go to website www.evotingindia.com then click on Shareholders, enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.

viii. **Instructions and other information relating to remote e-voting**

(i) The remote e-voting facility will be available during the following period:

- Commencement of remote e-voting - from 9:00 am onwards on Tuesday, August 01, 2017.
- End of remote e-voting - upto 5:00 pm on Thursday, August 03, 2017.

During this period shareholders of the Company, holding equity shares either in physical form or in dematerialized form, as on the cut-off date i.e. July 28, 2017, may cast their vote electronically. The remote e-voting module will be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, the member will not be allowed to change it subsequently.

(ii) The shareholders should log on to the e-voting website www.evotingindia.com.

(iii) Click on Shareholders/Members.

(iv) Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for shareholding in demat as well as in physical form) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details **OR** Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. • If both the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

(viii) After entering these details appropriately, click on **"SUBMIT"** tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. 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.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for Honda Siel Power Products Ltd.

(xii) 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.

(xiii) Click on the **"RESOLUTIONS FILE LINK"** if you wish to view the entire Resolution details.

(xiv) 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.

(xv) Once you **"CONFIRM"** your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take a print of the votes cast by clicking on **"Click here to print"** option on the Voting page.

(xvii) If a demat account holder has forgotten the changed login password then Enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.

(xviii) **Shareholders can also cast their votes using CDSL's mobile app m-voting available for android based mobiles. The m-voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**

(xix) **Note for Non–Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be emailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) 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.

13. Information regarding variation in the remuneration of Directors and the Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting, requiring disclosure in terms of the Secretarial Standard 2, and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are annexed hereto.

14. 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–110025 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.

15. 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

16. 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.

17. In terms of Section 72 of the Companies Act, 2013 Members of the Company may nominate a person to whom the shares held by them shall vest in the event of death of a member. 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.

18. Members holding shares in more than one folio in the same name(s) are requested to send the details of their folios along with share certificates so as to enable the Company to consolidate their holding into one folio.

19. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or Arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013 will be available for inspection at the venue of AGM.

20. Members desiring any information relating to the accounts are requested to write to the Company well in advance so as to enable the management to keep the information ready.

21. As per the requirement of the Secretarial Standard-2 on "General Meeting", Route Map showing directions to reach to the venue of the 32nd Annual General Meeting is given at the end of this Notice.

22. **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.**

Information regarding variation in the terms of remuneration of Directors and the Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in accordance with provisions of Companies Act, 2013 and Secretarial Standards, as on the date of Notice.

Name of the Director	Mr. Yoshifumi Iida	Mr. Hiroyoshi Sugimizu	Mr. Vinay Mittal
Age/Years	53	55	50
Date of appointment / re-appointment	01.04.2015	01.04.2014	01.04.2012/01.04.2017
Expertise in specific functional Areas/brief resume	Mr. Iida has expertise in sales, sales network building, strengthening business and staff training in respect of Domestic as well as export business.	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.	Mr. Mittal has around 27 years of wide and varied experience in the field of Finance & Accounting, Direct & Indirect Tax, Imports, Secretarial and General Management in various industries.
Qualifications	Graduate Major – Industrial Relations	Graduate-General Course	- Graduate in Commerce from Delhi University - Fellow Member of The Institute of Chartered Accountants of India
Name of other Indian Companies in which directorship held	Honda Motor India Private Limited	NIL	NIL
Chairman/ Member of Board Committees in Indian Companies	**Honda Siel Power Products Limited** - Audit Committee- Member - Stakeholders Relationship Committee – Member - Corporate Social responsibility Committee – Member - Board Committee on Financial Matters – Chairman	**Honda Siel Power Products Limited** - Board Committee on Financial Matters – Member	**Honda Siel Power Products Limited** - Stakeholders Relationship Committee – Member - Corporate Social responsibility Committee - Member - Board Committee on Financial Matters – Member
Shareholding in the Company	NIL	NIL	NIL
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	NIL	NIL	NIL
The number of Meetings of the Board attended during the year	4	4	4
Remuneration to be paid	Details of remuneration provided in the resolution	Details of remuneration provided in the resolution	Details of remuneration provided in the resolution
Remuneration last drawn	₹ 10.63 Lakh p.m.	₹ 8.68 Lakh p.m.	₹ 7.90 Lakh p.m.
Relationship	There are no inter-se relationships between the Directors and other Board Members		

EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013 (the Act)

ITEM NO. 5

The Members in the Annual General Meeting held on August 12, 2015 had approved the appointment and remuneration of Mr. Yoshifumi Iida, as Managing Director of the Company, designated as President & CEO, for a period of five years, effective April 1, 2015, liable to retire by rotation. Further, the members in their meeting held on August 11, 2016 approved the revision in special allowance of Mr. Iida, effective February 01, 2016.

In line with the policy of the Company to provide an attractive and competitive remuneration packages, the Board of Directors at their meeting held on May 15, 2017, on the recommendation of Nomination and Remuneration Committee, approved and recommended revision in remuneration, as detailed in the resolution No. 5 above, of Mr. Yoshifumi Iida, with effect from June 01, 2017, for your approval.

The other terms of appointment and remuneration of Mr. Yoshifumi Iida as already approved by the members of the Company at their Meeting held on August 12, 2015 and August 11, 2016 shall remain same. The revised remuneration is proposed to be paid to Mr. Yoshifumi Iida, as minimum remuneration, in case of absence or inadequate profits.

The Board considers that the contribution of Mr. Yoshifumi Iida is of immense benefit to the Company and recommends the revision in his remuneration for your approval.

Except Mr. Yoshifumi Iida, none of the Directors or any of the Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise and does not have any conflict of interest in the resolution.

ITEM NO. 6

The Members in the Annual General Meeting held on August 05, 2014 had approved the appointment and remuneration of Mr. Hiroyoshi Sugimizu, as Whole Time Director of the Company for a period of five years effective April 1, 2014, liable to retire by rotation.

In line with the policy of the Company to provide an attractive and competitive remuneration packages, the Board of Directors at their meeting held on May 15, 2017, on the recommendation of Nomination and Remuneration Committee, approved and recommended revision in remuneration, as detailed in the resolution No. 6 above, of Mr. Hiroyoshi Sugmizu with effect from June 01, 2017, for your approval.

The other terms of appointment and remuneration of Mr. Hiroyoshi Sugimizu as already approved by the members of the Company at their Meeting held on August 05, 2014 shall remain same. The revised remuneration is proposed to be paid to Mr. Sugimizu as minimum remuneration in case of absence or inadequate profits.

The Board considers that the contribution of Mr. Hiroyoshi Sugimizu is of immense benefit to the Company and recommends the revision in his remuneration for your approval.

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

ITEM NO. 7

The Members in their Meeting held on August 31, 2012 approved the appointment of Mr. Vinay Mittal as the Whole Time Director of the Company for a period of five years with effect from April 01, 2012. The term of his office as Whole Time Director expired on March 31, 2017.

The Board of Directors in its meeting held on February 10, 2017, on the recommendation of the Nomination & Remuneration Committee, and taking into account background, competence and experience of Mr. Mittal and subject to the approval of the Members at the Annual General Meeting, re-appointed Mr. Vinay Mittal as the Whole Time Director of the Company, for a further period of five years, with effect from April 1, 2017.

Further, the Board at its meeting held on May 15, 2017, on the recommendation of Nomination and Remuneration Committee, approved the remuneration of Mr. Mittal effective for a period from April 01, 2017 to March 31, 2018 as detailed in the resolution at Item No. 7 of the Notice.

The reimbursement of medical expenses, leave travel concession and other perquisites, benefits, leave accrued to him till 31.03.2017, if not availed of during his previous term, have also been approved to be carried forward.

While discharging the functions of a Whole Time Director, Mr. Mittal will also continue to be the Chief Financial Officer of the Company in terms of the applicable provisions of the Companies Act, 2013 and Rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Mr. Mittal is a director liable to retire by rotation.

The Board commends the Resolution set out at Item No. 7 for the approval of Members.

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

ITEM NO. 8

Pursuant to Section 148 of the Act, the Company is required to have the audit of its cost records conducted by a cost accountant in practice. On the recommendation of the Audit Committee, the Board of Directors appointed M/s. Rakesh Singh & Co. as the Cost Auditor of the Company to conduct audit of cost records maintained by the Company for the Financial Year 2017-18, at a remuneration of ₹ 1,15,000/- (Rupees One Lakh Fifteen Thousand only) (exclusive of Service Tax and reimbursement of out-of-pocket expenses incurred by them for carrying out the audit). The remuneration to the cost auditor requires your ratification and confirmation. The Board recommends the Resolution set out at Item No.8 of the accompanying Notice for ratification.

None of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise and does not have any conflict of interest in the resolution.

ITEM NO. 9

Pursuant to Section 188 of the Companies Act, 2013 ('the Act'), read with the Companies (Meetings of Board and its Powers) Rules, 2014 ('Rules'), the Company is required to obtain consent of the Board of Directors and prior approval of the members by way of ordinary resolution, in case certain transactions with related parties exceeds such sum as specified in the Rules. The

aforesaid provisions are not applicable to the Company as all the transactions entered into/to be entered into with the related parties are in the ordinary course of business and on arm's length basis. However, pursuant to Regulation 23 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), approval of the members through ordinary resolution is required for all material related party transactions. All the Related Party Transactions entered into/to be entered into by the Company are at arm's length basis and in the ordinary course of business and prior approval of the Audit Committee and subsequent approval by the Board is obtained, wherever required.

As per the provisions of Listing Regulations, approval of the Members was taken in the Annual General Meeting held on August 11, 2016 for the material related party transactions for the year 2016-17. However, during the year under review, certain transactions were carried out, with the prior approval of the Audit Committee, which exceeded the approved limits. Approval of the Members is sought for such exceeded transactions for the financial year 2016-17.

Further, based on past trend, the transactions as described in the resolution above for the period from April 01, 2017 to March 31, 2019, are likely to exceed the materiality threshold as prescribed by Listing Regulations. Thus, in terms of the provisions of Listing Regulations, these transactions would require the approval of the members by way of an Ordinary Resolution and all entities falling under the definition of related parties shall abstain from voting on the resolution.

None of the Directors or any of the Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise and does not have any conflict of interest in the resolution.

However, Mr. Yoshifumi Iida, Mr. Hiroyoshi Sugimizu and Mr. Vinay Mittal may be deemed to be concerned in their capacity as nominees of Honda Motor Co., Ltd., Japan.

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

Place : New Delhi
Date : May 15, 2017

Sunita Ganjoo
Company Secretary

ROUTE MAP FOR REACHING AGM VENUE



BOARD'S REPORT

Dear Members,

Your Directors are pleased to present the 32nd Annual Report together with Audited Financial Statements of the Company for the year ended March 31, 2017.

1. Financial Highlights

(₹ in lakhs)

Particulars	Year Ended	
	March 31, 2017	March 31, 2016
Revenue from Operations	70,157	67,280
Other Income	1,617	1,132
Profit before depreciation and exceptional items	11,037	9,889
Depreciation	2,320	2,382
Profit before tax	8,717	7,507
Tax expenses	3,002	2,624
Profit after Tax	5,715	4,883
Balance of profit brought forward	23,135	18,984
Amount available for appropriation	28,850	23,867
APPROPRIATIONS		
Dividend	761	609
Tax on Dividend	155	124
Total	916	733

Results of Operations and the state of Company's affairs

Your company achieved aggregate Gross sales of ₹ 72,844 lakh in 2016-17 (as against ₹ 70,121 lakh in 2015-16). This marks a growth of 3.9% over the previous year.

The year saw the introduction of a Petrol Run Mini Tiller and 2HP Engine for the vast and growing agriculture and horticulture markets. We expect these introductions to help boost farm productivity.

A detailed report on operations titled 'Management Discussion and Analysis Report' is annexed to the Board's Report as **Annexure–A** and forms part hereof.

2. Dividend

Your Directors recommend a dividend of ₹ 7.50/- per equity share of ₹ 10/- each (75%) for the year ended 31st March 2017 (previous year 60%). The total outgo on this account (including dividend tax) will be ₹ 916 lakh.

3. Transfer of Amounts to Investor Education and Protection Fund

In compliance with Section 125 of the Companies Act, 2013, the Company has transferred a sum of ₹ 3,52,728/- during the Financial Year 2016-17 to the Investor Education and Protection Fund established by the Central Government. The said amount represents unclaimed dividend which was lying with the Company for a period of seven years from the due date of payment.

At the beginning of the financial year, reminders for claiming/ encashing dividend lying with the Company as aforesaid are sent to all such shareholders prior to transferring the same to Investor Education and Protection Fund.

4. Transfer of Shares to the Investor Education and Protection Fund

In terms of provisions of Section 124(6) of Companies Act, 2013 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, shares of the Company, in respect of which dividend entitlements have remained unclaimed for seven consecutive years or more, are required to be mandatorily transferred by the Company to Investor Education and Protection Fund.

In terms of aforementioned provisions/rules, individual notices have been sent to concerned shareholders providing them an opportunity to claim dividend for 2009-10 onwards. The said notice alongwith the details of concerned shareholders was published in the leading news papers having wide circulation. Details have also been updated on the website of the Company (www.hondasielpower.com) simultaneously.

5. Environment Protection and Safety

Your Company is committed towards 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 associates strive towards controlling emissions, effluents and waste disposal arising out of manufacturing processes, product and services. Your Company has been achieving continuous improvement in safety performance through a combination of systems and processes as well as co-operation and support of all stakeholders.

A statement on environmental protection and safety, conservation of energy, technology absorption, foreign exchange earnings and outgo is annexed as **Annexure–B** and forms part of this report.

6. Occupational Health & Safety

Your Company believes in 'Zero Harm'. The Company's vision is to improve health and safety standards for the people working in the capacity of employees, contractors or in any other role. Efforts are taken to minimize activities which may affect the health and safety in work place or adversely impact the life of communities living near our plant. To promote this, we are encouraging the use of renewable resources as well as recycled waste. Further, steps are taken for optimum utilization of plant, with least disposal of harmful gases in environment.

7. Indian Accounting Standards (IND AS)

Your Company has adopted IND-AS with effect from April 01, 2017. The Ministry of Corporate Affairs has made New Set of Accounting Standards mandatory for different types of companies with different compliance dates, vide notification dated 16th February, 2015 notifying the Companies (Indian Accounting Standard) Rules, 2015. Pursuant to this, effective first quarter of the Financial Year 2017-18, the reports shall be prepared in line with the requirements of IND-AS.

8. Extract of Annual Return

Pursuant to section 92(3) of the Companies Act, 2013 ('the Act') and rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of Annual Return is Annexed as **Annexure–C** and forms part of this report.

9. Details of Board Meetings

Minimum four Board meetings are held annually. In case of business exigencies or urgency of matters, resolutions are passed by circulation. Compliance reports of all laws applicable to the Company are reviewed by the Board quarterly.

The Board is given presentations / briefed on areas covering operations of the Company, business strategy and risk management practices, before approving the quarterly / annual financial results of the Company.

The agenda and notes thereon are circulated to Directors in advance and in the defined agenda format. All material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the agenda i.e. the document which contains price sensitive information and in respect of which consent of the Board of Directors is obtained for providing the same at a shorter notice of less than 7 days, it is placed before the meeting with specific reference to this effect in the agenda.

The Company Secretary records minutes of proceedings of each Board and Committee meeting. Draft minutes are circulated to Board/Board Committee members for their comments. The minutes are entered in the Minutes Book within 30 days from the conclusion of the meeting.

During the year under review, four Board Meetings were held as per the following details:

Date of the meeting	Total No. of Directors on the Board of Directors	No. of Directors attended the meeting
May 20, 2016	8	8
August 11, 2016	8	8
November 05, 2016	8	7
February 10, 2017	8	8

Resolutions by Circulation were passed on August 23, 2016 and December 27, 2016.

All statutory and other important items/ information were placed before the Board for approval/review.

10. Committees of the Board

The details of composition of the Committees of the Board i.e. Audit Committee; Stakeholders Relationship Committee; Nomination and Remuneration Committee; Corporate Social Responsibility Committee; Board Committee on Financial Matters; and Risk Management Committee, brief terms of reference thereof and details of meetings held and attended by the Members during the year are provided in the Corporate Governance Report forming part hereof.

11. Managing the Risks of Fraud, Corruption and Unethical Business Practices

The Company has formulated following policies with a view to adhere to ethical standards in order to ensure integrity, transparency, independence and accountability in dealing with all stakeholders:

a.) Vigil Mechanism / Whistle Blower Policy

As per the provisions of Section 177(9) of the Companies Act, 2013 read with Rules thereof and Regulation 4(2)(d)(iv) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in line with the commitment of the Company to highest standards of ethical, moral and legal business conduct and transparent approach, the Vigil Mechanism/ Whistle Blower Policy in the name of Business Ethics Proposal Line (BEPL) has been established.

For the effective implementation of the policy, the Company has constituted a Business Ethics Committee (BEC) comprising of senior executives/directors to provide an opportunity to all Directors, Associates, Vendors, Customers to access BEC in good faith, in case they observe an unethical or improper practice in the Company.

The detailed policy is posted on the Company's website at https:// www.hondasielpower.com.

b.) Risk Management Policy

A key factor in determining a Company's capacity to create sustainable value is the level of risk that the Company is willing to take (at strategic and operational levels) and its ability to manage them effectively.

For effective and efficient management of risk and to address challenges, the Company has formulated Risk Management Policy. The Company has also set up a Risk Management Committee to monitor the risks and their mitigating actions within the purview of the said policy and current risk management best practices.

To facilitate the achievement of the Company's objectives, operational effectiveness and efficiency, protection of people and assets, informed decision-making, and compliance with applicable laws and regulations, the Company during the period under review, developed a risk Management Manual, forming part of the Risk Management Policy, to review the adequacy and effectiveness of the aforementioned policy and management procedures for providing a sound internal control framework over the Company's major business processes (including but not limited to financial, insurance, legal, HR and IT processes).

Risk Management Policy of the Company may be accessed at Company's website at the link https://www.hondasielpower.com.

12. Directors' Responsibility Statement

Pursuant to the requirement of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, your Directors confirm that:

(a) in the preparation of the annual accounts for the year ended March 31, 2017, the applicable Accounting Standards read with requirements set out under Schedule III to the Companies Act, 2013, have been followed and there are no material departures from the same;

(b) Accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the profit of the Company for the year ended on that date;

(c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) The annual accounts have been prepared on a 'going concern' basis;

(e) Internal Financial Controls have been laid down and are being followed by the Company and that such Internal Financial Controls are adequate and are operating effectively; and

(f) Proper systems to ensure compliance with the provisions of all applicable laws have been devised and that such systems are adequate and operating effectively.

13. Particulars of loans, guarantees or investments made under Section 186 of the Companies Act, 2013

The Company has not made any loans, guarantees or investments under Section 186 of the Companies Act, 2013 during the year under review.

14. Auditors

i) Statutory Auditors

The term of office of M/s. B S R & Co. LLP, Chartered Accountants, Statutory Auditors of the Company will expire with the conclusion of forthcoming Annual General Meeting of the Company. Resolution for appointment of M/s. Price Water House Chartered Accountants LLP (FRN 012754N/N500016) as Statutory Auditors of the Company in place of the M/s. B S R & Co. LLP, being the retiring Auditors, pursuant to Section 139 of the Companies Act, 2013, forms part of the Notice.

M/s. B S R & Co. LLP over many years, have successfully met the challenge that the size, nature of the industry and scale of the Company's operations pose for Auditors and have maintained the highest level of governance, rigor and quality in their audit. The Board places on record its appreciation for the services rendered by M/s. B S R & Co. LLP as the Statutory Auditors of the Company.

