

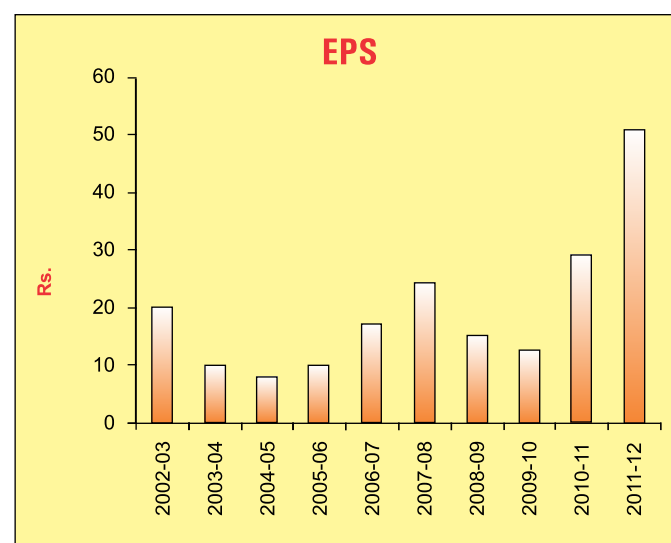
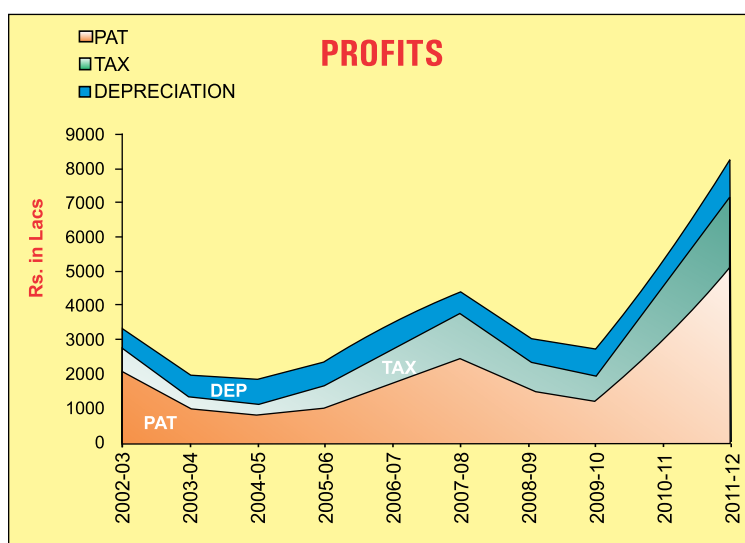
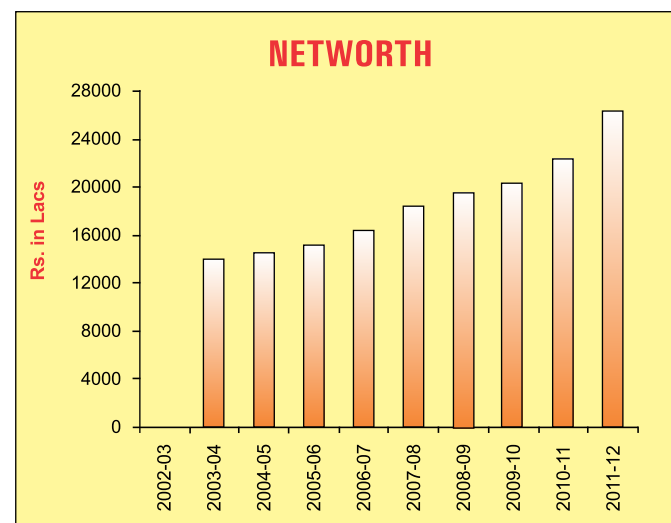
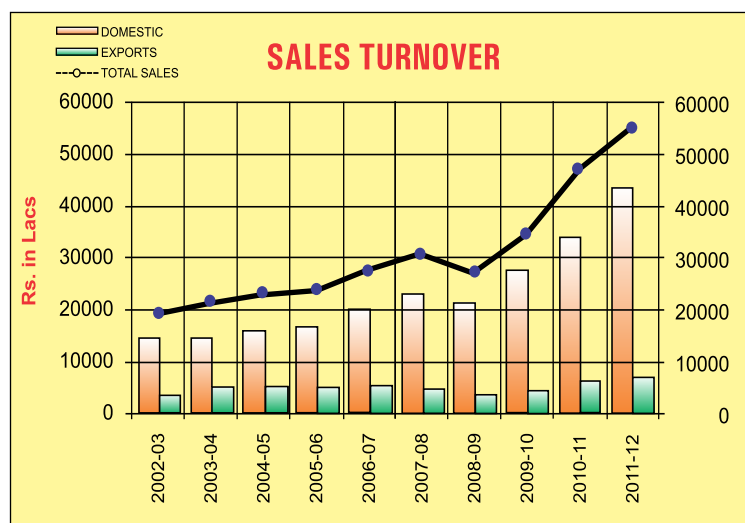


BLUE SKIES FOR
OUR CHILDREN

27TH ANNUAL REPORT | 2011-2012

Honda Siel Power Products Ltd.