The Report given by the Auditors on the Financial Statements of the Company is part of the Annual Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report.

ii) Cost Auditors

In terms of the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the Board of Directors of the Company has on the recommendation of the Audit Committee, approved the appointment of M/s Rakesh Singh & Co., Cost Accountants as Cost Auditors of the Company for the Financial Year 2017-18, at a remuneration as mentioned in the Notice convening 32nd Annual General Meeting, for conducting the audit of the cost records maintained by the Company, subject to the approval of the Members on the remuneration to be paid to the Cost Auditor. M/s Rakesh Singh & Co., Cost Accountants have vast experience in the field of cost audit and have conducted the audit of the cost records of the Company for the past several years.

A certificate from M/s Rakesh Singh & Co., has been received to the effect that their appointment as Cost Auditors of the Company, if made, would be in accordance with the limits specified under Section 141 of the Companies Act, 2013 and Rules framed thereunder.

iii) Secretarial Auditor and Secretarial Audit Report

The Board had appointed M/s Tanuj Vohra & Associates, Company Secretaries to carry out Secretarial Audit under the provisions of Section 204 of the Companies Act, 2013 for the financial year 2016-17.

There were no qualifications, reservations or adverse remarks given by Secretarial Auditors of the Company. The detailed report on the Secretarial Audit is annexed as **Annexure–D** to this Report.

15. Related Party Transactions

In line with the requirements of the Companies Act, 2013 and Listing Regulations, all related party transactions are entered into, on arm's length basis, in the ordinary course of business. Accordingly, no transactions are being reported in Form AOC-2 in terms of Section 134 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014.

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, prior approval of the Audit Committee is obtained for all related party transactions. Omnibus approval is obtained for un-foreseen transactions. A report on the transactions, specifying the nature, value and terms and conditions of the same, done during the quarter vis-à-vis the approval granted are presented to the Audit Committee on a quarterly basis for its review. The transactions which are likely to cross materiality threshold, as prescribed, are placed before the Members for their approval.

The Related Party Transactions Policy, as approved by the Board, may be assessed at the Company's website at the weblink: https://www.hondasielpower.com.

16. Details in respect of adequacy of Internal Financial Controls with reference to the Financial Statements

The Company has Internal Financial Controls (IFC) framework, commensurate with the size, scale and complexity of its operations. The framework has been designed to provide reasonable assurance with respect to recording and providing reliable financial and operational information, complying with applicable laws, safeguarding assets from unauthorized use and embezzlement, executing transactions with proper authorization and ensuring compliance with corporate policies.

The systems, standard operating procedures and controls are implemented by the Company, reviewed by the Internal Auditors whose findings and recommendations are placed before the Audit Committee. The Internal Auditors develop an annual audit plan based on the risk profile of the business activities. The Internal Audit plan is approved by the Audit Committee, which also reviews compliance to the plan. The Internal Auditors monitor and evaluate the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action(s) in their respective area(s) and thereby strengthen the controls. Significant audit observations and corrective action(s) thereon are presented to the Audit Committee. The Audit Committee reviews the reports submitted by the Internal Auditors in each of its meeting.

The controls, based on the prevailing business conditions and processes have been tested during the year and no reportable material weakness in the design or effectiveness was observed. The framework on IFC over Financial Reporting has been reviewed by the internal and external auditors.

17. Corporate Social Responsibility initiatives

In compliance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, the Company has established Corporate Social Responsibility (CSR) Committee and statutory disclosures with respect to the CSR Committee and an Annual Report on CSR Activities forms part of this Report as **Annexure–E.**

The CSR Policy may be accessed on the Company's website at the link https://www.hondasielpower.com.

18. Criteria for appointment of Directors and remuneration to be paid to Directors, Key Managerial Personnel and other employees

Your Company has in place policies on 'Criteria for Appointment of Directors' and 'Remuneration Policy for Directors, KMPs and all other employees of the Company'.

The policies inter-alia requires the Directors to be of high integrity with relevant expertise and experience so as to have a diverse Board. The Policies further lay down the positive attributes/ criteria which the Nomination and Remuneration Committee takes into consideration while recommending the candidature for the appointment as Director.

Policy on 'Criteria for appointment of Directors' and 'Remuneration to be paid to Directors, Key Managerial Personnel (KMP) and other employees etc.' is annexed to this Report as **Annexure–F**.

19. Criteria of Independence

The Nomination and Remuneration Committee assesses the independence of Directors at the time of appointment / re-appointment pursuant to the criteria laid down by the Company in line with the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Determination of independence is being re-assessed when any new interests or relationships are disclosed by a Director.

20. Declaration by Independent Directors

The Board of your Company consists of Dr. Dharam Vir Kapur, Mr. Ravi Vira Gupta, Mr. Manoj Arora and Ms. Alka Marezban Bharucha as Independent Directors. These Directors have confirmed that they fulfil all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the Rules thereunder.

21. Directors and Key Managerial Personnel (KMP)

i) Retirement by Rotation

In accordance with the provisions of the Companies Act, 2013 and applicable Regulations issued by the Securities & Exchange Board of India, Mr. Yoshifumi Iida (DIN 07136925), Managing Director, designated as President & CEO of the Company will retire by rotation at the forthcoming Annual General Meeting ('AGM') and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

Necessary resolution for the re-appointment of Mr. Yoshifumi Iida and disclosure in terms of the Secretarial Standard 2, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are given in the Notice convening the Annual General Meeting.

As per the confirmations received from Mr. Iida, he is not disqualified for being appointed as Director as specified in Section 164(2) (a) and (b) of the Companies Act, 2013.

ii) Revision in remuneration

Subsequent to the recommendation of the Nomination and Remuneration Committee on May 15, 2017, revised remuneration to be paid to Mr. Yoshifumi Iida, President & CEO and Mr. Hiroyoshi Sugimizu, Whole Time Director of the Company has been approved by the Board of Directors on May 15, 2017. Your Board recommends the revised remuneration of Mr. Yoshifumi Iida and Mr. Hiroyoshi Sugimizu for your approval.

Re-appointment and revision in remuneration

The Board of Directors in its Meeting held on February 10, 2017 considered re-appointment of Mr. Vinay Mittal as the Whole Time Director of the Company, with effect from April 01, 2017, for a period of five years, subject to the approval of the Members at the Annual General Meeting of the Company, on the existing terms and conditions as approved by the Members in their Meeting held on August 11, 2016.

Subsequently, the Board of Directors in its Meeting held on May 15, 2017, on the recommendation of Nomination and Remuneration Committee at its Meeting held on May 15, 2017, approved revision in remuneration of Mr. Vinay Mittal from 01.04.2017 to 31.03.2018 (both days inclusive).

As per the confirmations received from Mr. Mittal, he is not disqualified for being appointed as Director as specified in Section 164(2) (a) and (b) of the Companies Act, 2013.

Your Board recommends re-appointment of Mr. Vinay Mittal as the Whole Time Director of the Company for a further period of 5 years with effect from April 01, 2017. Revision in remuneration of Mr. Vinay Mittal from 01.04.2017 to 31.03.2018 (both days inclusive), as per the details provided in the Notice convening the Annual General Meeting, is also recommended for your approval.

22. Board/Directors' Evaluation

The Board of Directors has carried out an annual evaluation of its own performance, Board Committees and individual Directors pursuant to the provisions of the Act and the corporate governance requirements as prescribed by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 ("SEBI Listing Regulations"). The performance of the Board was evaluated on the basis of the criteria such as the Board composition and structure, effectiveness of Board processes, information and functioning etc. The performance of the committees was evaluated on the basis of the criteria such as the composition of Committees, effectiveness of Committee meetings, etc. The Board and the Nomination and Remuneration Committee reviewed the performance of the individual Directors on the basis of the criteria such as the contribution of the individual Director to the Board and Committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role.

In a separate meeting of Independent Directors, performance of Non-Independent Directors, performance of the Board as a whole and performance of the Chairman was evaluated. Performance evaluation of independent directors was done by the entire Board, excluding the Independent Director being evaluated.

The review concluded by affirming that the Board as a whole as well as all of its Members, individually and the Committees of the Board continued to display commitment to good governance, ensuring a constant improvement of processes and procedures. It was further acknowledged that every individual Member and Committee of the Board contribute its best in the overall growth of the organization.

23. Explanations or comments on qualifications, reservations or adverse remarks or disclaimers made by the Auditors in their reports.

There were no qualifications, reservations or adverse remarks by the Auditors in their respective reports.

24. Deposits

The Company has not accepted any deposits from the public/ members under Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014 during the year.

25. Buy Back of Securities

The Company has not bought back any of its securities during the year under review.

26. Sweat Equity

The Company has not issued any Sweat Equity Shares during the year under review.

27. Bonus Shares

No Bonus Shares were issued during the year under review.

28. Employees Stock Option Scheme

The Company has not provided any Stock Option Scheme during the year under review.

29. Significant and material orders passed by the regulators

During the year under review, no significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and Company's operations.

30. Corporate Governance

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the same. The new Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have strengthened the governance regime in the country. Your Company is in compliance with the governance requirements provided under the new law and had proactively adopted many provisions of the new law, ahead of time. A separate section on Corporate Governance is annexed to this report as **Annexure–G.**

The Auditors' Certificate certifying the Company's compliance with the requirements of Corporate Governance in terms of the Listing Regulations, is annexed as **Annexure–J**. and forms part of the Boards' Report.

31. Sexual Harassment of Women at Workplace

The Company has zero tolerance towards sexual harassment at the workplace and to this end, has adopted a policy in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder.

All employees (permanent, contractual, temporary, trainees) are covered under the said policy. An Internal Complaints Committee (ICC) has also been set up to redress complaints received on sexual harassment.

During the Financial Year under review, one complaint of sexual harassment was filed with the Company and same is being investigated by ICC and final report alongwith its findings shall be submitted to Business Ethics Committee for further action, if any.

32. 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 in 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–H** and forms part hereof.

33. Particulars of Employees

Particulars of employees and the ratio of the remuneration of each director to the median employee's remuneration and other details in terms of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed as **Annexure–K** hereof. Particulars of employees under Section 197(12) read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this Report. However, in terms of Section 136(1) of the Companies Act, 2013, the Report and Accounts are being sent to the members and others entitled thereto, excluding this statement. The details are available for inspection by the Members at the Registered Office of the Company during working hours on working days for a period of 21 days before the ensuing Annual General Meeting. However, a copy of the Statement shall be made available to any member on demand.

34. Material changes and commitments affecting the financial position of the Company after 31st March 2017

There were no material changes and commitments affecting the financial position of the Company after 31st March 2017.

Acknowledgements

Your Directors wish to thank and acknowledge with gratitude the co-operation, assistance and support received from the Central Government, State Government of Uttar Pradesh, 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.

On behalf of the Board,
for **Honda Siel Power Products Limited,**

Siddharth Shriram
Chairman

Place : New Delhi
Date : May 15, 2017

Annexure - A to Board's Report

MANAGEMENT DISCUSSION & ANALYSIS REPORT

DOMESTIC BUSINESS

GENSETS

- The portable generator business continues to be impacted adversely due to improvement in power situation across the country. However, adverse weather conditions and Government institutional business helped recover sales during the year.

Opportunities

- Government focus on "Digital India" and endeavour to transform to a less cash economy implies need for 24x7 connectivity and thereby uninterrupted power. Your company is making efforts to get its range of Emission Compliant gensets listed for regular Government and Institutional business. Superior technology and advanced features like the unique "Fuel Injection Technology", (FI) in the 7KVA range help customers to achieve savings on their fuel bill and cater to the demand for niche applications.
- The Government of India plans to expand and integrate many social initiatives. Many of these are related to Information Technology, Education and Rural Financial Inclusion. The success of these initiatives require investment in power back up as well. Your company has been making efforts to associate and offer its products to support such endeavours.

Concerns

- The newly introduced emission compliant models are exclusively petrol run. While your Company is promoting the fuel efficiency feature of these generators, fluctuating petrol prices are a cause of concern.
- Power deficit has shown a declining trend and the demand of gensets in urban areas has declined.

Outlook

- Demand for our generators is expected to continue for application based sales, under inclement weather conditions and the need for uninterrupted power. Further, the rural market offers opportunities for growth.

GENERAL PURPOSE ENGINES AND WATER PUMPING SETS

- Total Engine and Water Pump business registered a growth over the previous year. Engine business sales, in particular, were impressive due to good response for Sprayer application usage and support for Agriculture and Horticulture sectors from various State Governments.
- Honda advanced technology; Over Head Valve (OHV) engines fuelled by Petrol are being increasingly accepted due to their fuel efficiency, compactness and environment friendly features. This year your company introduced a new 2HP Petrol Engine. The new offering has received a good response from channel partners. Key usage is for horticulture and construction applications.
- Engine sales to Original Equipment Manufacturers (OEM) have grown over the previous year for Agriculture centered products such as Knapsack Sprayers. We see the OEM business as a major pillar of our business in the future.
- Water pump business was challenging and declined due to demonetization impact during the agricultural season (November-December) and subsidy process change in key markets of Eastern India.
- OHV engine based Water Pump sales continue with their upward trend and in alignment with your Company's efforts to contribute to environment friendly products for the rural markets.
- In its endeavour to reach closer to the end customer, your Company conducted extensive demos in rural areas targeting the farming community. This helped spread awareness about our products and show case their utility for farm operations. Incremental sales have accrued.

Opportunities

- Farm mechanization, increasing farm incomes, Government support and scarcity of farm labour are triggers for increasing demand for our engines.
- The OHV petrol run engine based Water Pumps and Engine thereof are expected to boost demand in areas where kerosene availability is scarce. Government Support schemes and subsidies will help us leverage our presence in these segments.

Concerns

- Unfavourable monsoon, subsidy disbursal and allocations.

Outlook

- Agriculture sector is expected to continue receiving support from the Government.

  Considering the competitive cost structure in India, the OEM market for agricultural and construction segments is also developing. Your Company is looking at increasing its presence in these segments by working with small manufacturers. Applications such as high tree and knap sack sprayers are gaining popularity and your Company is working very closely with select good quality assemblers to increase volumes and counter low priced imported products.

BRUSH CUTTERS

- Honda Brush cutters have been able to provide an affordable and efficient mechanized solution for farm activities like de-weeding and harvesting. Honda offers its environment friendly, cutting edge "4 Stroke" technology based fuel efficient products for such usage.

TILLERS

- Honda models are registering promising growth and acceptability across the country.
- Your company introduced a Petrol run New 2HP Tiller this year and the product has received an encouraging response from vegetable farmers.
- New tiller attachments for multiple applications that boost farm productivity were introduced. Tiller demand for initial land preparation and de-weeding is steadily growing amongst progressive farmers.

EXPORT BUSINESS

- Overall Export business declined over the previous year due to drop in key markets of the Middle East, Africa and South America.
- Generator sales contribution continues to be the highest amongst all export product categories. Business from North American and European markets has been encouraging.
- The new Mini Tiller, F300 has been exported to Asian markets such as Indonesia, Taiwan and Korea. Initial reports being positive, repeat business is expected in the following year.

Concerns

- Price competitiveness in emerging markets is an area of concern.

Outlook

- Your company is making efforts to diversify its export mix with petrol fuelled Water Pumps and Tillers.

RISKS AND AREAS OF CONCERN

Risk Management is an integral part of the Company's business strategy. The Company during the period under review, developed a risk Management Manual, forming part of the Risk Management Policy to review the adequacy and effectiveness of the aforementioned policy and management procedures, for providing a sound internal control framework over the Company's major business processes (including but not necessarily limited to financial, insurance, legal, HR and IT processes).

The Risk Management Committee of the Board assists the Board in its oversight of various risks. The Risk Management Committee reviews compliance with risk policies, monitors risk tolerance limits, reviews and analyses risk exposures related to specific issues and provides oversight of risk across the organization. The Company has a Board approved Operational Risk Management framework.

INTERNAL CONTROLS AND SYSTEMS

Your Company has a proper and adequate system of Internal Controls. An extensive programme of internal audits and management reviews supplements the process of internal controls. The Company maintains appropriate policies, procedures and systems to ensure orderly and efficient conduct of its business, including adherence to Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records. The Internal Control System has been designed to ensure that the financial and other records are reliable for preparing financial and other statements and for maintaining accountability of assets.

The Audit Committee of the Board of Directors approves and reviews audit plans for the year based on internal risk assessment. Audits are conducted on an ongoing basis and significant deviations are brought to the notice of the Audit Committee following which corrective action is recommended for implementation. All these measures facilitate timely detection of any irregularity and early remedial steps.

The Company's internal control over financial reporting was effective as of March 31, 2017 with no deficiency.

FINANCIAL PERFORMANCE

During the year 2016-17 the net sales was ₹ 69,412 Lakh as against ₹ 66,786 Lakh in the previous year. This represents an increase of 3.9% in terms of value over previous year.

Profit before Tax and Exceptional Items for the year was ₹ 8,717 Lakh as against ₹ 7,507 Lakh in 2015-16.

HUMAN RESOURCES

Winning hearts and creating harmony is our principal objective. Today's business scenario is extremely dynamic in terms of technological advancements, customer expectations and environmental regulations which demands steady propulsion in the approach. Successful implementation of any business strategy thrives around involvement of human capital in the organization's innovation and growth expedition blended with technology. The Company is committed to take on the challenges and making it an agile and a self reliant organization and best place to work.

As organizations grow people join in that journey of success and get nurtured within. Availability of talent is extremely vital to any growing organization. Your company ceaselessly focussed on careers development plans and worked upon succession planning to ease any prospective void of talent. Critical roles identification with enduring vision of succession is instigated at middle management level and is being driven meticulously to spark the latent aptitude to take up higher roles in the hierarchy. Scientific assessment centres are used to explicitly identify and plan the leadership and functional competence.

Experiential learning easily imprints the existing paradigm of an individual's thought process. Your company initiated experiential learning workshops for junior management to leave a long lasting constructive impact on their working styles imbibing the spirit of team work and Honda way of working.

Joy of creation is at the core of Honda philosophy. Best ideas are generated at the grass root level. Your company always foster new ideas and is committed to nurture that culture. New Honda Circle (NHC) is a format to give a platform for associates to give wings to their creativity and to glide through routine challenges with structured problem solving approach towards a fruitful outcome. **"Ideas inspiring change",** with this theme 8th NHC India convention was successfully organised in the month of September 2016, where 22 best circles from all Honda group companies, suppliers and dealers participated and presented their work. Further the winning team participated in world convention organized in China.

The Company believes in timely appraisal of policies and procedures to enhance their efficacy. Compliance to procedures guides us towards intended purpose. In Financial Year 2016–17, the Company implemented central compliance manager tool, an online system to track monthly, quarterly and yearly statutory compliances.

The Company always maintains a conducive and an open environment for any dialogue. Generating more harmony in the process, a works committee is actively participating in concluding the wages settlement by way of bipartite discussions. Employee engagement has always been in our philosophy to create equilibrium within. The Company celebrated the annual sports day, family day, and women's day to invigorate the associates.

The Company as on March 31, 2017 had 1015 associates.

INFORMATION TECHNOLOGY

Information Technology plays a major role in the success of business. Your company is comprehensively embracing information technology to leverage its potential and sail through the changes. Oracle E-Business Suite R12.2.4 is successfully implemented and we are now able to use additional features available in R12 version. Your company already started testing Oracle E-Business Suite for GST framework as per Government direction, to transit from current tax system by July, 2017. Embracing future customer needs, developments are in process to equip field staff with handy mobile apps to infiltrate the current trends in the market, ROI, comparative study and prospective customer base with quick response time.

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 affect 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 Board's Report

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

(a) Conservation of energy

(i)	The steps taken for impact on conservation of energy	Following energy conservation measures were taken to reduce the energy consumption: • Logic modification in Assembly line-3 return line conveyor to stop its idle running motors, thus resulting into Energy Consumption reduction by 85%. • Automation in Quality Assurance exhaust blowers of dynamometer room by installing the limit switch, resulting in reduction in energy consumption by 38%. • Installation of low Horse Power motor in Weld shop cooling tower resulting in saving of energy consumption by 33%.
(ii)	The steps taken by the Company for utilizing alternate sources of energy	Planned for roof top solar power plant, to be commissioned in 2017-18 for installation in parking area and based on its successful operation, future expansion shall be planned and implemented in phased manner.
(iii)	The capital investment on energy conservation equipments	Following capital investments were made for energy conservation equipments: • ₹ 3.18 Lac : Procurement of energy efficient Air Dryer resulting in energy saving by 57% in operation of Air Dryer. • ₹ 1.58 Lac : Replacement of High Pressure Sodium Vapour Street Lights with energy efficient LED Lights resulting in energy saving by 30%. • ₹ 6.50 Lac : Procurement of automatic Variable Frequency Drive controlled exhaust system for new Diesel Engine testing room in place of conventional exhaust system resulting in energy saving by 45%.

(b) Technology Absorption

(i)	The effort made towards technology absorption	• The Company has availed the service of technical specialists from the foreign collaboration who impart on the job training and guidance to the Company's engineers and technicians. • For development of the new technology model and to improve the manufacturing quality of inplant /out plant parts, new manufacturing facility has been added in the following areas: • Introduced GX80 100CC General Purpose Engine. • In-house development of big parts of big size Generator Z37A Models • Development of GX160L ½ reduction engine by meeting customer requirement. • Meet the EU regulation by introducing Generator Model (EU70is Z39M).
(ii)	The benefits derived like product improvement, cost reduction, product development or import substitution	The benefits derived related to: • Meeting customer as well as regulatory requirement in all product ranges like Engine and Generator • Producing environment friendly product by managing Hazardous Substance. • Cost reduction through indigenization.
(iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) (a) The details of technology imported (b) The year of Import (c) Whether the technology been fully absorbed	Following information is furnished In case of important technology (imported during the last three years reckoned from the beginning of the financial year): Manufacturing of Portable Inverter Generator, OHV General Purpose Engines, Water Pump Sets and agriculture products such as Tiller, Backpack Sprayer etc. Technology is being imported since beginning of the collaboration agreement dated 18.10.1985, as is renewed/revamped from time to time and valid for a period of 5 years till March 31, 2022. No, this is in the process of being absorbed gradually.
	(d) If not fully absorbed, area where absorption has not taken place and the reasons thereof	Technology is further to be absorbed for localization of high technology engine components and in producing the country specific products / models like: - For Engines- OHV Technology- Cost reduction parts. - For Generator – Fuel Injection system technology- Increase the efficiency of parts by Value Engineering.
(iv)	The expenditure incurred on Research and Development	NIL

(c) Foreign Exchange Earnings and Outgo

During the year, the total foreign exchange used was ₹ 22,600.91 lakh and the total foreign exchange earned was ₹ 28,527.43 lakh.

Annexure – C To Board's Report

EXTRACT OF ANNUAL RETURN

As on the Financial Year ended March 31, 2017

[Pursuant to Section 92(1) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	L40103DL2004PLC203950
ii)	Registration Date	:	19/09/1985
iii)	Name of the Company	:	Honda Siel Power Products Limited
iv)	Category / Sub-Category of the Company	:	Public Listed Company
v)	Address of the Registered Office and contact details	:	409, DLF Tower B, Jasola Commercial Complex, New Delhi - 110025 Tel. 011-41082210, 0120-2590211
vi)	Whether listed company	:	Yes
vii)	Name, Address and contact details of Registrar and Transfer Agents (RTA), if any		Mas Services Limited, T-34, 2nd Floor, Okhla Industrial Development Area, Phase-II, New Delhi 110020,Tel. 011-26387281

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sl. No.	Name and Description of main Products / Services	NIC Code of the Product/ Service	% to total turnover of the Company
1.	Generators	8502 20	63
2.	Engines	8407 90	11
3.	Water Pumps	8407 90	14

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S.No.	Name And Address of the Company	CIN/GLN	Holding/Subsidiary/Associate	% of Shares Held	Applicable Section
1.	Honda Motor Co. Ltd.	N.A.	Holding	66.67	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
(a) Individual/HUF	0	0	0	0	0	0	0	0	0.00
(b) Central Govt.	0	0	0	0	0	0	0	0	0.00
(c) State Govt. (s)	0	0	0	0	0	0	0	0	0.00
(d) Bodies Corp.	1,01,433	0	1,01,433	1.00	1,01,433	0	1,01,433	1.00	0.00
(e) Banks / FI	0	0	0	0	0	0	0	0	0.00
(f) Any Other….	0	0	0	0	0	0	0	0	0.00
Sub-total (A) (1):-	1,01,433	0	1,01,433	1.00	1,01,433	0	1,01,433	1.00	0.00
(2) Foreign									
(a) NRIs - Individuals	0	0	0	0	0	0	0	0	0.00
(b) Other-Individuals	0	0	0	0	0	0	0	0	0.00
(c) Bodies Corporate	67,62,000	0	67,62,000	66.67	67,62,000	0	67,62,000	66.67	0.00
(d) Banks / FI	0	0	0	0	0	0	0	0	0.00
(e) Any Other….	0	0	0	0	0	0	0	0	0.00
Sub-total (A) (2):-	67,62,000	0	67,62,000	66.67	67,62,000	0	67,62,000	66.67	0.00
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	68,63,433	0	68,63,433	67.67	68,63,433	0	68,63,433	67.67	0.00

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
(a) Mutual Funds	2,20,238	20	2,20,258	2.17	4,98,270	20	4,98,290	4.91	2.74
(b) Foreign Portfolio Investors	0	0	0	0.00	12,114	0	12,114	0.12	0.12
(b) Banks / FI	7,610	300	7,910	0.08	3,688	300	3,988	0.04	(0.04)
(c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
(d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
(e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(g) FIIs	1,48,815	0	1,48,815	1.47	0	0	0	0.00	(1.47)
(h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(1)	3,76,663	320	3,76,983	3.72	5,14,072	320	5,14,392	5.07	1.35
2. Non-Institutions									
(a) Bodies Corp. (i) Indian	4,08,307	453	4,08,760	4.03	3,34,832	453	3,35,285	3.31	(0.72)
(ii) Overseas	0	0	0	0	0	0	0	0	0
(b) Individuals (i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	16,20,618	1,95,870	18,16,488	17.91	18,26,779	1,90,177	20,16,956	19.89	1.98
(ii) Individual Shareholders holding nominal share capital in excess of ₹ 1 lakh	5,12,481	0	5,12,481	5.05	2,53,659	0	2,53,659	2.50	(2.55)
(iii) NBFC registered with RBI	0	0	0	0	6,510	0	6,510	0.06	0.06
(c) Others (specify) Clearing member	31,715	0	31,715	0.31	24,501	0	24,501	0.24	(0.07)
NRI	1,07,844	22,812	1,30,656	1.29	1,05,998	22,312	1,28,310	1.27	(0.02)
Trust	2,555	0	2,555	0.025	25	0	25	0.00	0.025
Sub-total (B)(2):-	26,83,520	2,19,135	29,02,655	28.62	25,52,304	2,12,942	27,65,246	27.26	(1.35)
Total Public Shareholding (B)=(B)(1)+(B)(2)	30,60,183	2,19,455	32,79,638	32.33	30,66,376	2,13,262	32,79,638	32.33	0
C. Shares held by Custodian for GDRs & ADRs	**NOT APPLICABLE**								
Grand Total (A+B+C)	99,23,616	2,19,455	1,01,43,071	100	99,29,809	2,13,262	1,01,43,071	100	0

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding During the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of shares Pledged/ encumbered to total shares	
1.	Honda Motor Co., Ltd.	67,62,000	66.67	NIL	67,62,000	66.67	NIL	NIL
2.	Usha International Limited	1,01,433	1.00	NIL	1,01,433	1.00	NIL	NIL

(iii) Change in Promoters' Shareholding

There are no changes in Promoters' shareholding during the financial year 2016-17.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters)

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Change in shareholding (No. of Shares)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	Increase	Decrease	No. of shares	% of total shares of the Company
1.	Reliance Capital Trustee Co. Ltd.	68,933	0.68	4,29,337	-	4,98,270	4.91
2	Param Capital Research Private Limited	1,26,869	1.25	-	-	1,26,869	1.25
3	Prasoon Harshad Bhatt	1,01,700	1.00	-	-	1,01,700	1.00
4	Jaya Harshad Bhatt	1,01,700	1.00	-	34,741	66,959	0.66
5.	Shree Capital Services Limited	89,600	0.88	-	40,279	49,321	0.49
6	Laxmichand Kunverji Kenia	30,000	0.30	-	-	30,000	0.30
7	Jayantilal Premji Shah	30,000	0.30	-	-	30,000	0.30
8	Lashit Lallubhai Sanghvi	30,000	0.30	-	5,000	25,000	0.24
9	Siddhesh Capital Market Services Private Limited	20,000	0.20	-	-	20,000	0.20
10.	Pulkit. N. Sekhsaria	20,767	0.20	-	767	20,000	0.20
	TOTAL	**6,19,569**	**6.11**	**4,29,337**	**80,787**	**9,68,119**	**9.56**
Movement of Shareholders holding position in top ten shareholders as on March 31, 2017 in comparison to shareholding as on March 31, 2016							
11	Alchemy India Long Term Fund Limited	1,48,519	1.46	-	1,48,519	0	0
12	L and T Mutual Fund Trustee Limited	1,44,662	1.43	-	1,44,662	0	0
13	Aditi Prasoon Bhatt	30,600	0.30	-	30,600	0	0

(v). Shareholding of Directors and Key Managerial Personnel (KMP)

Sl. No.	Name of the Director/KMP	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Mr. Siddharth Shriram	At the beginning of the year	50	Negligible	50	Negligible
		Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment /transfer / bonus/ sweat equity etc):	0	0	0	0
		At the end of the year	50	Negligible	50	Negligible
2.	Ms. Sunita Ganjoo	At the beginning of the year	1	Negligible	1	Negligible
		Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc):	0	0	0	0
		At the end of the year	1	Negligible	1	Negligible

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

The Company had no indebtedness with respect to secured or unsecured loans of deposits during the Financial Year 2016-17.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors:

Sl. No.	Particulars of Remuneration	Name of MD/WTD			Total Amount (₹)
		Yoshifumi Iida	Hiroyoshi Sugimizu	Vinay Mittal	
1.	Gross salary (₹)				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act,1961	87,80,000	81,10,500	76,47,226	2,45,37,726
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	37,25,042	20,52,416	10,39,942	68,17,400
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0	0	0	0
2.	Stock Option	NIL	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL
4.	Commission - as % of profit - others	NIL	NIL	NIL	NIL
5.	Others (Exempted Benefits)	2,49,998	2,49,998	7,86,846	12,86,842
	Total **(A)**	**1,27,55,040**	**1,04,12,914**	**94,74,014**	**3,26,41,968**
	Ceiling as per the Act	In terms of the provisions of the Companies Act, 2013, the remuneration payable to President & CEO and whole time Directors shall not exceed 10% of the net profit of the Company. The remuneration paid is well within the said limit.			

B. Remuneration to other directors:

Particulars of Remuneration	Name of Directors (1)				Total Amount (₹)	Particulars of remuneration paid to other Non-Executive Directors (2)
1. Independent Directors	**D.V. Kapur**	**Ravi Vira Gupta**	**Manoj Arora**	**Alka M. Bharucha**		**Siddharth Shriram**
Fee for attending Board Meeting	1,20,000	1,60,000	1,60,000	1,60,000	6,00,000	1,60,000
Audit Committee	1,20,000	1,60,000	1,60,000	1,60,000	6,00,000	-
Stakeholders Relationship Committee	1,20,000	-	-	-	1,20,000	1,60,000
Nomination and Remuneration Committee	80,000	-	80,000	-	1,60,000	80,000
Board Committee on Financial Matters	-	-	-	-	-	40,000
CSR Committee	-	-	40,000	-	40,000	40,000
Independent Director's Meeting	-	40,000	40,000	40,000	1,20,000	-
Commission	NIL	NIL	NIL	NIL	NIL	NIL
Total (1)	**4,40,000**	**3,60,000**	**4,80,000**	**3,60,000**	**16,40,000**	**-**
Total **(2)**						**4,80,000**
Total **(B)=(1+2)**						**21,20,000**
Total Managerial Remuneration						**3,47,61,968***
Overall Ceiling as per the Act	**The Company does not pay any remuneration or commission to its Independent Directors**					

*Total remuneration to President and CEO, Whole Time Directors and Directors (being the total of A and B)

C. Remuneration to Key Managerial Personnel other than President & CEO and Whole Time Directors

Sl. No.	Particulars of Remuneration	Key Managerial Personnel Sunita Ganjoo
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961	8,11,332
	(b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961	1,18,470
	(c) Profits in lieu of salary under section 17(3) of the Income-Tax Act, 1961	0
2	Stock Option	NIL
3	Sweat Equity	NIL
4	Commission - as % of profit - others	NIL
5	Others : Exempted Benefits	1,60,386
	Total	**10,90,188**

VII. PENALTIES / PUNISHMENTS / COMPOUNDING OF OFFENCES:

There were no penalties / punishments / compounding of offences for breach of any Section of the Companies Act 2013, against the Company or its Directors or other officers in default, if any, during the Financial Year 2016-17.

Annexure - D to Board's Report

To,

The Members,
Honda Siel Power Products Limited
CIN: L40103DL2004PLC203950
409, DLF Tower B
Jasola Commercial Complex
New Delhi-110025

We have examined the relevant registers, records and documents maintained and made available to us by Honda Siel Power Products Limited ("the Company") for the period commencing from 1st April, 2016 to 31st March, 2017 for the issuance of Secretarial Audit Report for the financial year 2016-17, required to be issued under Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the various compliances, but the maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion and the compliance of the provisions of Corporate and other applicable laws, rules and regulations is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.

Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Tanuj Vohra & Associates
Company Secretaries

Delhi, May 10, 2017

Tanuj Vohra
M. No.: F5621, C.P. No.: 5253

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Honda Siel Power Products Limited
CIN : L40103DL2004PLC203950
409, DLF Tower B,
Jasola Commercial Complex,
New Delhi - 110 025

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Honda Siel Power Products Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder;

(iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

  (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

  (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with the client;

  (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

  (h) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998; and

(vi) Other laws as specifically applicable to the Company:-

  (a) The Explosives Act, 1884 and Rules made thereunder;

  (b) The Boilers Act, 1923 and Rules made thereunder;

  (c) The Petroleum Act, 1934 and Rules made thereunder; and

  (d) The Electricity Act, 2003 and Rules made thereunder.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by the Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

We further report that during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

We further report that adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Decisions carried through by the Board do not have any dissenting views and hence no relevant recordings were made in the minutes book maintained for the purpose.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines framed thereunder.

We further report that during the audit period under review, there were no specific events/actions in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., having a major bearing on the Company's affairs.

For Tanuj Vohra & Associates
Company Secretaries

Tanuj Vohra
M. No.: F5621, C.P. No.: 5253

Delhi, May 10, 2017

Annexure – E to Board's Report

Annual Report on CSR Activities of the Company

1.	A brief outline of the Company's CSR Policy, including overview of projects or programmes proposed to be undertaken and a reference to the web link to the CSR policy and project or programmes	The Company's CSR Policy has been framed within the objectives prescribed under Schedule VII of the Companies Act, 2013 as per the following Vision and Objective: **1. Vision:** To be an active contributor in raising the country's human development index and fulfill the role of a Socially Responsible Corporate, with environment concerns. **2. Objective:** **2.1.** To align and integrate the Honda–CSR activities with the Honda philosophy and make them outcome oriented. **2.2.** To sustain and continuously improve the quality of life and economic well being of the local populace. **2.3.** To create a brand image of Honda which society will want to exist as a socially responsible image. CSR activities proposed to be undertaken by the Company shall be in pursuance to Section 135 read with Schedule VII of the Companies Act, 2013. The policy is also posted on the Company's website at the weblink: https:// www.hondasielpower.com.		
2.	The Composition of the CSR Committee	**Name**	**Category/Director**	
		Mr. Siddharth Shriram	Non-Executive/ Non-Independent	Chairman
		Mr. Manoj Arora	Independent	Member
		Mr. Yoshifumi Iida	Executive	Member
		Mr. Vinay Mittal	Executive	Member
3.	Average net profit of the Company for last three years (Amount in ₹ Lakh)	₹ 6,072 lakh		
4.	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) (amount in ₹ Lakh)	₹ 121.50 Lakh		
5.	Details of CSR spent during the year			
	1) Amount to be spent for the year	₹ 121.50 Lakh		
	2) Amount Unspent, if any	NIL		
	3) Manner in which the amount spent during the financial year	Contribution to Prime Minister's National Relief Fund		

This is to state that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Yoshifumi Iida
President & CEO

Siddharth Shriram
Chairman, CSR Committee

ANNEXURE – F TO BOARD'S REPORT

Policy on Remuneration to be paid to Directors, Key Managerial Personnel and other employees and criteria for Appointment of Directors

Introduction

In pursuance to Section 178 of the Companies Act, 2013 the Nomination and Remuneration Committee has formulated Remuneration Policy ("the policy").

The objective of the policy is to ensure that Executive/Non-Executive Directors and Key Managerial Personnels are sufficiently compensated for their performance.

Remuneration Policy

Non-Executive Independent Directors

Non-Executive Independent Directors are appointed for their professional expertise in their respective fields in individual capacity and receive sitting fees for attending the meeting of the Board and Committees thereof as approved by the Board from time to time.

Executive/Whole Time Directors

The Committee shall recommend Remuneration of Whole Time Directors which will be again recommended by the Board and finally approved by the Shareholders.

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and variable pay to Whole Time Directors. Salary is paid within the range approved by the Shareholders. Annual increments effective 1st April each year (or at any other time as may be required), as recommended by the Nomination and Remuneration Committee and recommended by the Board, within the prescribed ceiling, is further approved by the Shareholders.

Perquisites and retirement benefits are paid according to the Company policy as applicable to all employees.

The remuneration paid to Executive/Non-Executive Directors is determined keeping in view the industry benchmark and the relative performance of the Company to the industry performance. This is further benchmarked so as to attract and retain the right talent for the job.

Key Managerial Personnel and Other Employees

The remuneration of Key Managerial Personnel and other employees largely consists of basic salary, perquisites, allowances and performance incentives. Perquisites and retirement benefits are paid according to the Company policy, subject to prescribed statutory ceiling.

The components of the total remuneration vary for different levels and are governed by the industry pattern, qualification & experience / merits and performance of each employee. The Company while deciding the remuneration package takes into consideration current employment scenario and remuneration package as is prevailing in the industry.

The annual variable pay of Key Managerial Personnel and employees is linked to the performance of the Company in general for the relevant year and measured against Company's objectives fixed in the beginning of the year.

Approval

This Remuneration Policy shall apply to all future employment agreements with Key Managerial Personnel of the Company and Directors.

This Remuneration Policy, as recommended by the Nomination and Remuneration Committee is approved by the Board of Directors on this 12th day of September 2014.