Ten Years Financial Performance



SALES TURNOVER (Rs. in Lacs)				PROFIT (Rs. in Lacs)					EPS (Rs.)	NETWORTH (Rs. in Lacs)
YEAR	DOMESTIC	EXPORTS	TOTAL SALES	PBDT	DEPRE- CIATION	PBT	TAX	PAT		
2002-03	14475	3421	17896	3298	496	2802	758	2044	20.15	13513
2003-04	14360	5255	19615	1943	595	1348	317	1031	10.17	14087
2004-05	15969	5073	21042	1815	654	1161	363	798	7.87	14538
2005-06	16416	5238	21654	2372	655	1717	680	1037	10.23	15113
2006-07	19897	5329	25226	3489	787	2702	964	1738	17.13	16376
2007-08	23057	4725	27782	4364	537	3827	1354	2473	24.38	18351
2008-09	21159	3684	24843	3007	579	2428	864	1564	15.42	19441
2009-10	27719	4294	32013	2699	743	1956	687	1269	12.51	20235
2010-11	33823	6488	40311	5265	820	4445	1479	2966	29.24	22315
2011-12	43100	7033	50133	8304	1030	7274	2106	5168	50.95	26423

Corporate Information

Board of Directors

Mr. Siddharth Shriram
Chairman

Dr. D.V. Kapur

Mr. O.P. Khaitan

Mr. Ravi V. Gupta

Mr. T. Hamasaki
President & CEO

Mr. S. Yotsumoto
Whole Time Director

Mr. H. Kanayama

Mr. Vinay Mittal
Whole Time Director

Company Secretary
Ms. Payal Chaddha

Technical and Financial Collaborators

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

Statutory Auditors

M/s. B S R & Co.
Chartered Accountants
Building No. 10, 8th Floor, Tower-B,
DLF Cyber City, Phase-II, Gurgaon-122 002

Bankers

The Bank of Tokyo-Mitsubishi UFJ Ltd.
HDFC Bank Ltd.
ICICI Bank Ltd.

Registered Office

3&4/48, 2nd Floor, Enkay House,
Malcha Marg Shopping Complex,
Chanakyapuri, New Delhi-110 021

Head Office

Plot No.5, Sector-41 (Kasna)
Greater Noida Industrial Development Area,
Distt. Gautam Budh Nagar, UP- 201 306

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DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Twenty Seventh Annual Report together with Audited Accounts of the Company for the year ended 31st March 2012.

FINANCIAL RESULTS AND APPROPRIATIONS

Particulars	(Rs. in lacs)	
	Year Ended March 31, 2012	Year Ended March 31, 2011
Revenue from Operations	50,483	40,565
Other Income	962	779
Profit before depreciation and exceptional items	6,270	5,266
Depreciation	1,030	821
Exceptional items	2,034	-
Profit before tax	7,274	4,445
Provision for taxation		
- Current	1,970	1,273
- Deferred Tax charge/(benefit)	136	206
Profit after Tax	5,168	2,966
Balance of profit brought forward	9,706	7,924
Amount available for appropriation	14,874	10,890

APPROPRIATIONS

Dividend	913	761
Tax on Dividend	148	126
General Reserves	520	297
Balance carried to Balance Sheet	13,293	9,706

DIVIDEND

Your Directors recommend a dividend of Rs. 9 per equity share of Rs. 10 each (90%) for the year ended 31st March 2012 (previous year 75%). The total outgo on this account (including dividend tax) will be Rs. 1,061 lacs.

APPROPRIATIONS

It is proposed to transfer Rs. 520 lacs to General Reserve and retain the balance in Profit and Loss Account.

DOMESTIC MARKETS AND EXPORTS

Your company achieved a record sales of Rs. 53,678 lacs in 2011-12 (as against Rs. 42,788 lacs in 2010-11) in domestic and exports markets thereby realizing a growth of 25% over previous year.