Criteria for Appointment of Directors

DIRECTOR's QUALIFICATION AND EVALUATION CRITERIA

The composition and strength of the Board of Directors (the "Board") of the Company is subject to the provisions of the Companies Act, 2013, Listing Agreement with the Stock Exchanges and Articles of Association of the Company.

Within the defined parameters, as above, the Board determines the size and composition of the Board.

The Nomination and Remuneration Committee of the Board (the "Committee") is responsible for evaluating the qualifications of each candidate to be appointed as Director on the Board of the Company and of those Directors who are to be nominated for election by Shareholders at each annual Shareholder's meeting.

The qualification criteria set forth herein below is designed to describe the qualities and characteristics desired for the Board as a whole and for Board members individually.

Director Qualification Review Procedures

A determination of a Director's qualifications to serve on the Board shall be made by the Board, upon the recommendation of the Committee,

prior to nominating a Director for election at the Company's next annual meeting. In addition, with respect to each Director candidate considered for appointment to the Board between annual meetings, the Committee shall evaluate each Director candidate and recommend to the Board for their appointment.

The Nomination and Remuneration Committee shall evaluate each Director and Director candidate under the Director Qualification Criteria set forth herein.

Director Qualification Criteria- General

It is not mandatory to establish specific minimum age, education, years of business experience or specific types of skills for Board members, but, in general, it is expected from an Independent Director to possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business and to have ample experience and a proven record of professional success, leadership and the highest level of personal and professional ethics, integrity and values. In its evaluation, the Committee shall consider the Board size and composition of the Board according to the following guidelines:

With respect to Board composition as a whole, the Board will maintain composition of the Directors pursuant to applicable laws, rules and regulation and the Independence Standards set forth below;

Additional Qualification Review Criteria

The Committee shall also consider whether each Director candidate and each Director possesses the following:

- The highest level of personal and professional ethics, integrity and values;
- An appreciation of the Company's mission and purpose,
- The ability to exercise objectivity and independence in making informed business decisions;
- The willingness and commitment to devote the time necessary to fulfill his/ her duties;
- The ability to communicate effectively and collaborate with other Board members to contribute effectively to the diversity of perspectives that enhances Board and Committee deliberations, including a willingness to listen and respect the views of others; and
- The skills, knowledge and expertise relevant to the Company's business, with extensive experience at a senior leadership level in a comparable company or organization, including, but not limited to relevant experience in manufacturing, international operations, finance, accounting, legal, strategic planning, supply chain, technology and marketing.

The Committee shall also consider its policies with respect to mandatory retirement age, change in employment status, as well as all other relevant facts and circumstances in making its recommendations to the Board.

INDEPENDENT DIRECTORS- STANDARD OF INDEPENDENCE

The Board has established the following independence review procedures and criteria to assist it and the Committee evaluate the independence of Directors who have been nominated for election at each annual meeting and of Director candidates prior to their appointment to the Board.

It is expected that an independent Director shall:

(1) uphold ethical standards of integrity and probity;

(2) act objectively and constructively while exercising his/ her duties;

(3) exercise his/ her responsibilities in a bona fide manner in the interest of the company;

(4) devote sufficient time and attention to his/ her obligations towards the company for informed and balanced decision making;

(5) not allow any extraneous considerations that will vitiate his/ her exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring, in or dissenting from the collective judgment of the Board in its decision making;

(6) not abuse his/ her position to the detriment of the company or its shareholders or forte purpose of gaining direct or indirect personal advantage or advantage for any associated person;

(7) refrain from any action that would lead to loss of his/ her independence;

(8) where circumstances arise which make an Independent Director lose his/her independence, the Independent Director must immediately inform the Board accordingly;

(9) assist the company in implementing the best corporate governance practices.

Role and functions:

The independent Director/s shall:

(1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;

(2) bring an objective view in the evaluation of the performance of Board and management;

(3) scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;

(4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk Management are robust and defensible;

(5) safeguard the interests of all stakeholders, particularly the minority shareholders;

(6) balance the conflicting interest of the stakeholders;

(7) determine appropriate levels of remuneration of Executive Director/s, Key Managerial Personnel and Senior Management and have a prime role in appointing and where necessary recommend removal of Executive Director/s, Key Managerial Personnel and Senior Management;

(8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

Duties :

The independent Director/s shall :

(1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;

(2) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;

(3) strive to attend all meetings of the Board of Directors and of the Board Committees of which he/she is a Member;

(4) participate constructively and actively in the Committees of the Board in which they are Chairpersons or Members;

(5) strive to attend the general meetings of the company;

(6) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;

(7) keep themselves well informed about the company and the external environment in which it operates;

(8) not to unfairly obstruct the functioning of an otherwise proper Board or Committee of the Board;

(9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;

(10) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;

(11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;

(12) acting within his/ her authority, assist in protecting the legitimate interests of the company, shareholders and its employees; not disclose confidential information, including 'commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

Independence Review Procedures

Annual Review

Determinations of Director's independence will be made by the Board for each Director on an Annual basis.

Individual Director - Independence Determinations

If a Director nominee is considered for election to the Board between annual meetings, a determination of independence, upon the recommendation of the Committee, shall be made by the Board prior to such appointment.

All determinations of independence shall be made on a case-to-case basis for each Director after consideration of all the relevant facts and circumstances and the standards set forth herein. The Board reserves the right to determine that any Director is not independent even if he or she satisfies the criteria set forth above.

Notice of Change of Circumstances

Each Director has an affirmative obligation to notify the Company of any change in circumstances that may put his/ her independence at issue. If so notified, the Committee shall re-evaluate such Director 's independence, as promptly as practicable, and make a recommendation to the Board with respect to such Director's independence.

Disclosure

The Company shall disclose in the Annual Financial Statement in Board's Report a statement indicating the matter in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual Directors.

Annexure- G to Board's Report

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 it is imperative to manage the business and its affairs in the most transparent manner with a firm commitment to our values. 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 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, social and ethical responsibilities. The Company is always working towards building trust with shareholders, employees, customers, suppliers and all other stakeholders based on the principles of good Corporate Governance.

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

The Company has set to itself the objective of expanding its capacities and becoming globally competitive in its business. The Company is committed to meet 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 true and fair report on Corporate Governance.

2. Board of Directors

The Board of Directors is at the core of Corporate Governance practices. The Board is entrusted with the ultimate responsibility of management, general affairs, direction and performance of the Company and has been vested with the requisite powers, authorities and duties. Your Company firmly believes that Board Independence is essential to bring objectivity and transparency in the management and in the dealing of the Company.

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 Board of your Company is broad-based and diversified, consisting of eight Members. The Board has an ideal composition. It consists of three Executive Directors and Five Non-Executive Directors, including a Woman Director. Four Non-Executive Directors are Independent i.e. they do not have any other material pecuniary relationship or transactions with the Company, its Promoters, its Management or related persons except receiving sitting fees for attending the meetings of the Board and committees thereof, which in the judgement of the Board will not affect the independence of judgement of the said Directors. The Board Members possess the skills, experience and expertise necessary to guide the affairs of the Company.

None of the Independent Directors of the Company serves as an Independent Director in more than seven listed Companies/ three Companies in case he/she is Whole Time Director in any listed company.

Particulars of the Directors who are being appointed / re-appointed at the ensuing Annual General Meeting ('AGM') in terms of the Secretarial Standard 2 issued by the Institute of Company Secretaries of India (Secretarial Standard), the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Regulations) are provided in the notice convening the AGM.

Board Meetings

There is a well organised system for seeking Board approval, which facilitates and provides room for sound and informed decision making by the Board and its Committees. Agenda and other relevant reports are circulated at least seven days ahead of the meeting. The quantum and quality of information supplied by the management to the Board goes well beyond the minimum requirements stipulated under Companies Act, 2013, Secretarial Standard and the Regulations. Where expedient, the Board also approves resolutions by way of circulation between two successive Board meetings.

During the year under review, four Board Meetings were held on May 20, 2016, August 11, 2016, November 05, 2016 and February 10, 2017. Resolutions by Circulation were passed on August 23, 2016 and December 27, 2016. 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 Stakeholders Relationship Committee) of the Board of such Companies are as follows:

S. No.	Name of Director/ Member	Category	Attendance at the last AGM	No. of Board Meetings attended	Number of Directorship in other Companies	Number of Committee Membership including (Chairmanship)	Number of shares held
1	Mr. Siddharth Shriram	Non-ID/NED	Yes	4	2	2(1)	50
2	Dr. D. V. Kapur	ID/NED	Yes	3	2	4(3)	Nil
3	Mr. Ravi Vira Gupta	ID/NED	Yes	4	4	5(2)	Nil
4	Mr. Manoj Arora	ID/NED	Yes	4	1	2	Nil
5	Ms. Alka M. Bharucha	ID/NED	Yes	4	5	2(1)	Nil
6	Mr. Yoshifumi Iida	Non-ID/ED	Yes	4	NIL	2	Nil
7	Mr. H. Sugimizu	Non-ID/ED	Yes	4	NIL	NIL	Nil
8	Mr. Vinay Mittal	Non-ID/ED	Yes	4	NIL	1	Nil

ID- Independent Director ED- Executive Director NED- Non- Executive Director

Note:

a. Directorships held by Directors as mentioned above do not include Alternate Directorship, Directorships of Foreign Companies, Section 8 Companies and Private Limited Companies.

b. In accordance with Regulation 27 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Membership / Chairmanship of Audit Committee and Stakeholders Relationship Committee of Public Limited Companies have been considered.

c. None of the Directors is a member of more than 10 Board Level Committees of Public limited Companies in which they are Directors nor is Chairman of more than 5 such Committees.

d. There has been no inter-se relationship between or among directors of the Company.

Dr. D. V. Kapur, Independent Director and Chairman of the Audit Committee, who is also Chairman of Nomination and Remuneration Committee and of Stakeholders' Relationship Committee attended the Annual General Meeting of the Company.

The Company does not pay any remuneration to its Non-Executive / Independent Directors except ₹ 40,000/- 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, 2013 (the Act) and in terms of the Articles of Association of the Company.

Familiarization Programme for Independent Directors

The Company believes that a Board, which is well informed / familiarized with the Company and its affairs, can contribute significantly to effectively discharge its role of trusteeship in a manner that fulfils stakeholders' aspirations and societal expectations.

In pursuit of this, the Directors of the Company are updated periodically on the Company's operations and other information including those pertaining to statutes / legislations and economic environment and on matters affecting the Company, to enable them to take well-informed and timely decisions.

Further, the familiarization programme for Independent Directors in terms of Regulation 25(7) of the Regulations is uploaded on the website of the Company and can be accessed through the following link: www.hondasielpower.com.

Meeting of Independent Directors

During the year, the Independent Directors (IDs) met once on November 05, 2016, without the presence of Non-Independent Directors and members of the Management. At this meeting, the IDs inter-alia evaluated the performance of the Non-Independent Directors and the Board of Directors as a whole, evaluated the performance of the Chairman of the Board and discussed aspects relating to the quality, quantity and timeliness of the flow of information between the Company, the Management and the Board.

Committees of the Board

The Board has constituted six Committees, namely:

- Audit Committee;
- Stakeholders Relationship Committee;
- Nomination and Remuneration Committee;
- Corporate Social Responsibility Committee;
- Board Committee on Financial Matters; and
- Risk Management Committee

Each of these Committees functions 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 attendance of its Members are provided below:

i. Audit Committee

The primary objective of the Committee is to monitor and provide an effective supervision of the Management's financial reporting process, to ensure accurate and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting. The Committee is also responsible for evaluation of Internal Financial Control System, Risk Management, Performance of Statutory and Internal Auditors and Internal Audit Functions.

Composition of the Audit Committee and terms of reference meet with the requirements of Regulation 18 of the Regulations and provisions of the Act. The terms of reference of the Audit Committee as approved by the Board are available on our website at www.hondasielpower.com.

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 2016-17, Audit Committee met four times on May 20, 2016; August 11, 2016; November 05, 2016 and February 10, 2017. The Board accepted all the recommendations made by the Audit committee. Constitution of the Committee and attendance of the members at the meetings were as under:

Name of the Member	Status	Number of Meetings Attended
Dr. D. V. Kapur	Chairman	3
Mr. Ravi Vira Gupta	Member	4
Mr. Yoshifumi Iida	Member	4
Mr. Manoj Arora	Member	4
Ms. Alka M. Bharucha	Member	4

ii. Nomination and Remuneration Committee

In terms of Section 178 of the Act and the Regulations, the Company has constituted the Nomination and Remuneration Committee. The Committee mainly discharges the duties related to recommendation regarding nomination of Directors to the Board, formulating criteria for determining qualifications, attributes and independence of Directors, formulation of criteria for performance of Directors and further submission of report thereon to the Board.

The remuneration paid to the executive Director is determined keeping in view his/her professional qualification, relevant industry experience, size of the Company and current remuneration standards for such senior executive positions in the relevant industry. Perquisites and retirement benefits are paid according to the Company's policy as applicable to the employees.

The Committee further coordinates and oversees the annual evaluation of the performance of the individual Directors.

In compliance with requirements of the Act, the constitution, terms of reference, role and scope of Committee are in line with those prescribed by the Act and Regulation 19 of Regulations and are available on our website at www.hondasielpower.com. The Committee comprises of three Non-Executive Directors, out of which two are independent Directors. The Chairman of the Committee is an Independent Director.

The Company Secretary acts as the Secretary to the Committee.

During the year under review, the Committee met on May 20, 2016 and February 10, 2017.

Constitution of the Committee and attendance of the Members at the meetings were as under:

Name of the Member	Status	No. of meetings attended
Dr. D.V. Kapur	Chairman	2
Mr. Siddharth Shriram	Member	2
Mr. Manoj Arora	Member	2

Performance Evaluation Criteria

The Nomination and Remuneration Committee has laid down the criteria for performance evaluation of Independent Directors and other Directors, Board as a whole and the Committees thereof. The criteria for performance evaluation cover the areas relevant to their functioning as Independent Directors or other Directors, Member of Board or Committees of the Board.

The Nomination and Remuneration Committee has evaluated the performance of each Director for the Financial Year ended March 31, 2017. The evaluation of the performance of each Director was based on level of participation in meetings, understanding the roles and responsibilities, understanding the strategic issues and challenges in the Company.

The Independent Directors at their meeting also discussed the performance of the Non-Executive Directors including the Chairman of the Board. Based on the above broad parameters, the effectiveness of the Board and its Committees was found satisfactory.

The performance evaluation of Independent Directors was done by the entire Board of Directors excluding Independent Director being evaluated. Broad parameters for reviewing the performance of Independent Directors amongst other include participation at the Board/Committee meetings, understanding their roles and responsibilities and business of the Company, effectiveness of their contribution/ commitment, effective management of relationship with stakeholders, integrity and maintaining of confidentiality, exercise of independent judgment in the best interest of the Company, ability to contribute to and monitor corporate governance practice, adherence to the code of conduct for Independent Directors, bringing independent judgement during Board deliberations on strategy, performance, risk management, etc.

The evaluation of the Performance of Board was based on Board composition, experience and competencies, understanding of business and competitive environment, quality of discussions at the Board Meetings, time spent by the Board on the Company's long term goals and strategies.

Details of remuneration paid to Directors for the year 2016-17

A. Executive Directors

The details of the remuneration paid to the Executive Director(s) during the year 2016-17 were as under:

Name	Salary	Benefits	Bonus	Stock Options	Fixed Components	Variable Pay	Service Contract
	Amount in ₹			Amount in ₹			
Mr. Yoshifumi Iida	9,00,000	39,21,039.90	0	0	79,34,000	0	01.04.2015 to 31.03.2020
Mr. Hiroyoshi Sugimizu	9,00,000	22,48,414.00	0	0	72,64,500	0	01.04.2014 to 31.03.2019
Mr. Vinay Mittal	32,19,564	10,70,325.00	0	0	48,12,221	3,71,904	01.04.2012 to 31.03.2017*

*Re-appointed as Whole Time Director of the Company, by the Board of Directors for a further period of five years i.e. w.e.f 01.04.2017 to 31.03.2022, subject to approval by Shareholders at the forthcoming Annual General Meeting.

B. Non-Executive Directors

The Non-Executive Directors receive sitting fees for attending the meeting of the Board and Committees thereof.

Details of sitting fees paid during the year 2016-17 for attending the Meetings of Board of Directors and of its Committees were as under:

(Amount in ₹)

Name of the Director	Board	Audit Committee	Stakeholders Relationship Committee	Board Committee on Financial Matters	Nomination and Remuneration Committee	CSR Committee	Independent Directors Meeting	Total
Mr. Siddharth Shriram	1,60,000	-	1,60,000	40,000	80,000	40,000	-	4,80,000
Dr. D. V. Kapur	1,20,000	1,20,000	1,20,000	-	80,000	0	0	4,40,000
Mr. Ravi Vira Gupta	1,60,000	1,60,000	-	-	0	0	40,000	3,60,000
Mr. Manoj Arora	1,60,000	1,60,000	-	-	80,000	40,000	40000	4,80,000
Ms. Alka M. Bharucha	1,60,000	1,60,000	-	-	0	0	40,000	3,60,000

There are no pecuniary relationships or transactions of the Non-Executive Directors vis-à-vis the Company.

iii. Stakeholders Relationship Committee

The remit of the Committee is to consider and resolve the grievances of the security holders of the Company, including complaints relating to 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-materialization of shares, endorsement on Fully Paid share certificates, which have further been sub-delegated by the Committee to the Company Secretary of the Company.

Composition of the Stakeholders Relationship Committee and terms of reference meet with the requirements of Regulation 20 of Regulations and provisions of the Act.

During the Financial Year 2016-17, the Committee met four times on May 20, 2016; August 11, 2016; November 05, 2016 and February 10, 2017. Composition of the Committee and attendance of the members at the meetings were as follows:

Name of the Member	Status	No. of Meetings attended
Dr. D. V. Kapur	Chairman	3
Mr. Siddharth Shriram	Member	4
Mr. Yoshifumi Iida	Member	4
Mr. Vinay Mittal	Member	4

The Company Secretary acts as the Secretary to the Committee.

Resolutions by Circulation were passed on April 26, 2016, June 13, 2016, September 20, 2016, September 30, 2016, January 30, 2017, March 10, 2017 and March 30, 2017.

Compliance Officer

Ms. Sunita Ganjoo, Company Secretary is the Compliance Officer for complying with the requirements of Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Investor Grievance Redressal

As on March 31, 2017, your Company had 13,463 investors. During the year under review, the status of complaints was as follows:

Number of investor Complaints pending at the beginning of the year	Number of investor complaints received during the year	Number of investor complaints disposed off during the year	Number of investor complaints not redressed upto the satisfaction of shareholders during the year	Number of investor complaints pending at the end of the year
0	31	31	0	0

iv. Corporate Social Responsibility Committee

The Committee discharges the duties stipulated under Section 135 of the Companies Act, 2013 which includes formulation and recommendation to the Board, a Corporate Social Responsibility (CSR) Policy indicating the activities to be undertaken by the Company as per Schedule VII of the Act; recommendation of the amount of expenditure to be incurred; and monitoring the CSR Policy of the Company.

During the year under review, Corporate Social Responsibility Committee met on February 10, 2017.