The overall growth was led by record sales in the generator segment and good volumes in the engines and water pump segment setting new records in all segments during the year. This year also saw introduction of new revolutionary products such as 3.0 KVA -EU series of Generators - made in India, as well as small 5.5 hp Tiller cum power weeder for the domestic market.

A detailed report on operations titled 'Management Discussion and Analysis Report' is annexed to the Directors' Report as **Annexure-A** and forms part thereof.

INDIGENISATION PROGRAMME

Your Company is continuously working on cost reduction by localization of critical parts with the help of Honda Motor Co. Ltd., Japan.

The Company has successfully localized 80 parts of Generator Model

EU65is Model and achieved planned cost saving during the year.

The Company is in the process of further localising 10 more parts during the year 2012-13 and is hopeful of realization of savings thereon.

The Company shall continue localization of balance parts with support from Honda Motor Co. Ltd., Japan.

ENVIRONMENT PROTECTION & SAFETY

Your Company is committed towards the protection and safety of the environment. All employees make efforts in daily operations towards controlling emissions, effluents and waste disposal arising out of manufacturing processes, product and services as per the predefined norms. Environmental improvements were achieved by completing the following actions:

- Commencement of power Cogeneration i.e. Gas based power generation alongwith Exhaust Flue Gas based waste heat recovery Boiler due to which instead of running a Gas fired boiler for supplying steam to Paint Shop, the entire steam is now being generated by the exhaust flue gases heat recovery system.
- Conversion of LPG fired burners into Natural Gas fired burners in Paint shop ovens and Aluminium melting furnaces thus leading to reduction of CO₂ and resulting in cleaner environment.
- Placed order for new energy efficient latest state of art technology compressors which are expected to be installed within the year 2012, thereby reducing energy consumption of Compressors.

Your Company is further planning to install hot water fired VAM (Vapour Absorption Machine) to utilize the heat of Engine jacket water and steam fired VAM to utilise the excess steam from 'Waste Heat Recovery Boiler' for Air conditioning of office space.

The products manufactured by your Company comply with the air emission and noise regulation norms notified by the Ministry of Environment and Forests (MOEF), Government of India. The 'Confirmation of Production' (COP) to the air emission and noise regulation is done as laid down by the MOEF.

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

The requisite information relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo required to be disclosed pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies [Disclosure of Particulars in the Report of Board of Directors] Rules, 1988 is set out in a separate statement annexed to this report as **Annexure-B** and forms part thereof.

DIRECTORS

During the year under review, Mr. T. Nagai and Mr. M. Saito ceased to be Directors of the Company with effect from the close of the working hours of March 31, 2012. Your Board places on record its deep appreciation for the services rendered by Mr. T. Nagai and Mr. M. Saito during their tenure with the Company.

Mr. H. Kanayama was appointed as Director and Mr. Vinay Mittal as Whole Time Director of the Company effective April 1, 2012.

Your Board recommends the appointments of Mr. H. Kanayama as Director and of Mr. Vinay Mittal as Director and as Whole Time Director of the Company. Proposal for appointment of Mr. H. Kanayama and Mr. Vinay Mittal is being put up for your approval.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Dr. D. V. Kapur and Mr. O.P. Khaitan, Directors of the Company retire by rotation at the forthcoming Annual General Meeting ('AGM') and being eligible, offer themselves for re-appointment.

Brief resume of the above Directors, nature of their expertise in specific functional areas and the name of the Companies in which they hold the Directorship and the Chairmanship/Membership of the Committees of the Board, as stipulated under Clause 49 of the Listing Agreement of the Stock Exchanges, is given in the Notice convening the Annual General Meeting.

Necessary resolutions for the appointment / re-appointment of the aforesaid Directors have been included in the Notice convening the Annual General Meeting.

As per the confirmations received, none of the Directors of the Company are disqualified for being appointed as Director as specified in Section 274(1)(g) of the Companies Act, 1956.

AUDITORS

Statutory Auditors

The observations of Statutory Auditors in the report, read with the relevant Notes to Accounts are self explanatory and therefore, do not require further explanation.

M/s. B S R & Co., Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the forthcoming AGM and are recommended for re-appointment. The Company has received a certificate from them to the effect that their re-appointment, if made, would be within the prescribed limits specified under Section 224(1B) of the Companies Act, 1956.

The Auditors have represented that they have been subjected to the 'Peer Review Process' of The Institute of Chartered Accountants of India and hold a valid Certificate.

Cost Auditors

As per the provisions of Section 233B(1) of the Companies Act, 1956 and in accordance with the circular issued by the Ministry of Corporate Affairs, audit of the Company's Cost Accounts for the year ended March 31, 2013 has been made compulsory.