Composition of the Committee and attendance of the members at the meeting is as under:

Name of the Member	Status	Number of Meetings Attended
Mr. Siddharth Shriram	Chairman	1
Mr. Yoshifumi Iida	Member	1
Mr. Vinay Mittal	Member	1
Mr. Manoj Arora	Member	1

The Company Secretary acts as the Secretary to the Committee.

v. Board Committee on Financial Matters

The terms of reference inter-alia includes opening and closing of bank accounts, investment of surplus funds, authorization to Company's personnel for operation of Bank accounts and for pre-authentication of the Invoices under Central Excise Act & Rules.

The Board Committee on Financial Matters met once during the year on July 16, 2016. Attendance of the Members at the meeting was as follows:

Name of the Member	Status	No. of Meetings attended
Mr. Yoshifumi Iida	Chairman	1
Mr. Siddharth Shriram	Member	1
Mr. Vinay Mittal	Member	1
Mr. Hiroyoshi Sugimizu	Member	1

The Company Secretary acts as the Secretary to the Committee.

vi. Risk Management Committee

The Company has constituted Risk Management Committee for ensuring better Corporate Governance practices. The roles and responsibilities of the Committee are as prescribed under Regulation 21 of the Regulations. The role of the Committee also includes monitoring and review of risk management plan and reporting the same to the Board of Directors periodically, as it may deem fit.

During the Financial Year, the Committee met once on February 01, 2017. Attendance of the members at the meeting was as follows:

Name of the Member	Status	No. of Meetings attended
Mr. Yoshifumi Iida , President & CEO	Chairman	1
Mr. Vinay Mittal, Whole Time Director & CFO	Member	1
Mr. Rajeev Sharma, Vice President-Works	Member	1

3. Code of Conduct

Guided by the fundamental belief of "Respect for the Individual" and "The Three Joys" ("The Joy of Buying", "The Joy of Selling", "The Joy of Creating"), the Company has revised the Honda Conduct Guidelines as the "HSPP Code of Conduct" that serves as a guide for the business actions in a global, complex and changing environment. The Code sets forth Company's commitment to the principles of business ethics and transparency in all areas of activity and establishes a set of principles and guidelines for conduct, designed to ensure ethical and responsible behaviour.

Further, the Company's Board has laid down a Code of Conduct for all Board Members and designated Senior Management of the Company. The code of conduct is available on the website of the Company www.hondasielpower.com. All Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct. A declaration signed by the Chief Executive Officer to this effect is attached to this report.

The Company formulated a Code of Conduct to regulate, monitor, and report trading by insiders to deter the insider trading in the securities of the Company based on the unpublished price sensitive information. The Code envisages procedures to be followed and disclosures to be made while dealing in the securities of the Company. During the year under review there has been due compliance with Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

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
2015-16	August 11, 2016	1245 hours	Kamani Auditorium No. 1, Copernicus Marg, New Delhi-110001	Adoption of new set of Articles of Association
2014-15	August 12, 2015	1115 hours		Approval for material Related Party Transactions entered into by the Company during the Financial Year ended March 31, 2015
2013-14	August 05, 2014	1115 hours		No special resolution was passed.

No resolution was passed through Postal Ballot during the year 2016-17. The Company as on the date of this report is not envisaging to pass any resolution though Postal Ballot.

5. Means of Communication

1. The quarterly, half-yearly and annual financial results of the Company are published in leading newspapers in India, which includes Financial Express, Jan Satta and Business Standard. The Company has sent these financial results to the Stock Exchanges within thirty minutes of closure of the meeting in which the Board of Directors of the Company approved the same.
2. The financial results of the Company are displayed on the Company's website www.hondasielpower.com and website of National Stock Exchange of India Ltd. (www.nseindia.com), BSE Limited (www.bseindia.com). The Company's website also displays the official news releases.
3. The Company made no presentations to the Analysts during the Financial Year 2016-17.
4. Annual Report containing inter-alia, Audited Annual Accounts, Board's 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 at **Annexure–A** of the Board's Report.

6. General Shareholders' Information

i. 32nd Annual General Meeting

Day, Date & Time : Friday, August 04, 2017, 11.00 A.M.
Venue : Kamani Auditorium, 1, Copernicus Marg, New Delhi-110001.
Financial Year : Year ended March 31, 2017
Book Closure : July 29, 2017 to August 04, 2017 (both days inclusive)
Dividend Payment Date : September 01, 2017

ii. Tentative Financial Calendar 2016-17 (Subject to change)

The tentative dates for approval of Unaudited / Audited Financial Results for 2017-18, are as follows:

Quarter ending June 30, 2017	2nd week of September, 2017
Quarter ending September 30, 2017	2nd week of December, 2017
Quarter ending December 31, 2017	2nd week of February, 2018
Quarter ending March 31, 2018	Last week of May 2018 (Audited)

iii. Dividend Details

Unclaimed dividends up to financial year 1994-95 have been transferred to the General Revenue Account of the Central Government and for the Financial Years 1995-96 to 2008-09 to Investor Education and Protection Fund constituted by the Central Government. Details of unclaimed dividend as on March 31, 2017 are given hereunder:

Period	Rate (%)	Date of declaration	Date of payment	Unclaimed dividend (₹)
2009-10	40	19.08.2010	31.08.2010	3,55,184.00
2010-11	75	10.08.2011	31.08.2011	6,42,713.00
2011-12	90	31.08.2012	21.09.2012	6,53,580.00
2012-13	40	05-08-2013	02.09.2013	4,00,184.00
2013-14	40	05-08-2014	02.09.2014	3,53,148.00
2014-15	60	12-08-2015	08-09-2015	5,70,144.00
2015-16	60	11-08-2016	07-09-2016	5,86,686.00

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
BSE 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 2017–18 has been paid to BSE and NSE respectively.

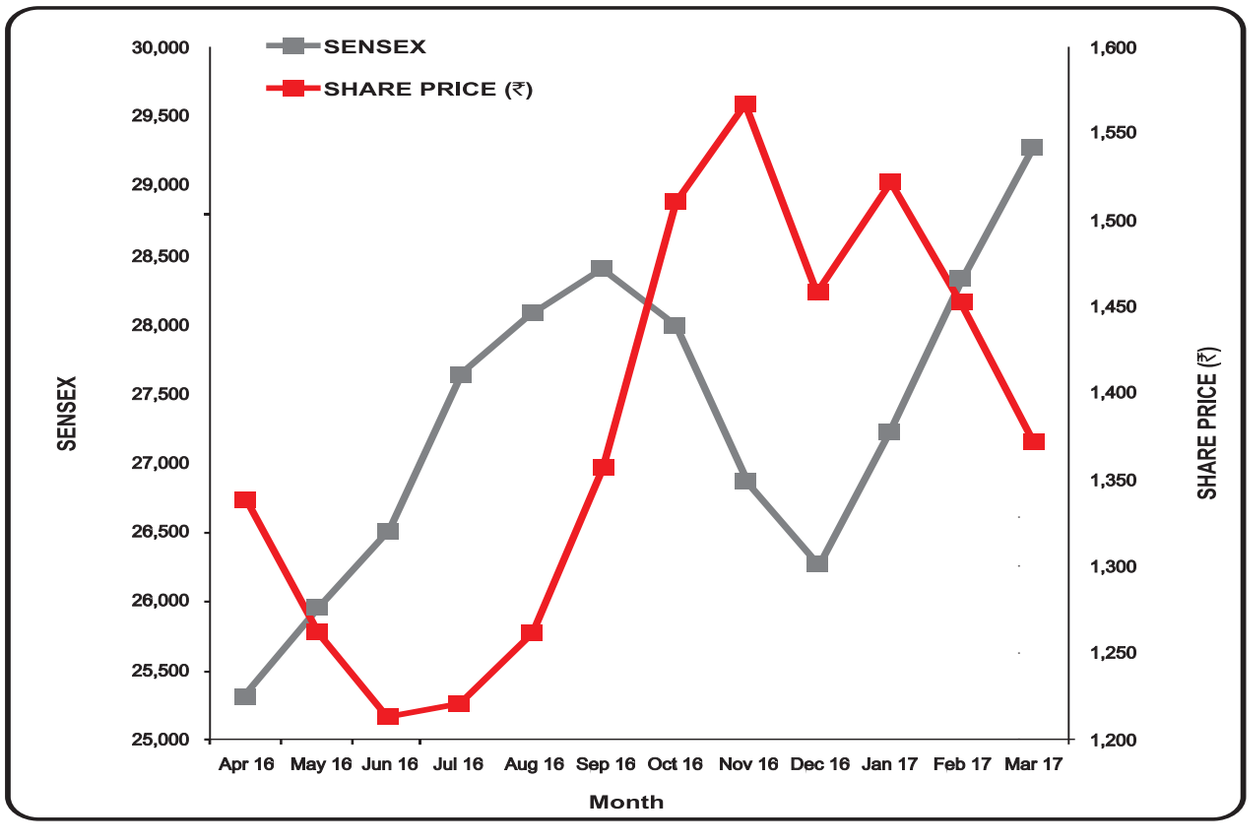
v. Stock Market Data

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

(Amount in ₹/Share)

Month(s)	BSE			NSE		
	High	Low	Volume (Nos.)	High	Low	Volume(Nos.)
April 2016	1403.75	1275.00	14,961	1,382.00	1,067.30	53,786
May 2016	1344.00	1180.00	24,170	1,320.00	1,042.10	85,952
June 2016	1266.00	1160.00	15,181	1,225.00	1,040.00	91,165
July 2016	1270.00	1172.00	11,293	1,445.00	1,153.05	36,783
August 2016	1337.55	1185.30	1,63,258	1,538.40	1,085.00	3,56,363
September 2016	1480.40	1233.00	37,855	1,188.85	1,052.00	1,99,857
October 2016	1680.00	1341.05	40,451	1,344.00	1,137.20	1,68,776
November 2016	1750.00	1385.00	55,495	1,405.00	1,178.00	1,84,406
December 2016	1549.90	1365.00	14,858	1,420.00	1,230.00	62,048
January 2017	1572.05	1471.00	10,505	1,380.95	1,113.50	84,313
February 2017	1554.00	1352.05	15,764	1,289.90	1,081.00	69,684
March 2017	1409.00	1335.00	24,848	1,322.95	1,124.00	90,480

vi. Performance comparison: 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 Agent (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 in physical mode received for transfer 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 dematerialization 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 Regulation 40(9) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 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, 2017

No. of Shareholders	% to Total	Shareholding of Nominal Value of ₹	No. of Shares	Amount in ₹	% to Total
12761	94.786	1 TO 5000	9,93,020	99,30,200	9.79
359	2.667	5001 TO 10000	2,69,525	26,95,250	2.657
180	1.337	10001 TO 20000	2,70,214	27,02,140	2.664
54	0.401	20001 TO 30000	1,31,914	13,19,140	1.301
24	0.178	30001 TO 40000	83,437	8,34,370	0.823
24	0.178	40001 TO 50000	1,11,033	11,10,330	1.095
36	0.267	50001 TO 100000	2,69,583	26,95,830	2.658
25	0.186	100001 And Above	80,14,345	8,01,43,450	79.013
13463	**100**	**TOTAL**	**1,01,43,071**	**10,14,30,710**	**100**

x. Pattern of shareholding as on March 31, 2017

Categories	No. of Shares	Shareholding (%)
Promoters	68,63,433	67.67
Bodies Corporate	3,35,285	3.31
NRIs, FIIs, OCBs etc.	1,28,310	1.26
Mutual Funds, Banks, FIs	5,02,278	4.95
Individuals	22,70,615	22.39
Foreign Portfolio Investor	12,114	0.12
Others (Clearing Members & Trust)	24,526	0.24
NBFC Registered with RBI	6,510	0.06
Total	**10143071**	**100**

xi. Dematerialization of shares and liquidity

97.90% of total equity capital is held in dematerialised form with NSDL and CDSL as on March 31, 2017. During the year, (i.e. from 01-04-2016 to 31-03-2017) 154 share certificates involving 6193 shares were dematerialized by the shareholders representing 0.06% 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 in the past and hence as on March 31, 2017, the Company does not have any outstanding GDRs / ADRs / Warrants or any convertible instruments.

xiii. During the period under review, the Company has not dealt in any commodity hedging activities and there are no Commodity price risks undertaken by the Company.

xiv. Plant locations
Plot No. 5, Sector 41 (Kasna),
Greater Noida Industrial Development Area,
Distt. Gautam Budh Nagar, U.P. -201 310.

7. Disclosures

(i) Related parties and transactions with them as required under Accounting Standard 18 and Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, are furnished under Note No. 34 of 'Notes to Financial Statement' for the year ended March 31, 2017.

(ii) The above transactions have no potential conflict with the interest of the Company.

(iii) There has not been any non-compliance, penalties, structures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

(iv) The Company promotes ethical behaviour in all its business activities and has a whistle blower/vigil mechanism, in the name of Vigil Mechanism / Business Ethics Proposal Line & Business Ethics (BEPL), in place. All the employees of the Company through this mechanism are free to report violation of laws, rules, regulations or unethical conduct of any employee of the Company.

(v) The Company has complied with all mandatory requirements as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(vi) The Company does not have any subsidiary Company.

(vii) The policy framed for the dealing with Related Party Transactions is displayed on the website of the Company at the link: www.hondasielpower.com

8. The status of adoption of the non-mandatory requirements as prescribed in Regulation 27(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is as under:

Audit Qualification

The Company is in the regime of unqualified financial statements.

Separate Posts of Chairman and CEO

The Company has appointed separate persons to the post of Chairman and of Managing Director/CEO.

Reporting of Internal Auditor

The Internal Auditors, on a quarterly basis, report directly to the Audit Committee of the Board.

9. The Company has complied with all the applicable Corporate Governance requirements as specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 with zero non-compliance.

10. **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.

11. **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 Board of Directors and Senior Management for the year ended March 31, 2017 is annexed as **Annexure-H.**

12. **CEO/CFO Certification**

In terms of Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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-I.**

13. **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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Certificate is annexed as **Annexure-J.**

ANNEXURE – H TO BOARD'S REPORT

CERTIFICATE AND DECLARATION

I, Yoshifumi Iida, in my capacity as President & CEO of Honda Siel Power Products Limited do hereby confirm and declare that as stipulated under Regulation 34(3) read with Schedule V(D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the best of my knowledge and belief, Members of the Board of Directors and Senior Management personnel of the Company have affirmed compliance, as on March 31, 2017, with the provisions of Code of Conduct as adopted by the Company.

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 and Senior Management.

For **Honda Siel Power Products Limited**

Yoshifumi Iida
President & CEO

ANNEXURE – I TO BOARD'S REPORT

CERTIFICATE

We, Yoshifumi Iida, President & CEO and Vinay Mittal, Whole Time Director and Chief Financial Officer of Honda Siel Power Products Limited hereby declare and confirm-

A. That we have reviewed Financial Statements and the Cash Flow Statement for the year and that to the best of our knowledge and belief :

1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
2. 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. That 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. That we accept responsibility for establishing and maintaining internal controls for Financial Reporting. We have evaluated the effectiveness of 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 such Internal Controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. That we have indicated to the Auditors and the Audit Committee:

1. significant changes in internal control over financial reporting during the year;
2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the Financial Statements; and
3. 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 Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For **Honda Siel Power Products Limited**

Vinay Mittal
Whole Time Director &
Chief Financial Officer

Yoshifumi Iida
President & CEO

ANNEXURE – J TO BOARD'S 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, 2017 as stipulated under Regulation 34(3) read with Schedule V of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Regulations . 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 2, 2017.

(T.V. NARAYNASWAMY)
COMPANY SECRETARY
(CP 203)

ANNEXURE – K TO BOARD'S REPORT

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

1	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	CEO	12x
		Director	9x
		CFO	9x
		CS	1x
2	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	CEO	Japanese expats, salary not increased
		Director	Japanese expats, salary not increased
		CFO	16%
		CS	14%
3	The percentage increase in the median remuneration of the employees in the Financial Year	The median remuneration of the employees in the Financial Year was increased by 11%. The calculation of percentage increase in median remuneration is done based on the comparable employees. For this we have excluded employees who were not eligible for any increment.	
4	The number of permanent employees on the rolls of the Company	The number of employees on the rolls of the Company including Japanese expats were 770.	
5	Average percentile increase already made in the salaries of employees other than managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average percentage increase made in the salaries of Employees other then managerial personnel, in the financial year was 10.80. Increase in salaries of managerial personnel was also made at the same percentage. The average increase every year is an outcome of the performance of Company and Company's reward philosophy.	
6	Affirmation that remuneration is as per the remuneration policy of the Company	It is affirmed that remuneration is as per the remuneration policy of the Company	

Independent Auditor's 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, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31 March 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the said Order.
2. As required by Section 143 (3) of the Act, we report that:
   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   c) the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
   e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
   f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
   g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 30 to the financial statements;
      ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
      iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
      iv. The Company has provided requisite disclosures in the financial statements as to holding as well as dealings in Specified Bank Notes during the period from 8 November to 30 December 2016. Based on audit procedures performed by us and relying on the management representation we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management. Refer Note 49 to the financial statements.

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.: 101248W/W-100022

Vikram Advani
Partner
Membership No.: 091765

Place : New Delhi
Date : 15 May 2017

Annexure A to the Independent Auditor's Report of even date on the financial statements of Honda Siel Power Products Limited

The Annexure A referred to in our Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31 March 2017, we report that:

(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. The discrepancies noticed on such verification were not material and have been properly adjusted in the books of account. For assets lying with third parties at the year-end, written confirmations have been obtained by the Company.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) The inventory, except materials-in-transit and stock lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on such verification were not material and have been properly adjusted in the books of account. For stock lying with third parties as at year end, written confirmations have been obtained by the Company.

(iii) According to the information and explanation given to us, we are of the opinion that there are no companies, firms, limited liability partnerships or other parties covered in the register required to be maintained under section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable.

(iv) According to the information and explanation given to us, the Company has not given any loans, or made any investments, or provided any guarantee, or security as specified under Section 185 and 186 of the Act. Accordingly, paragraph 3(iv) of the Order is not applicable.

(v) The Company has not accepted any deposits covered under Section 73 to 76 or any other provisions of the Act and the rules framed thereunder.

(vi) 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 sub section (1) of section 148 of the Act 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.