In pursuance to this, M/s Rakesh Singh & Co., Cost Accountants will be appointed as Cost Auditors of the Company for the financial year 2012 - 13 subject to approval of the Central Government.

The Cost Auditors have certified that they are not disqualified under any of the provisions of Section 224 (1B) read with Section 226 of the Companies Act, 1956 and that the appointment made is within the limits prescribed under Section 224 (1B) of the Companies Act, 1956. A declaration to this effect has been submitted by the Auditors to the Audit Committee. A certification from the Cost Auditors of their being an independent firm of Cost Accountants and at arm's length relationship with the Company has also been submitted to the Audit Committee.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of provisions of Section 217(2AA) of the Companies Act, 1956, your Directors confirm as under:

1. That in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
2. That the accounting policies selected and applied are consistent and the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
3. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the annual accounts have been prepared on a going concern basis.

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, the particulars of employees are required to be furnished in statement to be annexed to this Report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the report and accounts are being sent to all the Shareholders excluding the aforesaid Annexure. The complete Annual Report including this statement shall be made available for inspection by any shareholder during working hours for a period of 21 days before the date of the Annual General Meeting. Any member interested in obtaining the copy of the statement may write to the Company Secretary at the Registered Office of the Company.

CORPORATE GOVERNANCE

A separate section on Corporate Governance is annexed to this report as **Annexure- C**.

A certificate from a Practicing Company Secretary on compliance with the conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement with Stock Exchanges is annexed as **Annexure- F**.

CODE OF CONDUCT AND ETHICS

The Board of the Company has adopted a Code of Conduct and Ethics for the Directors and Senior Executives of the Company. The object of the Code is to conduct the Company's business ethically and with responsibility, integrity, fairness, transparency and honesty. The Code sets out a broad policy for one's conduct in dealing with the Company, fellow Directors and Employees and with the environment in which the Company operates. The Code is available on the Company's Corporate website (www.hondasielpower.com). A declaration signed by President & CEO of the Company with regard to the compliance with the Code by the Members of the Board and Senior Executives is annexed as **Annexure - D** and forms part hereof.

SALE OF LAND AND BUILDING THEREON SITUATED AT RUDRAPUR

Subsequent to shifting of manufacturing facility from Rudrapur to Greater Noida, your Company disposed off the land and building constructed thereon, situated at Rudrapur, Uttarakhand, during the year under review.

MANAGEMENT DISCUSSION & ANALYSIS

Management Discussion and Analysis Report is annexed as **Annexure- A**.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY AFTER 31ST MARCH 2012

There were no material changes and commitments affecting the financial position of the company after 31st March 2012.

ACKNOWLEDGEMENTS

Your Directors wish to thank and acknowledge with gratitude the co-operation, assistance and support received from the Central Government, State Governments of Uttar Pradesh, Uttarakhand and Puducherry, Company's Bankers, Shareholders, Dealers, Vendors, Indian and Japanese Promoters of the Company and other Business Associates in the Management of affairs of the Company.

The Directors also wish to place on record their sincere appreciation of the contribution made by every employee of the Company.

On behalf of the Board,

New Delhi
May 23, 2012

Siddharth Shriram
Chairman

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

- Your company launched a new 3.0 KVA 'Inverter Generator' - which is made in India to fill the product gap between the existing 2.1 KVA and 5.5 KVA offering. This model is expected to offer best in class features as required by the customers at affordable prices taking full advantage of localization. This model and its variants have found good acceptance in the marketplace and we have seen the advantages reflected in the overall sales addition.
- As per the available data, India faced an overall 10% shortfall in energy demand against supply. This helped us get better than expected results especially in the second half of the year. We were also able to leverage our market presence and dominance in this market by procuring and implementing many important orders from the Postal Department and other Government and Institutional customers. These orders combined with increased demand of Generators resulted in 25% increase in generator sales over last year, to achieve the highest ever sales.
- The increase in the fuel prices during the year made customers explore better technology products to keep their running expenses under control. This further motivated us to offer improved features such as 'Eco Throttle', which helps in saving fuel, in our EU Generators. Our communication of such features and benefits as a means of reducing and controlling costs had helped us in reaching out to many new customers.

Opportunities

- Government of India is poised to expand and integrate many social initiatives. Many of these are related to IT, Computerization and Education. The success of all these are expected to require investments in power back up as well. Your company has been making renewed efforts to reach out to all such potential buyers to help them carry on their businesses consistently and sustainably.
- The increasing income levels of Indians together with increased need of comfort and convenience is expected to continue to help sustain and improve demand for these products. We are also poised to utilize our technical advantage and brand to improve this segment in the rural areas as well.