(vii) (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, Employees' State Insurance, Income tax, Sales tax, Service tax, duty of customs, duty of excise, Value added tax and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales tax, Service tax, duty of customs, duty of excise, Value added tax and other statutory dues were in arrears as at 31st March 2017 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 Service tax 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, duty of excise, duty of customs and Value added tax which have not been deposited by the Company on account of disputes:

(Amount in ₹ lakhs)

Name of the Statute	Nature of dues	Amount disputed	Amount deposited under protest	Period to which the amount relates (Financial Year)	Forum where dispute is pending
Income-tax Act , 1961	Income tax	56.89	20.00	1995-1996	Commissioner of Income tax (Appeals)
	Income tax	30.90	-	2004-2005	Commissioner of Income Tax (Appeals)
	Income tax	1,612.00	-	2011-2012	Commissioner of Income tax (Appeals)
	Income tax	1,340.00	218.00	2012-2013	Commissioner of Income tax (Appeals)
Various Sales Tax Acts	Sales tax	0.72	0.72	1995-1996	Assistant Commissioner
	Sales tax	0.27	0.27	2005-2006	Joint Commissioner (Appeals)
	Sales tax	3.55	0.89	1999-2000	High Court
	Sales tax	21.12	-	2000-2001	WBCT Appellate & revision board
	Sales tax	5.23	1.57	2000-2001	Sales Tax Tribunal
	Sales tax	1.74	0.43	2001-2002	Sales Tax Tribunal
	Sales tax	0.52	-	2001-2002	Additional Commissioner (Appeals)
	Sales tax	0.15	-	2002-2003	Deputy Commissioner (Appeals)

Name of the Statute	Nature of dues	Amount disputed	Amount deposited under protest	Period to which the amount relates (Financial Year)	Forum where dispute is pending
Various Sales Tax Acts	Sales tax	1.19	-	2003-2004	Deputy Commissioner (Appeals)
	Sales tax	5.96	-	2004-2005	Joint Commissioner (Appeals)
	Sales tax	4.67	1.48	2007-2008	Deputy Commissioner (Appeal).
	Sales tax	1.78	0.18	2007-2008	The Appellate Authority
	Sales tax	1.93	0.71	2008-2009	Deputy Commissioner (Appeal)
	Sales tax	22.83	-	2009-2010	Deputy Commissioner (Appeals)
	Sales tax	0.74	-	2012-2013	Deputy Commissioner (Appeals)
	Sales tax	32.77	16.38	2015-2016	Deputy Commissioner (Appeals)
	Sales tax	14.03	7.02	2015-2016	Deputy Commissioner (Appeals)
Central Excise Act, 1944	Excise duty	1,201.14	-	July 2000 to December 2002	Customs Excise Service Tax Appellate Tribunal
	Excise duty	2.47	0.35	December 2003 to March 2004	Customs Excise Service Tax Appellate Tribunal
	Excise duty	181.36	-	May 2003 to Feb 2004	Supreme Court
Customs Act, 1962	Customs duty	49.67	49.67	2011-2014	CESTAT
	Customs duty	7.11	7.11	2012-2014	Commissioner Of Customs (Appeals)
	Customs duty	22.76	22.76	2014-2015	CESTAT
	Customs duty	1.36	1.36	2015-2016	Commissioner Of Customs (Appeals)
	Customs duty	89.33	89.33	2014-2015	Commissioner Of Customs (Appeals)

The above amounts include interest and penalty wherever indicated in the demand order.

(viii) The Company did not have any loans or borrowings from any financial institutions, banks, government or dues to debenture holders during the year. Thus paragraph 3(viii) of the Order is not applicable.

(ix) According to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

(x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable, and the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.: 101248W/W-100022

Vikram Advani
Partner
Membership No.: 091765

Place : New Delhi
Date : 15 May 2017

Annexure - B to the Independent Auditor's Report of even date on the financial statements of Honda Siel Power Products Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Honda Siel Power Products Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting, issued by the Institute of Chartered Accountants of India.

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.: 101248W/W-100022

Vikram Advani
Partner
Membership No.: 091765

Place : New Delhi
Date : 15 May 2017

Balance Sheet as at 31 March 2017

	Note No.	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	**1,014.31**	1,014.31
Reserves and surplus	4	**41,357.98**	35,643.05
		42,372.29	36,657.36
Non-current liabilities			
Deferred tax liabilities (net)	5	**1.34**	44.14
Other long-term liabilities	6	**202.47**	197.17
Long-term provisions	7	**573.52**	491.87
		777.33	733.18
Current liabilities			
Trade payables	8		
a) Total outstanding dues of micro and small enterprises		**123.50**	176.01
b) Total outstanding dues of creditors other than micro and small enterprises		**7,057.73**	5,997.10
Other current liabilities	9	**2,167.16**	2,310.77
Short-term provisions	10	**695.80**	1,749.56
		10,044.19	10,233.44
TOTAL		**53,193.81**	47,623.98
ASSETS			
Non-current assets			
Fixed assets			
Tangible fixed assets	11	**10,105.04**	10,854.94
Intangible fixed assets	12	**402.45**	391.24
Capital work in progress	11	**32.52**	34.25
Intangible assets under development	12	**-**	14.94
Long-term loans and advances	13	**4,359.96**	4,665.41
Other non current assets	14	**4,113.35**	1.00
		19,013.32	15,961.78
Current assets			
Inventories	15	**11,429.70**	8,862.63
Trade receivables	16	**2,930.89**	3,364.20
Cash and bank balances	17	**14,214.25**	15,544.92
Short-term loans and advances	18	**5,302.70**	3,543.25
Other current assets	19	**302.95**	347.20
		34,180.49	31,662.20
TOTAL		**53,193.81**	47,623.98
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/W-100022

Vikram Advani
Partner
Membership No. : 091765

Sunita Ganjoo
Company Secretary

Place : New Delhi
Date : 15 May 2017

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

Siddharth Shriram	Chairman
D.V. Kapur	Director
Ravi V. Gupta	Director
Manoj Arora	Director
Yoshifumi Iida	President & CEO
Vinay Mittal	Whole time Director & CFO

Statement of Profit and Loss for the year ended 31 March 2017

	Note No.	31 March 2017 (₹ lakhs)		31 March 2016 (₹ lakhs)	
Revenue					
Revenue from operations	**20**				
Sale of products (gross)		**72,087.86**		69,377.19	
Other operating revenues		**1,501.24**		1,237.48	
		73,589.10		70,614.67	
Less : Excise duty		**3,431.94**	**70,157.16**	3,334.12	67,280.55
Other income	**21**		**1,616.74**		1,131.88
Total revenue			**71,773.90**		68,412.43
Expenses					
Cost of materials consumed	**22**		**37,001.80**		31,964.08
Purchases of stock in trade	**23**		**6,194.25**		5,778.98
Changes in inventories of finished goods, work in progress and stock in trade	**24**		**(1,629.19)**		2,119.99
Employee benefits expense	**25**		**7,338.53**		6,562.36
Finance costs	**26**		**28.30**		46.52
Depreciation and amortisation expense	**27**		**2,320.49**		2,382.02
Other expenses	**28**		**11,803.13**		12,051.11
Total expenses			**63,057.31**		60,905.06
Profit before tax			**8,716.59**		7,507.37
Tax expense					
Current tax			**3,150.19**		2,846.05
Tax related to prior years			**(105.73)**		-
Deferred tax charge/ (benefit)			**(42.80)**		(221.64)
Profit for the year			**5,714.93**		4,882.96
Earnings per equity share (₹)	**39**				
Basic - Face value of ₹ 10 per share			**56.34**		48.14
Diluted - Face value of ₹ 10 per share			**56.34**		48.14
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/W-100022

Vikram Advani
Partner
Membership No. : 091765

Sunita Ganjoo
Company Secretary

Place : New Delhi
Date : 15 May 2017

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

Siddharth Shriram	Chairman
D.V. Kapur	Director
Ravi V. Gupta	Director
Manoj Arora	Director
Yoshifumi Iida	President & CEO
Vinay Mittal	Whole time Director & CFO

Cash Flow Statement for the year ended 31 March 2017

	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	**8,716.59**	7,507.37
Adjustments :		
Depreciation and amortisation	**2,320.49**	2,382.02
Interest income on bank deposits	**(1,102.91)**	(795.22)
Interest income on income tax refund	**(216.25)**	-
Interest expense	**28.30**	46.52
Net profit on sale of fixed assets	**(22.92)**	(82.64)
Unrealised foreign exchange loss	**88.46**	90.14
Liabilities/Provisions no longer required written back	**(253.95)**	(150.58)
Provision for doubtful advances	**6.70**	47.51
Provision for slow moving inventory	**-**	83.73
Bad debts written off	**-**	3.09
	9,564.51	9,131.94
Operating cash flow before working capital changes		
(Increase)/Decrease in inventories	**(2,482.07)**	2,881.19
Decrease in trade receivables	**375.42**	390.80
(Increase)/Decrease in short term loans and advances	**(1,766.15)**	297.54
Decrease/(Increase) in long term loans and advances	**652.08**	(383.50)
Increase/(Decrease) in trade payables	**1,195.74**	(639.37)
(Decrease)/Increase in other current liabilities	**(72.77)**	700.04
Increase in short term provisions	**64.37**	98.25
Increase in other long term provisions	**81.65**	83.03
Increase in other long-term liabilities	**5.30**	3.50
	(1,946.43)	3,431.48
Cash generated from operations	**7,618.08**	12,563.42
Income taxes paid (including interest)	**(3,694.26)**	(2,456.76)
Net cash generated/(used) by operating activities	**3,923.82**	10,106.66
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	**(1,547.26)**	(1,283.27)
Net proceeds from sale of fixed assets	**38.03**	152.48
Fixed deposits matured during the year	**15,990.75**	6,113.80
Amount invested in fixed deposits	**(16,942.17)**	(14,203.31)
Interest received	**1,147.16**	592.55
Net cash generated/(used) by investing activities	**(1,313.49)**	(8,627.75)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend on equity shares paid	**(608.59)**	(608.59)
Tax paid on dividends	**(123.90)**	(123.90)
Net cash generated/(used) by financing activities	**(732.49)**	(732.49)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**1,877.84**	746.42
Cash and cash equivalents at the beginning of the year	**2,275.99**	1,539.40
Effect of exchange differences on cash and cash equivalents held in foreign currency	**(49.23)**	(9.83)
Cash and cash equivalents at the end of the year	**4,104.60**	2,275.99
Notes to cash flow statement		
1. Components of cash and cash equivalents:		
Cash on hand	**11.39**	8.92
Cheques on hand	**721.99**	478.69
Balances with banks:		
- Current accounts	**998.93**	1,138.38
- Deposit accounts (with original maturity of three months or less)	**2,372.29**	650.00
Cash and cash equivalents	**4,104.60**	2,275.99

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/W-100022

Vikram Advani
Partner
Membership No. : 091765

Place : New Delhi
Date : 15 May 2017

Sunita Ganjoo
Company Secretary

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

Siddharth Shriram	Chairman
D.V. Kapur	Director
Ravi V. Gupta	Director
Manoj Arora	Director
Yoshifumi Iida	President & CEO
Vinay Mittal	Whole time Director & CFO

Notes to the financial statement for the year ended 31 March 2017

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.

The financial statements for the year ended 31 March 2017 have been prepared as per the requirements of Schedule III of the Companies Act, 2013.

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 as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the relevant provisions of the Act 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 as per the company's normal operating cycle and other criteria as set out in the Schedule III to the Companies Act, 2013.

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. The company has determined its operating cycle as 12 months for the purpose of the classification of its assets and liabilities as current and non current.

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 on Tangible Fixed Assets is provided on the straight-line method based on the estimated useful life of each asset as determined by the management. Depreciation for assets purchased / sold during the period is proportionately charged.

Pursuant to Companies Act, 2013 ('the Act') being effective from 1 April 2014, the Company has aligned the depreciation rates based on the useful lives as specified in Part 'C' of Schedule II to the Act, except for the following assets, which are being depreciated based on the managements estimate of the useful life of tangible fixed assets. Such useful lives are lower than the lives as per Schedule II of the Act:

Notes to the financial statement for the year ended 31 March 2017

Block of Asset	Estimated life (Years) #
Plant and equipment (Dies/Jigs and fixtures)	5 years
Furniture and fixtures	8 years
Vehicles	5 years
Computers (Servers)	3 years

For these class of assets, based on internal technical evaluation, the management believes useful lives as given above best represent the period over which company expects to use these assets.

Freehold land is not depreciated. Leasehold land is amortised on a straight line basis over the period of lease i.e. 90 years.

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 amortisation 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 fees	20.00% per annum
Technical knowhow – Others	16.67% per annum
Computer software	33.33% per annum

Amortisation 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 amortisation 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 amortisation, 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.

Notes to the financial statement for the year ended 31 March 2017

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.

(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 benefits under various schemes notified by the government are recognized on accrual basis when no significant uncertainties as to the amount of consideration that would be derived and as to its ultimate collection exist.

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.

Notes to the financial statement for the year ended 31 March 2017

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.

xv) Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits with banks, other short term highly liquid investments with original maturities of three months or less.

xvi) Earnings per share

Basic earnings per share are calculated by dividing the net profit / (loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year end, except where the results would be anti-dilutive.

3. Share capital

	31 March 2017		31 March 2016	
	Number of shares	**Amount (₹ lakhs)**	Number of shares	Amount (₹ lakhs)
Authorised				
- Equity shares of ₹ 10 each	**1,50,00,000**	**1,500.00**	1,50,00,000	1,500.00
Issued				
- Equity shares of ₹ 10 each	**1,01,44,000**	**1,014.40**	1,01,44,000	1,014.40
Subscribed and paid up				
- Equity shares of ₹ 10 each fully paid up	**1,01,43,071**	**1,014.31**	1,01,43,071	1,014.31
	1,01,43,071	**1,014.31**	1,01,43,071	1,014.31

Notes to the financial statement for the year ended 31 March 2017

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

	31 March 2017		31 March 2016	
	Number of shares	**Amount (₹ lakhs)**	Number of shares	Amount (₹ lakhs)
At the commencement and at the end of the year	**1,01,43,071**	**1,014.31**	1,01,43,071	1,014.31
	1,01,43,071	**1,014.31**	1,01,43,071	1,014.31

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 2017, the Company has recognised per share dividend for distribution to equity shareholders amounting to ₹ Nil (31 March 2016: ₹ 6.00).

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 2017		31 March 2016	
	Number of shares	**Amount (₹ lakhs)**	Number of shares	Amount (₹ lakhs)
Honda Motor Co. Ltd., Japan, the holding company and also being the ultimate holding company	**67,62,000**	**676.20**	67,62,000	676.20

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

	31 March 2017		31 March 2016	
	Number of equity shares	**% of total shares in the class**	Number of equity shares	% of total shares in the class
Honda Motor Co. Ltd., Japan, the holding company and also being the ultimate holding company	**67,62,000**	**66.67%**	67,62,000	66.67%

4. Reserves and surplus

	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
Capital investment subsidy reserve		
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 and at the end of the year	**12,086.85**	12,086.85
Surplus in the statement of profit and loss		
At the commencement of the year	**23,134.74**	18,984.27
Add: Profit for the year	**5,714.93**	4,882.96
Less: Appropriations		
Proposed equity dividend	**-**	608.59
Tax on proposed equity dividend	**-**	123.90
Total appropriations	**-**	732.49
At the end of the year	**28,849.67**	23,134.74
Total reserves and surplus	**41,357.98**	35,643.05

Notes to the financial statement for the year ended 31 March 2017

5. Deferred tax liabilities (net)

	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
Deferred tax liabilities		
Excess of depreciation/ amortisation on fixed assets under income-tax law over depreciation/ amortisation provided in accounts	**380.32**	487.24
	380.32	487.24
Deferred tax assets		
Expenditure covered by section 43B of Income-tax Act,1961	**205.20**	227.69
Provision for slow moving inventory	**70.75**	96.83
Provision for discontinued models	**15.17**	31.15
Provision for doubtful advances	**87.86**	87.43
	378.98	443.10
Deferred tax liability (net)	**1.34**	44.14

6. Other long-term liabilities

	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
Security deposits from dealers	**202.47**	197.17
	202.47	197.17

7. Long-term provisions

	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
Provision for employee benefits		
Compensated absences	**553.90**	491.87
	553.90	491.87
Other provisions		
Provision for warranties (Refer to note 38)	**19.62**	-
	19.62	-
	573.52	491.87

8. Trade payables

	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
a) Total outstanding dues of micro and small enterprises (Refer to note 33)	**123.50**	176.01
b) Total outstanding dues of creditors other than micro and small enterprises	**7,057.73**	5,997.10
	7,181.23	6,173.11

Notes to the financial statement for the year ended 31 March 2017

9. Other current liabilities

	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
Advance from customers	**469.70**	711.18
Unpaid dividend	**35.72**	34.06
Creditors for purchase of fixed assets	**83.34**	137.62
Interest accrued and due on security deposits	**10.53**	11.71
Other payables		
Payable to employees	**775.11**	697.99
Interest payable	**28.30**	46.52
Statutory liabilities	**764.46**	671.69
	2,167.16	2,310.77

10. Short-term provisions

	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
Provision for employee benefits		
Compensated absences	**39.03**	40.76
Gratuity (Refer to note 36)	**159.66**	124.86
	198.69	165.62
Other provisions		
Proposed equity dividend	**-**	608.59
Tax on proposed equity dividend	**-**	123.90
Provision for warranties (Refer to note 38)	**76.42**	63.43
Provision for service coupons (Refer to note 37)	**169.54**	151.23
Income tax [net of advance income tax and taxes deducted at source amounting to ₹ 7,238.96 lakhs (31 March 2016: ₹ 4,619.55 lakhs)]	**251.15**	636.79
	497.11	1,583.94
	695.80	1,749.56

Notes to the financial statement for the year ended 31 March 2017

11. Tangible fixed assets

(₹ lakhs)

Description	Gross Block				Depreciation				Net Block
	As at 1 April 2016	Additions	Disposals/ Adjustment	As at 31 March 2017	As at 1 April 2016	For the year	Disposals/ Adjustment	As at 31 March 2017	As at 31 March 2017
Freehold land	117.39	-	-	**117.39**	-	-	-	**-**	**117.39**
Buildings	4,344.78	57.68	-	**4,402.46**	901.32	138.76	-	**1,040.08**	**3,362.38**
Plant and equipments	18,605.83	1,065.68	80.70	**19,590.81**	12,156.99	1,724.71	70.40	**13,811.30**	**5,779.51**
Furniture and fixtures	236.60	5.48	1.36	**240.72**	149.63	23.78	1.36	**172.05**	**68.67**
Vehicles	791.16	181.77	115.46	**857.47**	405.79	156.44	110.65	**451.58**	**405.89**
Office equipments	295.04	29.05	6.91	**317.18**	248.63	20.24	6.91	**261.96**	**55.22**
Computers	423.98	18.30	0.46	**441.82**	377.98	24.92	0.46	**402.44**	**39.38**
	24,814.78	1,357.96	204.89	**25,967.85**	14,240.34	2,088.85	189.78	**16,139.41**	**9,828.44**
Leasehold land	351.20	-	-	**351.20**	70.70	3.90	-	**74.60**	**276.60**
	351.20	-	-	**351.20**	70.70	3.90	-	**74.60**	**276.60**
Total	25,165.98	1,357.96	204.89	**26,319.05**	14,311.04	2,092.75	189.78	**16,214.01**	**10,105.04**

(₹ lakhs)

Description	Gross Block				Depreciation				Net Block
	As at 1 April 2015	Additions	Disposals/ Adjustment	As at 31 March 2016	As at 1 April 2015	For the year	Disposals/ Adjustment	As at 31 March 2016	As at 31 March 2016
Freehold land	117.39	-	-	**117.39**	-	-	-	**-**	**117.39**
Buildings	4,291.15	69.59	15.96	**4,344.78**	761.19	144.52	4.39	**901.32**	**3,443.46**
Plant and equipments	17,780.28	909.80	84.25	**18,605.83**	10,479.41	1,760.69	83.11	**12,156.99**	**6,448.84**
Furniture and fixtures	232.23	8.75	4.38	**236.60**	130.27	23.70	4.34	**149.63**	**86.97**
Vehicles	735.98	224.37	169.19	**791.16**	425.66	142.34	162.21	**405.79**	**385.37**
Office equipments	288.07	14.82	7.85	**295.04**	232.70	23.35	7.42	**248.63**	**46.41**
Computers	377.63	47.24	0.89	**423.98**	348.15	30.39	0.56	**377.98**	**46.00**
	23,822.73	1,274.57	282.52	**24,814.78**	12,377.38	2,124.99	262.03	**14,240.34**	**10,574.44**
Leasehold land	377.35	-	26.15	**351.20**	71.42	4.07	4.79	**70.70**	**280.50**
	377.35	-	26.15	**351.20**	71.42	4.07	4.79	**70.70**	**280.50**
Total	24,200.08	1,274.57	308.67	**25,165.98**	12,448.80	2,129.06	266.82	**14,311.04**	**10,854.94**