Concerns

- The main fuels used in our generators being Kerosene and Petrol, are likely to impact the customer demand owing to increasing cost of petrol and limited availability of kerosene. We are striving to utilize and promote more efficient generators run by petrol to help reduce running costs and LPG based generators to improve business.
- Inflationary pressures on the raw materials costs leading to overall increase in input costs are likely to result in increased prices of the products. It is expected that this may affect customer demand.

Outlook

- The Indian economy continues to grow though the rate of growth has declined from 9% per annum to about 6.5% per annum. Continuous Power being a crucial requirement in every day life and this being available through the grid is likely to stimulate and continue the demand for generators.

GENERAL PURPOSE ENGINES AND WATER PUMPING SETS

- The increasing prices of food products and the need to utilize all available resources continued the increased demand of Engines and Pumps in this year as well. Your company recorded the highest ever combined sales of engines and water pumps by growing over 20% as compared to the previous year which in itself was the highest ever sale of engines and water pumping sets in any year.
- Your company's effort in increasing the presence of retailers and last mile contact points near to the farmers and customers paid rich

dividends. The proximity to the actual users helped us to convert many prospects in favour of Company. The direction of the company to use and promote 'portable concept' helped to compete further.

- Northern areas continued to support the business of engines, being required in sprayers. Such business again highlights the advantage of 'Portable Engine' that we have established.
- Many areas and territories continue to be improved to cater to ever increasing demand from customers to offer door step and quick service. This will further help in increasing the business. Your Company has successfully established a sales network in the central and eastern areas where demand is growing. This led to increased and additional business.

Opportunities

- Various applications are developing in the rural areas that use the portable feature of our engine. Farm mechanization led by increasing farm incomes and shortage of labour are expected to increase demand for our engines and its applications for agri use.
- Many new areas are developing for farming of vegetables and cash crop as farmers are looking at more revenue resources. Your company's carefully designed specifications of water pumps continue to provide ease and comfort to provide water as and where it is needed, thus helping the farmers seek and demand areas that are new to cultivation thereby further increasing volumes for your Company as well.
- Support schemes and subsidies continue to help us leverage our presence in these segments.

Concerns

- Increasing prices of fuels used in our products and difficulty in finding adequate quantity in rural areas is effecting sentiments and demand in some areas.
- Inflationary trends in raw materials and pressure on margins are likely to effect increase in prices to customers affecting some demand.

Outlook

- Farmers continue to get support from the retail market through better prices of farm products as well as from the Government in the form of subsidies in input material. The demand based on the above parameters is expected to grow.
- Construction and OEM (Original Equipment Manufacturer) market is also developing in India utilizing better cost structure in India compared to many other Nations. Your company is looking at increasing its presence in these segments by working closely with small companies and manufacturers. Our GX Engines series will further boost this arrangement in the years to come.
- Applications such as sprayers and back pack sprayers are gaining and your company is working very closely with select good quality assemblers to counter the low cost inflow of Chinese made imported products.

BRUSH CUTTERS

- The southern market continues to be a major market for these machines.
- Increased support from the Government in areas such as plantations and horticulture are providing the required impetus to this product
- Your Company's continued after sales support to this product and also introduction of new variants is expected to further strengthen its position in the areas of weed cutting and maintenance of lawns and gardens.

TILLERS

- Tillers, especially small tillers that can be used in small vegetable gardens as well as plantations for initial land preparation and dweeding are slowly being demanded by such farmers. Your company launched one of the most popular Mini Tiller, from its long range of tillers

available worldwide, in India last year and the initial response it got in the first year of launch of the compact Power Weeder cum Tiller in the 5.5 hp category is promising.

MARINE SEGMENT

- To leverage the extended growth in tourism and development of water ways, the Company has launched Out Board Engines and LTOBs (Long Tail Out Board Engines) to cater to Marine Segment. Even though the beginning is small we do expect a big response from this segment.

EXPORTS

- Total Sales during the year were 95% of the previous year's performance. The decline was from the engine and water pump category while generators registered a growth.

Sales of the better realization generator category were the highest ever and constituted over 56% of the total sales.

- As in the previous year, the Middle East region generated maximum business for the Company.

Concerns

- The competitive market scenario limits the scope for price increments.

Outlook

- Supported by the impending launch of a new generator model during the next fiscal, the company will persist with its strategy to explore new markets amongst the emerging countries.
- The exchange rate of the Indian Rupee versus the US Dollar will make products more competitive worldwide.

THREATS, RISKS AND CONCERNS

The Company has adequate risk management systems in place. This is achieved by:

- Strict adherence to statutory requirements. This is adequately ensured at regular intervals by way of internal meetings and is further reconfirmed by status reports prepared by all departments of the organization for onward submission of consolidated status of compliance to the Board every quarter.
- Correct and Comprehensive recording of all assets of the company in the books of accounts, physical verification process, adequate insurance coverage for all probable losses and for all concerned parties.
- IT data security and information pilferage have been secured vide adequate back up systems/ secured VPN (Virtual Private Network) and is under constant observation and upgradation. This includes outsourcing of some of the critical activities to specialized and reputed third parties. To further strengthen the IT system, during the year company had devised and implemented a Security Policy covering all aspects of IT resources and advising all associates of the Company the proper way of dealing with IT resources.

INTERNAL CONTROLS AND SYSTEMS

Your Company maintains an adequate and effective internal control system keeping in view its size and complexity. Properly documented policies, rules and circulars have been put in place, to ensure speedy and effective Management. These policies and rules have been further communicated to the lowest level of organization by way of formal and informal communication systems. This has been further supplemented by delegation of authorities at appropriate levels. The Internal Control System also ensures that financial statements are being prepared in conformity with established accounting principles and practices. The assets of your Company are adequately safeguarded against significant misuse or loss. An independent internal audit function is an important element of your Company's Internal Control system. The internal control systems are supplemented through an extensive internal audit program duly approved by the Audit Committee. This is further subject to a periodic review by the Management and Audit Committee in its Meeting attended by Statutory as well as Internal Auditors of the Company. To further appraise the internal control function, your Company has appointed a reputed firm to conduct internal audit / control verification for the Company

under the direct supervision and control of Audit Committee.

Additionally, Business Ethics Proposal Line (BEPL) system is implemented in the Company, which ensures reporting by any associate, dealer or vendor of the Company of any Act being considered as not in line with policy, rules or code of conduct of the company or if not found to be in line with prudent commercial practice, to the appropriate levels as detailed in the system document itself.

FINANCIAL PERFORMANCE

During the year 2011-12 the net sale was Rs. 501.33 Cr. as against Rs. 403.11 Cr. in the previous year. This represents an impressive increase of 24% in terms of value over previous year. In terms of volume, the increase as compared to previous year was about 17%.

Profit Before Tax and Exceptional Items for the year was Rs. 52.40 Cr. as against Rs. 44.45 Cr. in 2010-11. This is an increase of 18% over the previous year.

HUMAN RESOURCES

Human Resources (HR) play an important role in your Company. During the year, HR had taken a number of new initiatives to support the successful execution of business plans along with refining the existing HR practices.

During this year the organization focused on building leadership capabilities in order to strengthen leadership to take upcoming business challenges. Training plan was designed for the leaders against identified set of competencies wherein leaders were enrolled at leading business schools to take up the courses.

A Development Centre which was initiated in the year 2010 was percolated down to the Managerial level wherein the Managers were assessed on given set of competencies as per the Company's competency model. The development centre initiative for Managers will benefit the Individual along with the organization.

To measure the employee engagement level, an independent survey had been conducted by the HR department. The survey focused on the HR practices that could be further improved upon in order to bring transparency and cohesiveness in the organization.

To create harmonious relations at the shop floor, a communication forum 'Manthan' was formed by HR. The purpose of the forum was to provide a platform to the line associates to capture their issues and grievances and also to resolve them timely, through a two way channel. Monthly meetings were organized at shop levels where the voices were captured and resolved by the shop floor Incharge and in certain cases by the Divisional Head level and at Management Level before they became issues.

The organization focused on reviving the Total Quality Management (TQM) culture and sessions were organized to understand the basic philosophy of TQM and its linkages were drawn with the Performance Management system.

By keeping the philosophy of "Safety comes first at Honda" intact, September 2011 was celebrated as Safety Month in your Company. During this period a number of initiatives were taken at the factory to keep the employees involved and aware of safety at the workplace.

The Annual Day was celebrated as a Sports day where employees participated in various sports activities with full enthusiasm and zeal.

The Company as on 31st March 2012 had One thousand and one associates.

CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis Report describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could effect the Company's operations include significant changes in political and economic environment in India and key markets abroad, tax laws, litigation, labour relations and interest costs.

ANNEXURE- B TO DIRECTORS' REPORT**DISCLOSURE UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988****A. CONSERVATION OF ENERGY**

Your Company strives to make the plants energy efficient to the extent possible and continually reviews various areas to conserve energy.