Capital work-in-progress	**31 March 2017** (₹ Lakhs)	31 March 2016 (₹ Lakhs)
Opening balance at the beginning of the year	**34.25**	43.03
Additions	**1,145.48**	854.71
Less: Assets capitalised during the year	**1,147.21**	863.49
Closing balance at the end of the year	**32.52**	34.25

Notes to the financial statement for the year ended 31 March 2017

12. Intangible fixed assets

(₹ lakhs)

Description	Gross Block				Amortisation				Net Block
	As at 1 April 2016	Additions	Disposals	As at 31 March 2017	As at 1 April 2016	For the year	Disposals	As at 31 March 2017	As at 31 March 2017
Technical knowhow - Others	65.18	-	-	**65.18**	65.18	-	-	**65.18**	**-**
Technical knowhow - Model fees	1,004.72	73.50	-	**1,078.22**	751.79	117.25	-	**869.04**	**209.18**
Software	669.33	165.45	-	**834.78**	531.02	110.49	-	**641.51**	**193.27**
Total	1,739.23	238.95	-	**1,978.18**	1,347.99	227.74	-	**1,575.73**	**402.45**

(₹ lakhs)

Description	Gross Block				Amortisation				Net Block
	As at 1 April 2015	Additions	Disposals	As at 31 March 2016	As at 1 April 2015	For the year	Disposals	As at 31 March 2016	As at 31 March 2016
Technical knowhow - Others	65.18	-	-	**65.18**	65.18	-	-	**65.18**	**-**
Technical knowhow - Model fees	931.22	73.50	-	**1,004.72**	619.39	132.40	-	**751.79**	**252.93**
Software	645.84	23.49	-	**669.33**	410.46	120.56	-	**531.02**	**138.31**
Total	1,642.24	96.99	-	**1,739.23**	1,095.03	252.96	-	**1,347.99**	**391.24**

Intangible fixed assets under development	**31 March 2017 (₹ Lakhs)**	31 March 2016 (₹ Lakhs)
Opening balance at the beginning of the year	**14.94**	6.70
Additions	**74.17**	8.24
Less: Assets capitalised during the year	**82.41**	-
Less: Assets adjusted during the year	**6.70**	-
Closing balance at the end of the year	**-**	14.94

Notes to the financial statement for the year ended 31 March 2017

13. Long-term loans and advances

(Unsecured and considered good, unless otherwise stated)

	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
Recoverable from parties other than related parties :		
Capital advances	**239.90**	327.16
Security deposits	**130.30**	138.50
Advance income tax and taxes deducted at source [net of provision for income tax ₹ 16,255.81 lakhs (31 March 2016: ₹ 15,445.12 lakhs)]*	**3,077.79**	2,643.90
Other loans & advances		
- Prepaid expenses	**162.36**	144.93
- Service tax credit receivable	**-**	939.63
- VAT receivable	**783.20**	509.39
	4,393.55	4,703.51
Less: Current portion of long term loans and advances**		
Security deposits	**25.65**	27.96
Prepaid expenses	**7.94**	10.14
	33.59	38.10
	4,359.96	4,665.41

* Includes paid under protest ₹ 238.00 lakhs (Previous year ₹ 483.12 lakhs)

** Disclosed in short-term loan and advances.

14. Other non-current assets

(Unsecured and considered good, unless otherwise stated)

	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
Bank deposit (Due to mature after 12 months from reporting date) (Refer note 17)	**4,113.35**	1.00
	4,113.35	1.00

15. Inventories

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

	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
Raw materials [includes in transit: ₹ 2,912.61 lakhs (31 March 2016: ₹ 2,076.25 lakhs)]	**5,096.46**	4,356.97
Work in progress	**400.19**	335.85
Finished goods	**4,570.08**	3,234.28
Stock in trade [includes in transit: ₹ 581.60 lakhs (31 March 2016: ₹ 320.96 lakhs)]	**1,479.48**	1,177.68
Stores and spares	**131.74**	127.66
	11,677.95	9,232.44
Less: Provision for slow moving inventory	**204.43**	278.85
Less: Provision for inventory related to discontinued models (Refer to note 29(b))	**43.82**	90.96
	11,429.70	8,862.63

16. Trade receivables

(Unsecured and considered good, unless otherwise stated)

	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
Receivables outstanding for a period exceeding six months from the date they became due for payment	**8.12**	6.85
Other receivables		
Unsecured and considered good # *	**2,922.77**	3,357.35
	2,930.89	3,364.20

\# Includes debts amounting to ₹ 524.29 lakhs (31 March 2016: ₹ 443.51 lakhs) considered good in respect of which the company holds guarantees from the bank.

* Includes amount due from Honda Motor India Private Limited ₹ 71.74 lakhs (31 March 2016: ₹ 48.89 lakhs), from Usha International Limited ₹ 222.05 lakhs (31 March 2016: ₹ 24.21 lakhs) and from Honda Cars India Limited ₹ 0.28 lakhs (31 March 2016: ₹ 4.58 lakhs), being companies having common directors.

Notes to the financial statement for the year ended 31 March 2017

17. Cash and bank balances

	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
Cash and cash equivalent:		
Cash on hand	**11.39**	8.92
Cheques on hand	**721.99**	478.69
Balances with banks		
- On current accounts	**998.93**	1,138.38
- On deposit accounts (with original maturity of three months or less)	**2,372.29**	650.00
	4,104.60	2,275.99
Other bank balances	**10,109.65**	13,268.93
	14,214.25	15,544.92
Details of bank balances/deposits		
Unpaid dividend account included under 'Other bank balances'	**35.71**	34.06
Bank balances available on demand/deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	**2,372.29**	650.00
Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances'	**10,073.94**	13,234.87
Bank deposits due to mature after 12 months of the reporting date included under 'Other non-current assets' (refer to note 14)	**4,113.35**	1.00
	16,595.29	13,919.93

18. Short-term loans and advances

(Unsecured and considered good, unless otherwise stated)

	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
Recoverable from related parties:		
Honda Motor Co. Ltd., Japan	**20.49**	29.08
Asian Honda Motor Co. Limited, Thailand	**0.08**	0.06
Honda R & D Co. Limited, Japan	**-**	5.16
Honda R & D (India) Private Limited, India	**0.75**	1.51
American Honda Motor Co. Inc., USA	**0.84**	-
Recoverable from parties other than related parties :		
Unsecured and considered good		
- Service tax credit receivable	**1,183.29**	558.96
- CENVAT credit receivable	**1,560.58**	1,262.80
- Value Added Tax receivable	**211.38**	197.21
- Special additional duty recoverable		
Considered good	**146.99**	206.76
Considered doubtful	**179.52**	185.34
Less : Provision for doubtful advances	**179.52**	185.34
	146.99	206.76
- Advances for supply of goods	**72.95**	85.71
- Current portion of long term loans and advances (Refer to note 13)	**33.59**	38.10
- Prepaid expenses	**81.09**	93.66
- Security deposits		
Considered good	**39.66**	7.46
Considered doubtful	**9.50**	9.57
Less : Provision for doubtful advances	**9.50**	9.57
	39.66	7.46

Notes to the financial statement for the year ended 31 March 2017

	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
- Export benefits recoverable		
Considered good	**353.75**	305.08
Considered doubtful	**26.94**	26.94
Less : Provision for doubtful advances	**26.94**	26.94
	353.75	305.08
- Recoverable from Government authorities*	**1,570.11**	731.64
- Others		
Considered good **	**27.15**	20.06
Considered doubtful	**37.47**	30.77
Less : Provision for doubtful advances	**37.47**	30.77
	27.15	20.06
	5,302.70	3,543.25

* Includes paid under protest ₹ 182.90 lakhs (31 March 2016: ₹ 125.35 lakhs)
** Includes loan and advances due by directors or other officers ₹ Nil Lakhs (31 March 2016: ₹ 4.10 lakhs)

19. Other current assets

(Unsecured and considered good, unless otherwise stated)

	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
Interest accrued on bank deposits	**302.95**	347.20
	302.95	347.20

20. Revenue from operations

	31 March 2017 (₹ lakhs)		31 March 2016 (₹ lakhs)	
Sale of products				
Finished goods	**64,500.31**		61,790.47	
Stock in trade	**7,587.55**		7,586.72	
	72,087.86		69,377.19	
Less : Excise duty	**3,340.66**	**68,747.20**	3,241.55	66,135.64
Other operating revenues				
Spares and components	**632.23**		600.95	
Scrap sales	**123.66**		142.46	
Support service and infrastructure fees	**143.66**		143.78	
Others	**601.69**		350.29	
	1,501.24		1,237.48	
Less : Excise duty	**91.28**	**1,409.96**	92.57	1,144.91
		70,157.16		67,280.55

Break-up of revenue from sale of products

	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
Finished goods		
Gensets	**45,303.49**	44,200.00
Engines	**8,127.51**	6,930.51
Water pumps	**10,385.76**	10,659.96
Tiller	**683.55**	-
	64,500.31	61,790.47

Notes to the financial statement for the year ended 31 March 2017

	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
Stock in trade		
Brush cutters	**2,955.23**	3,377.63
Engines	**2,924.21**	2,762.19
Water pumps	**-**	17.99
Tiller	**1,115.35**	843.97
Lawn mowers	**547.13**	520.54
Others	**45.63**	64.40
	7,587.55	7,586.72

21. Other income

	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
Interest income on		
- bank deposits	**1,102.91**	795.22
- income tax refund	**216.25**	-
Net gain on sale of fixed assets	**22.92**	82.64
Net gain on account of foreign exchange fluctuations	**-**	74.17
Liabilities/provisions no longer required written back	**253.95**	150.58
Other non-operating income	**20.71**	29.27
	1,616.74	1,131.88

22. Cost of materials consumed *

	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
Inventory of materials at the beginning of the year	**4,356.97**	4,998.97
Purchases	**37,741.29**	31,322.08
Inventory of materials at the end of the year	**5,096.46**	4,356.97
	37,001.80	31,964.08

* Refer to note 42

Break-up of cost of materials consumed

	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
Unit inverter	**3,676.77**	2,636.40
Unit assembly generator	**1,834.60**	1,321.95
Aluminium alloy ingots	**1,001.49**	1,074.85
Steel sheets	**433.15**	459.42
CRNGO sheets	**346.99**	311.96
Copper wire	**333.10**	405.28
Others	**29,375.70**	25,754.22
	37,001.80	31,964.08

23. Purchases of stock in trade

	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
Brush cutters	**2,224.88**	2,337.93
Engines	**2,528.54**	2,205.41
Tillers	**851.03**	700.10
Lawn mowers	**505.30**	442.01
Others	**84.50**	93.53
	6,194.25	5,778.98

Notes to the financial statement for the year ended 31 March 2017

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

	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
Inventories at the end of the year:		
Finished goods	**4,570.08**	3,234.28
Stock in trade	**1,479.48**	1,177.68
Work in progress	**400.19**	335.85
	6,449.75	4,747.81
Inventories at the beginning of the year:		
Finished goods	**3,234.28**	5,558.17
Stock in trade	**1,177.68**	1,263.10
Work in progress	**335.85**	276.66
	4,747.81	7,097.93
(Increase) /decrease in excise duty	**(72.75)**	230.13
(Increase)/decrease in inventories	**(1,629.19)**	2,119.99

Details of inventory

i) Finished goods

	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
Gensets	**3,092.03**	1,669.48
Engines	**372.30**	433.41
Water pumps	**1,048.30**	1,131.39
Tillers	**57.45**	-
	4,570.08	3,234.28

ii) Stock in trade

	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
Brush cutters	**558.80**	399.32
Engines	**392.37**	234.19
Lawn mowers	**191.44**	157.90
Tillers	**158.96**	194.97
Others	**177.91**	191.30
	1,479.48	1,177.68

iii) Work in progress

	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
Gensets	**188.57**	157.85
Engines	**138.54**	90.68
Water pumps	**71.13**	87.32
Tillers	**1.95**	-
	400.19	335.85

25. Employee benefits expense

	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
Salaries, wages and bonus	**6,142.14**	5,496.28
Contribution to provident and other funds (Refer to note 36)	**527.81**	432.84
Compensated absences	**144.83**	181.30
Staff welfare expenses	**523.75**	451.94
	7,338.53	6,562.36

Notes to the financial statement for the year ended 31 March 2017

26. Finance costs

	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
Interest expense	**28.30**	46.52
	28.30	46.52

27. Depreciation and amortisation expense

	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
Depreciation of tangible fixed assets (Refer note 11)	**2,092.75**	2,129.06
Amortisation of intangible fixed assets (Refer note 12)	**227.74**	252.96
	2,320.49	2,382.02

28. Other expenses

		31 March 2017 (₹ lakhs)		31 March 2016 (₹ lakhs)
Consumption of stores and spare parts (Refer to note 45)		**258.81**		277.36
Power and fuel		**523.69**		625.52
Rent (Refer to note 35)		**314.03**		311.13
Repairs				
- Building		**37.06**		42.10
- Machinery		**140.52**		134.20
- Others		**98.15**		88.56
Insurance		**90.36**		86.03
Rates and taxes		**207.78**		423.84
Royalty		**2,525.16**		2,453.87
Technical guidance fees		**510.51**		595.43
Freight, clearing and forwarding		**1,843.55**		1,752.19
Commission on sales		**2,257.99**		2,102.49
Advertisement and sales promotion		**550.69**		608.35
Service expenses		**175.51**		197.39
Travelling expenses		**518.93**		570.28
Legal and professional fees (Refer to note 32)		**431.27**		501.23
Vehicle running expenses		**185.15**		178.08
Foreign exchange fluctuation (net)		**83.69**		-
Bad debts written off		**-**		3.09
Provision for slow moving inventory		**-**		83.73
Inventory written off	**36.56**		135.38	
Less: written off against provision	**36.56**	**-**	135.38	-
Provision for doubtful advances		**6.70**		47.51
Advances written off	**5.89**		1.65	
Less: written off against provision	**5.89**	**-**	1.65	-
Warranty		**195.60**		113.54
Security expenses		**89.03**		91.30
Bank charges		**47.07**		43.11
Contribution towards Corporate Social Responsibility (Refer to note 29 (a))		**121.50**		89.09
Miscellaneous expense		**590.38**		631.69
		11,803.13		12,051.11

Notes to the financial statement for the year ended 31 March 2017

29 a. As per Section 135 of the Companies Act, 2013, a Corporate Social Responsibility (CSR) committee has been formed by the Company. The Company has contributed ₹ 121.50 lakhs (31 March 2016: ₹ 89.09 lakhs) towards Prime Minister National Relief Fund, as specified in Schedule VII of the Companies Act, 2013.

	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
(a) Gross amount required to be spent by the Company during the year	**121.50**	89.09

(b) Amount spent during the year on	**In cash**	**Yet to be paid**	In cash	Yet to be paid
(i) Construction/acquisition of any asset	**-**	**-**	-	-
(ii) On purposes other than (i) above	**121.50**	**-**	89.09	-

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 had recognised provision of ₹ 647.35 lakhs in the previous year ended 31 March 2014 (₹ 350.01 lakhs for non useable raw material and ₹ 297.34 lakhs for onerous commitment). Out of this inventory, provision of ₹ 43.82 lakhs (31 March 2016: ₹ 90.96 lakhs) is outstanding as at 31 March 2017.

30. Contingent liabilities

	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
Claims against the Company not acknowledged as debt:		
Income tax matters	**4,015.38**	4,191.47
Excise and Customs matters	**3,596.84**	3,757.77
Service tax matters	**171.04**	667.91
Sales tax matters	**119.20**	265.61
Dispute on transfer of lease right of factory land at Rudrapur	**721.97**	721.97
Other matters	**15.10**	18.52

In respect of the matters above, the amount represents the demands received under the respective demand/ show cause notices/ legal claims, wherever applicable.

31. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) amounts to ₹ 344.60 lakhs (31 March 2016: ₹ 586.46 lakhs).

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

	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
As auditor:		
- Statutory audit	**29.50**	28.00
- Tax audit	**3.00**	3.00
- Limited reviews of quarterly results	**9.00**	9.00
Reimbursement of expenses	**3.38**	3.26
	44.88	43.26

excluding service tax

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

Particulars	**31 March 2017 (₹ lakhs)**	31 March 2016 (₹ lakhs)
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	**123.50**	176.01
- 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	**-**	-

Notes to the financial statement for the year ended 31 March 2017

Particulars	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
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	-	-

34. Disclosures as per Accounting Standard (AS)-18 "Related Party Disclosures"

A. Name of related parties with whom transactions have taken place during the year

Ultimate holding company and holding company:
Honda Motor Co., Ltd., Japan

Fellow Subsidiaries
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
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 Trading De Argentina S.A., Argentina
Honda Trading Corporation India Private Limited, India
Honda Mindong Generator Co. Ltd., China
Honda Kaihatsu Co. Ltd., Japan
Honda Trading Europe Ltd., Belgium
Honda Motor Europe Limited, U.K.
Jialing-Honda Motors Co. Ltd., China
Honda Cars India Limited, India
Honda Selva Del Peru S.A., Peru
Honda Trading Philippines Ecozone Corporation, Philippines
Honda Trading America Corp., America
Honda Motor Southern Africa (Pty.) Limited, South Africa
Honda Motor De Chile S.A., Chile
Taiwan Honda Trading Co. Ltd., Taiwan
Honda Kaihatsu India Hospitality Pvt. Ltd., India
Honda Vietnam Power Products Co. Ltd., Vietnam
Rajasthan Prime Steel Processing Center Private Limited

B. Name of key management personnel:

Mr. Yoshifumi Iida	President and CEO
Mr. Hiroyoshi Sugimizu	Senior Vice President and Whole time director
Mr. Vinay Mittal	Vice President, Whole time director and CFO

Notes to the financial statement for the year ended 31 March 2017

C. Transactions with related parties

		31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
Holding Company			
a.	**Purchase of goods**		
	Stock in trade	**1,253.45**	1,039.78
	Components, raw material, consumables and spares	**4,193.09**	3,266.79
b.	**Purchase of capital goods**	**48.76**	2.93
c.	**Payment of model fees (capitalised as intangible assets)**	**70.00**	70.00
d.	**Other expenses**		
	Technical guidance fee	**510.51**	595.43
	Royalty	**2,525.16**	2,453.87
	Export commission	**2,219.57**	2,060.99
e.	**Dividend paid** (also refer note 48)	**405.72**	405.72
f.	**Sale of products**		
	Finished goods	**773.23**	1,168.26
	Spares and components	**0.13**	-
g.	**Reimbursements of expenses**		
	Received	**129.13**	101.02
	Paid	**22.79**	17.93
	Fellow subsidiaries with whom transaction exceeds 10% of the total class of transactions		
a)	**Purchase of components, raw material, consumables and spares**		
	Asian Honda Motor Co., Limited, Thailand	**2,475.01**	2,045.07
	Honda Trading Corporation, Japan	**446.89**	283.11
	Honda Trading Asia Co. Limited, Thailand	**306.23**	369.00
	Rajasthan Prime Steel Processing Center Private Limited, India	**375.87**	412.20
	Others	**489.76**	353.63
b)	**Purchase of stock in trade**		
	Asian Honda Motor Co., Limited, Thailand	**4,014.47**	3,850.30
	Others	**12.39**	-
c)	**Purchase of capital goods**		
	Taiwan Honda Trading Co. Ltd., Taiwan	**4.91**	-
	Honda Trading Asia Co. Limited, Thailand	**-**	68.50
	Honda Philippines Inc., Philippines	**-**	19.40
d)	**Sale of finished goods**		
	American Honda Motor Co. Inc., USA	**19,741.95**	15,000.47
	Others	**5,813.74**	5,664.58
e)	**Sale of spares and components**		
	Honda Motor India Private Limited, India	**428.34**	513.14
	Others	**6.54**	25.85

Notes to the financial statement for the year ended 31 March 2017

		31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
f)	**Reimbursement of expenses paid**		
	American Honda Motor Co. Inc., USA	**136.85**	106.88
	Honda Canada Inc., Canada	**34.99**	17.97
	Honda Motor India Private Limited, India	**27.04**	29.65
	Others	**25.09**	10.11
g)	**Reimbursement of expenses received**		
	Honda R & D (India) Private Limited, India	**10.50**	9.53
	Honda Cars India Limited, India	**12.62**	10.56
	Honda Motorcycle and Scooter India Private Limited, India	**4.43**	-
	Honda R & D Co. Limited, Japan	**-**	15.95
	Others	**3.30**	3.43
h)	**Fee for infrastructure support services**		
	Honda R & D (India) Private Limited, India	**15.88**	15.88
i)	**Support service and infrastructure fees**		
	Honda Motor India Private Limited, India	**143.66**	143.78

D. Balances outstanding as at year-end

	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
Holding Company		
Trade payables	**1,988.08**	1,984.72
Trade receivables	**-**	136.46
Short-term loans and advances	**20.49**	29.08
Fellow subsidiaries		
Trade Payables		
Asian Honda Motor Co., Limited, Thailand	**264.12**	348.69
Others	**142.81**	104.97
Other Current Liabilities		
Creditors for purchase of fixed assets		
Honda Philippines Inc., Philippines	**-**	19.46
Advance from customers		
Honda Motor India Private Limited, India	**14.59**	-
Trade Receivables		
American Honda Motor Co. Inc., USA	**588.80**	932.29
Honda Canada Inc., Canada	**-**	159.46
Honda Australia M. & P.E. Pty. Limited, Australia	**142.51**	65.40
Honda Motor Europe Limited, U.K.	**147.70**	-
Others	**155.62**	131.42
Short-term loans and advances		
Honda R & D Co. Limited, Japan	**-**	5.16
American Honda Motor Co. Inc, USA	**0.84**	-
Honda R & D (India) Private Limited	**0.75**	1.51
Others	**0.08**	0.06

Notes to the financial statement for the year ended 31 March 2017

E. Transactions with key management personnel:
Managerial remuneration *

Name	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
Mr. Yoshifumi Iida	**127.55**	194.06
Mr. Hiroyoshi Sugimizu	**104.13**	100.69
Mr. Vinay Mittal	**94.74**	82.37
Balance outstanding as at year-end		
Other current liabilities		
Payable to employees	**5.06**	4.36
Short-term loans and advances		
Others	**-**	4.10

* 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.