(a) Energy conservation measures taken:

The Company is committed towards the protection of the environment and safety. All the employees make efforts in daily operation in controlling emissions, effluents, waste disposal arising out of manufacturing processes, product and services as per the predefined norms.

Environmental improvements were achieved by completing following actions:

- Commencement of power Cogeneration i.e. Gas based power generation alongwith Exhaust Flue Gas based waste heat recovery Boiler leading to reduction of CO₂ and clean environment.
- The products manufactured by the Company comply with air emission and noise regulation norms notified by the Ministry of Environment and Forests (MOEF). The 'Confirmation of Production' (COP) to the air emission and noise regulation is done as laid down by MOEF.

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

- Commencement of power Cogeneration i.e. Gas based power generation alongwith Exhaust Flue Gas based waste heat recovery Boiler due to which instead of running a Gas fired boiler for supplying steam to Paint Shop, the entire steam is now being generated by the exhaust flue gases heat recovery system.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy ;

Following actions are proposed to be taken for energy conservation in the year 2012-13:

- Installation of Hot water/ Steam fired VAM to utilize the Engine jacket water heat and excess steam of waste heat recovery Boiler for Air conditioning of the building.
- Conducting Energy Audit through external agency and implementation of actions based on audit findings.
- Placing order of new energy efficient latest state of art technology compressors which are expected to be installed within the year 2012 thereby reducing energy consumption of Compressors.

(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods ;

Above actions resulted in reduction in energy consumption. The electrical energy consumption per unit production is 9.6% lower than the immediate previous year and the thermal energy of fuel consumed in burners per unit production for the year 2011-12 is 34% lower than the immediate previous year due to conversion of LPG fired systems into PNG fired energy efficient systems and Cogeneration application for utilizing waste heat of flue gases in Boiler. The focus is continuing and is expected to reduce in the year 2012-13 by about 5% over the year 2011-12.

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

Particulars	Unit	Current Year 2011-12	Previous Year 2010-11
A. Power and Fuel Consumption			
1. Electricity			
(a) <u>Purchased</u>			
Quantity	kwh	18,07,850	45,08,466
Total Amount	Rs. (Lacs)	95.38	211.68
Rate / Unit	Rs./kwh	5.28	4.70
(b) <u>Own Generation</u>			
(i) Through Diesel Generator			
Quantity	kwh	6,90,128	8,76,530
HSD Qty	ltr	2,57,680	3,18,170
Unit per ltr of diesel oil	kwh/ltr	2.70	2.75
Cost / Unit	Rs./kwh	13.41	12.34
(ii) Through Gas Generator			
Quantity	kwh	28,56,778	N.A.
LNG Qty	SCM	8,68,088	N.A.
Unit per SCM of LNG	kwh/SCM	3.30	N.A.
Cost / Unit	Rs./kwh	7.61	N.A.
2. Coal			
Quantity (tonnes)		N.A.	N.A.
Total Amount		N.A.	N.A.
Average Rate		N.A.	N.A.
3. Furnace Oil			
(a) <u>Furnace HSD</u>			
Quantity (k.ltr)	k.ltr	N.A.	95.40
Total Amount	Rs.	N.A.	33,81,673
Average Rate	Rs./k.ltr	N.A.	33,450
(b) <u>Furnace LPG</u>			
Quantity (kg)	kg	8,418	3,18,928
Total Amount	Rs.	4,65,015	1,52,81,179
Average Rate	Rs./kg	55.24	47.91
(c) <u>Furnace Natural Gas (R-LNG)</u>			
Quantity (SCM)	SCM	4,41,355	5,394
Total Amount	Rs.	1,32,43,548	1,41,986
Average Rate	Rs./SCM	30.01	26.32
4. Others / internal generation			
Quantity		N.A.	N.A.
Total Cost		N.A.	N.A.
Rate / Unit		N.A.	N.A.
B. Consumption per unit of Production			
Production unit	No.	2,58,901	2,35,371
Electricity	kwh/Unit	20.68	22.88
Coal		N.A.	N.A.
Furnace oil		N.A.	N.A.
- HSD used in Burners of furnace	ltr/Unit	N.A.	0.41
- LPG used in Burners of Boiler / furnace	kg/Unit	0.03	1.36
- Natural Gas (R-LNG) used in Burners of furnace	SCM/Unit	1.70	N.A.