35. 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 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 month's notice or by paying the notice period rent in lieu.
- certain agreements for premises where the lock in period ranges from 6 to 36 months.
- the lease arrangements are generally renewable on the expiry of lease period subject to mutual agreement.

b) Lease rent charged to the Statement of Profit and Loss amounts to ₹ 314.03 lakhs (31 March 2016: ₹ 311.13 lakhs).

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

	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
Not later than one year	**3.00**	25.09
Later than one year but not later than 5 years	**-**	-

d) The Company has sub-let one of its leasehold premises. The Sub-lease agreement is cancellable by either party by serving three months notice period. The rent received during the year amounting to ₹ 7.00 lakhs (Previous year ₹ 9.27 lakhs) has been netted off with rent expense.

36. Disclosure in respect of employee benefits under Accounting Standard (AS) - 15 "Employee Benefits":

	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
(a) Employer contribution to provident fund and other funds:		
- Provident fund *	**250.14**	229.97
- Employees' state insurance	**12.47**	19.43
- Gratuity	**199.72**	126.26
- Superannuation fund	**65.48**	57.18
	527.81	432.84

* Includes contribution to family pension fund ₹ 111.42 lakhs (31 March 2016: ₹ 108.57 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:

Notes to the financial statement for the year ended 31 March 2017

(i) Movement in present value of defined benefit obligations

	Gratuity		Provident Fund	
	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)	**31 March 2017 (₹ lakhs)**	31 March 2016 (₹ lakhs)
Present value of obligation as at the beginning of the year	**1,090.83**	921.83	**3,599.42**	3,032.51
Interest cost	**87.26**	72.64	**287.95**	242.60
Current service cost	**94.82**	81.70	**138.72**	121.40
Benefits paid	**(61.25)**	(28.89)	**(275.37)**	(182.93)
Actuarial (gain)/ loss	**104.22**	43.55	**48.51**	47.22
Contributions by plan participants / employees	**-**	-	**385.62**	337.49
Settlements / transfer in	**-**	-	**1.08**	1.13
Present value of obligation as at the end of the year	**1,315.88**	1,090.83	**4,185.93**	3,599.42

(ii) Movement in fair value of plan assets

	Gratuity		Provident Fund	
	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)	**31 March 2017 (₹ lakhs)**	31 March 2016 (₹ lakhs)
Fair value of plan assets as at the beginning of the year	**965.96**	806.70	**3,874.76**	3,295.51
Expected return on plan assets	**80.66**	67.35	**339.04**	288.36
Contributions paid in to the plan	**164.92**	116.53	**138.72**	121.40
Benefits paid by the plan	**(61.25)**	(28.89)	**(275.37)**	(182.93)
Actuarial gain/ (loss)	**5.92**	4.27	**13.08**	13.80
Contributions by plan participants / employees	**-**	-	**385.62**	337.49
Settlements / transfer in	**-**	-	**1.08**	1.13
Fair value of plan assets as at the end of the year	**1,156.21**	965.96	**4,476.93**	3,874.76

(iii) Actuarial gain / loss recognised in the Statement of Profit and Loss

	Gratuity		Provident Fund	
	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)	**31 March 2017 (₹ lakhs)**	31 March 2016 (₹ lakhs)
Actuarial gain / (loss) for the year - obligation	**(104.22)**	(43.55)	**(48.51)**	(47.22)
Actuarial gain / (loss) for the year - plan assets	**5.92**	4.27	**13.08**	13.80
Total gain / (loss) for the year	**(98.30)**	(39.28)	**(35.43)**	(33.42)
Actuarial gain / (loss) recognised in the year	**(98.30)**	(39.28)	**(35.43)**	(33.42)
Unrecognised actuarial gains / (losses) at the end of year	**-**	-	**-**	-

(iv) Assets and liabilities recognised in the balance sheet

	Gratuity		Provident Fund	
	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)	**31 March 2017 (₹ lakhs)**	31 March 2016 (₹ lakhs)
Present value of obligation as at the end of the year	**1,315.88**	1,090.83	**4,185.93**	3,599.42
Fair value of plan assets as at the end of the year	**1,156.21**	965.96	**4,476.93**	3,874.76
Funded status	**(159.67)**	(124.86)	**291.00**	275.34
Excess of actual over estimated return on plan assets	**5.92**	4.27	**-**	-
Unrecognised actuarial gains/ (losses)	**-**	-	**-**	-
Net assets / (liability) recognised in balance sheet	**(159.67)**	(124.86)	*	*

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

Notes to the financial statement for the year ended 31 March 2017

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

	Gratuity		Provident Fund	
	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)	**31 March 2017 (₹ lakhs)**	31 March 2016 (₹ lakhs)
Current service cost	**94.82**	81.70	**-**	-
Past service cost	**-**	-	**-**	-
Interest cost	**87.26**	72.64	**-**	-
Expected return on plan assets	**(80.66)**	(67.36)	**-**	-
Net actuarial (gain) / loss recognised in the year	**98.30**	39.28	**-**	-
Company contribution to provident fund trust	**-**	-	**138.72**	121.40
Amount recognised in the Statement of Profit and Loss	**199.72**	126.26	**138.72**	121.40

(vi) Composition of plan assets

	Gratuity		Provident Fund	
	31 March 2017	31 March 2016	**31 March 2017**	31 March 2016
Funds managed by insurer	**100%**	100%	**-**	-
Government securities	**-**	-	**50%**	50%
Public sector unit bonds	**-**	-	**45%**	45%
Mutual funds	**-**	-	**5%**	5%

(vii) Principal actuarial assumptions at the balance sheet date

Economic assumptions (Gratuity and Compensated absences)

	31 March 2017	31 March 2016
Discount rate (p.a.)	**7.54%**	8.00%
Future salary increases (p.a.)	**8.00%**	8.00%
Expected rate of return on plan assets (p.a.)	**8.25%**	8.35%

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.

Economic assumptions (Provident fund)

	31 March 2017	31 March 2016
Discount rate (p.a.)	**7.54%**	8.00%
Interest rate (p.a.)	**8.65%**	8.75%
Expected short fall in interest earnings on the fund	**0.05%**	0.05%

Demographic Assumption (Gratuity, Compensated absences and Provident fund)

	31 March 2017	31 March 2016
i) Retirement Age (Years)	**58**	58
ii) Mortality Table	**IALM (2006 - 08)**	IALM (2006 - 08)
iii) Ages		
Up to 30 years	**3.00**	3.00
From 31 to 44 years	**2.00**	2.00
Above 44 years	**1.00**	1.00

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

	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)	31 March 2015 (₹ lakhs)	31 March 2014 (₹ lakhs)	31 March 2013 (₹ lakhs)
Gratuity					
Defined benefit obligation	**1,315.88**	1,090.83	921.83	721.28	585.20
Fair value of plan asset	**1,156.21**	965.96	806.70	694.56	601.18
Surplus/(deficit) in plan asset	**(159.67)**	(124.86)	(115.13)	(26.72)	15.98
Experience adjustment in plan liabilities	**(55.63)**	(54.66)	(62.72)	(28.16)	(29.61)
Experience adjustment in plan assets	**5.92**	0.98	1.87	0.70	2.49

The Company expects to contribute ₹ 143.42 lakhs in the next year (31 March 2016: ₹ 135.84 lakhs) to gratuity fund.

Notes to the financial statement for the year ended 31 March 2017

	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)	31 March 2015 (₹ lakhs)	31 March 2014 (₹ lakhs)	31 March 2013 (₹ lakhs)
Provident fund					
Projected benefit obligation	**4,185.93**	3,599.42	3,032.51	2,542.28	2,181.52
Fair value plan assets	**4,476.93**	3,874.76	3,295.51	2,700.10	2,321.37
Interest guarantee liability	**(20.68)**	(17.42)	(13.02)	(10.60)	(9.13)
Surplus in fund	**311.68**	292.76	276.02	168.42	148.98
Net surplus in fund	**291.00**	275.34	263.00	157.82	139.85

37. 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 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
Balance at the beginning of the year	**151.23**	97.59
Provision made during the year (net of reversal of ₹ 23.51 lakhs)	**143.33**	162.03
Provision utilised during the year	**125.02**	108.39
Balance at the end of the year	**169.54**	151.23

The Company expects that the service coupons will be utilized within the validity period of one year. The provision has been created based on management's estimates and past trends of actual claim received.

38. The sales are covered by a warranty period, the details of which are as under:

	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
Balance at the beginning of the year	**62.97**	53.24
Provision made during the year (net of reversal of ₹ 5.92 lakhs)*	**195.52**	113.08
Provision utilised during the year	**162.45**	103.35
Balance at the end of the year	**96.04**	62.97

* Net of expected reimbursement of ₹ 0.08 lakhs (31 March 2016: ₹ 0.46 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 utilised within the normal warranty period. The provision has been created based on management's estimates and past trends of actual claim received.

39. Earnings per share

	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
Profit for the year after taxation as per the statement of profit and loss (₹ lakhs)	**5,714.93**	4,882.96
Number of equity shares outstanding during the year	**1,01,43,071**	1,01,43,071
Basic and diluted earnings per share in Rupees (face value of ₹ 10 per share)	**56.34**	48.14

40. Unhedged foreign currency exposure **(Figures in lakhs)**

	31 March 2017		31 March 2016	
	Amount in foreign currency	**Amount in Rupees**	Amount in foreign currency	Amount in Rupees
Receivables	**US $ 18.92**	**1,202.01**	US $ 30.94	2,007.27
	JPY 0.13	**0.07**	JPY 0.32	0.19
Payables	**US $ 23.93**	**1,578.27**	US $ 22.91	1,543.48
	JPY 281.99	**166.26**	JPY 269.56	162.30
	THB 99.23	**192.21**	THB 70.56	136.85
	EURO 0.05	**3.38**	-	-
	CAD 0.08	**3.95**	-	-
	AUD 0.02	**1.09**	-	-
Cash	**US $ 0.01**	**0.68**	US $ 0.03	2.02
	EURO 0.01	**0.41**	EURO 0.01	0.44
Bank	**US $ 10.18**	**647.45**	US $ 4.54	295.19

Notes to the financial statement for the year ended 31 March 2017

41. Value of imports on CIF basis

	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
Raw materials	**12,148.46**	9,422.56
Stores and spare parts	**5.22**	5.22
Stock in trade	**5,626.00**	5,191.18
Capital goods	**278.06**	92.33
Total	**18,057.74**	14,711.29

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

	31 March 2017		31 March 2016	
	(₹ lakhs)	%	(₹ lakhs)	%
Imported	**12,687.46**	**34%**	10,491.28	33%
Indigenous	**24,314.34**	**66%**	21,472.80	67%
Total	**37,001.80**	**100%**	31,964.08	100%

43. The Board of directors have recommended a dividend of ₹ 7.50 per share in their meeting held at New Delhi on 15 May 2017. Pursuant to the Companies (Accounting Standards) Amendment Rules 2016, this dividend will be recorded and remitted post the approval of shareholders in the Annual general meeting.

44. 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 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 trade receivables 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:

(₹ lakhs)

Particulars	31 March 2017			31 March 2016		
	Domestic	Exports	Total	Domestic	Exports	Total
Segment revenue (net of excise duty on goods sold)	**40,530.85**	**29,626.31**	**70,157.16**	39,515.63	27,764.92	67,280.55
Segment result	**6,077.03**	**4,626.56**	**10,703.59**	5,503.27	4,611.54	10,114.81
Less: unallocated expenses			**3,575.45**			3,692.80
Operating profit			**7,128.14**			6,422.01
Add: other non-operating income (including exceptional items)			**297.59**			336.66
Add: Interest income			**1,319.16**			795.22
Less: Interest expenses			**28.30**			46.52
Net profit before taxes			**8,716.59**			7,507.37
Less: taxes (current and deferred)			**3,001.66**			2,624.41
Net profit after taxes			**5,714.93**			4,882.96
Other information						
Segment assets	**12,609.88**	**6,429.60**	**19,039.48**	12,027.22	6,319.72	18,346.94
Unallocated corporate assets			**34,154.33**			29,277.04
Total assets			**53,193.81**			47,623.98
Segment liabilities	**2,671.39**	**1,265.42**	**3,936.81**	2,687.49	1,222.87	3,910.36

Particulars	31 March 2017			31 March 2016		
	Domestic	Exports	Total	Domestic	Exports	Total
Unallocated corporate liabilities			**6,884.71**			7,056.26
Total liabilities			**10,821.52**			10,966.62
Capital expenditure	**300.62**	**-**	**300.62**	520.28	17.64	537.92
Unallocated capital expenditure			**1,246.64**			745.35
Total capital expenditure			**1,547.26**			1,283.27
Depreciation	**1,285.03**	**764.67**	**2,049.70**	1,307.04	816.59	2,123.63
Unallocated depreciation			**270.79**			258.39
Total depreciation			**2,320.49**			2,382.02

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.

45. Value of imported and indigenous stores and spare parts consumed and the percentage of each to the total consumption

	31 March 2017		31 March 2016	
	(₹ lakhs)	%	(₹ lakhs)	%
Imported	**2.25**	**1%**	7.03	3%
Indigenous	**256.56**	**99%**	270.33	97%
Total	**258.81**	**100%**	277.36	100%

46. Expenditure in foreign currency

	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
Technical guidance fee	**510.51**	595.43
Royalty	**2,525.16**	2,453.87
Travelling expenses	**41.72**	62.96
Model fees (capitalised under intangible assets)	**70.00**	70.00
Export Commission included in Commission on sales	**2,219.57**	2,060.99
Others	**210.66**	168.55
Total	**5,577.62**	5,411.80

47. Earnings in foreign currency

	31 March 2017 (₹ lakhs)	31 March 2016 (₹ lakhs)
Export on F.O.B. basis	**28,527.43**	26,957.17

48. Dividend remitted in foreign currency

	31 March 2017	31 March 2016
Dividend paid during the year (₹ Lakhs)	**406.00**	406.01
Number of non-resident shareholders	**23**	24
Number of equity shares held by such non-resident shareholders	**67,66,715**	67,66,915
Year to which the dividend relates	**2015-16**	2014-15

49. Information pursuant to G.S.R. 308 (E) dated 30 March 2017 issued by Ministry of Corporate Affairs

	SBNs (₹)	Other denomination notes (₹)	Total (₹)
Closing Cash in hand as on 8 November 2016	3,66,500	4,00,233	7,66,733
(+) Permitted receipts	-	22,28,650	22,28,650
(-) Permitted payments	-	16,42,930	16,42,930
(-) Amount deposited in banks	3,66,500	10,000	3,76,500
Closing Cash in hand as on 30 December 2016	-	9,75,953	9,75,953

Note: for the purpose of this disclosure, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O.3407 (E), dated the 8 November 2016.

50. 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 continuously updates its documentation for the international transactions entered into with the associated enterprises during the financial year and expects such records to be in existence latest by the due date as required under law. 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.

51. Previous year figures have been re-grouped / reclassed, wherever necessary to confirm to the current year's classification.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No.:101248W/W-100022

Vikram Advani
Partner
Membership No. : 091765

Sunita Ganjoo
Company Secretary

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

Siddharth Shriram	Chairman
D.V. Kapur	Director
Ravi V. Gupta	Director
Manoj Arora	Director
Yoshifumi Iida	President & CEO
Vinay Mittal	Whole time Director & CFO

Place : New Delhi
Date : 15 May 2017

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:……

Tear Here

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 32nd Annual General Meeting of the Company, to be held on the 4th day of August 2017 at 11:00 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#)		
		For	Against	Abstain
Ordinary Business				
1	Adoption of Financial Statements together with the reports of Board of Directors and Auditors thereon.			
2	Declaration of dividend on equity shares			
3	Approval for re-appointment of Mr. Yoshifumi Iida, Director, retiring by rotation			
4	Approval for appointment of Auditors and fixing their remuneration			
Special Business				
5	Approval for revision in remuneration of Mr. Yoshifumi Iida, President and CEO			
6	Approval for revision in remuneration of Mr. Hiroyoshi Sugimizu, Whole Time Director			
7	Approval for re-appointment and Payment of remuneration to Mr. Vinay Mittal, Whole Time Director			
8	Ratification of remuneration of the cost auditors for the Financial Year 2017-18			
9	Approval for material related party transactions entered/to be entered from April 01, 2016 to March 31, 2019			

Signed this……..... day of…..... 2017.

....
Signature of shareholder
Signature of Proxy holder(s)

Affix Revenue Stamp

*Applicable for shareholders holding shares in electronic form

Note:

1. **This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**
2. **It is optional to put a (✓) in the appropriate column against the resolutions indicated in the Box. 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 she/he thinks appropriate**

ECS MANDATE FORM

1. Share Holder'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. Account Number* : _____
9. Ledger Folio No. of the A/c (if appearing on Cheque Book) : _____
10. Nine Digit Code Number of the Bank 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 First / Sole Holder
(as appearing in the Company's Records)

Note :

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

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