B. TECHNOLOGY ABSORPTION

FORM - B

Disclosure of particulars with respect to Technology Absorption

Research and Development (R&D)

1. Specific areas in which R & D carried out by the Company

The Company has carried out work in the following areas:

- Technology to run Water Pump set on LPG fuel.
- Execution of indigenization of critical engine components through the process of data base generation.
- Substantial reduction in hazardous substances in products and processes.
- Development of following more efficient and technologically advanced Inverter Generator Models:

- Recoil start - EU30i
- Self start - E30is / EU65is

- Started development of GX160/200 (OHV Engines) for domestic market
- Development of 1 KVA model for developing countries and domestic market.
- Planning for development of new model for developed/advance countries.

2. Benefits derived as a result of the above R & D

- Clean Air Fuels such as LPG
- Environment friendly products / processes
- Cost competitiveness through localization
- Increase in foreign exchange earnings by meeting specific requirements of various countries

3. Future plans of action

Continue the process of data generation for indigenization of critical engine components.

4. Expenditure on R & D

- | | | |
|--|---|------|
| a) Capital | : | Nil |
| b) Recurring | : | Nil |
| c) Total | : | Nil |
| d) Total R & D expenditure as a percentage of total turnover | : | N.A. |

Technology absorption, adaptation and innovation

1. Efforts in brief, made towards technology absorption, adaptation and innovation.

The Company has availed the services of technical specialists from the foreign collaborator who impart on the job training and guidance to the Company's engineers and technicians.

For development of new technology model and to improve the manufacturing quality of inplant / outplant parts, new manufacturing facility has been added in the following areas:

- Installation of new Paint Shop for liquid painting of Genset, Engine and Pump Parts.
- Replacement/ Reconditioning of old machine in the Crankshaft Line, Con Rod Line, Alternator and Weld Shop.
- Implementation of fuel efficient furnace in Paint Shop and Pressure Die Casting.
- Implementation of low cost fuel i.e. piped natural gas in furnaces of Paint Shop and Pressure Die Casting.
- Expansion of Dry off Oven in Paint Shop for painting of GX160/200 (OHV) Engine Fuel Tank.

- Expansion of Pressure Die Casting Shop to accommodate GX/1KVA new model pressure die casting parts.

For giving guidance on specific matters related to indigenization, improvement of manufacturing method and quality, experts from Honda R & D, Japan are frequently visiting the Company.

As a result of above efforts, the Company has been able to develop:

- Noise Absorption technology.
- Engine Technology for use of LPG.
- Development of new genset model of EU series.

2. Benefits derived as a result of the above efforts

The benefits derived relate to:

- Availability of super silent gensets meeting the noise regulations.
- Clean air fuels in manufacturing processes.
- Better fuel efficiency
- Elimination of Hazardous fumes by introduction of new machine in Alternator Shop.
- Automation of manual operations.
- Increase in production capacity.

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished

a) Technology imported

Manufacture of Portable Gensets, General Purpose Engines and Water Pumping Sets. Technology to manufacture Pressure - Die - Casting parts of high quality.

b) Year of import

Technical Collaboration Agreement dated 18.10.1985 as renewed/ revamped from time to time and valid for a period of 5 years till March 31, 2017.

c) Has technology been fully absorbed?

No, this is in the process of being absorbed gradually.

d) If not fully absorbed areas where this has not taken place, reasons thereof and further plan of action

The technology absorption of manufacture of I.C. Engine and Engine based products such as Gensets, Water Pumping Sets and Sprayers has started about 22 years back. Technology is further to be absorbed for high technology Engine components for indigenization and in producing the country specific products/ models for International markets.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(a) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans :

1. Developed business from new markets in North West Africa, namely Algeria and Benin.
2. Maximized sales from the high volume Saudi Arabian market.

(b) Total foreign exchange used and earned:

The foreign exchange outgo was Rs. 15,122.35 lacs on account of imports and payment of royalty etc. as against foreign exchange inflow of Rs. 6,739.02 lacs through exports.

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Code of Governance

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

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

The Directors fully endorse and support the essentials of Corporate Governance and accordingly hereinbelow give a report on Corporate Governance.

2. Board of Directors

The Board of Directors is at the core of Corporate Governance practices. Your Company believes that an active, independent and participative Board is a pre-requisite to achieve and maintain the desired level of Corporate Governance.

The Board of your Company is broad-based, consisting of eight Members. The Board has an ideal composition. It consists of two Executive Directors and six Non-Executive Directors. 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, which in the judgement of the Board may affect the independence of judgement of the Director. The Board Members possess the skills, experience and expertise necessary to guide the Company.

Brief particulars of the Directors who are being appointed/ re-appointed at the ensuing Annual General Meeting ('AGM'), nature of their expertise in specific functional areas and names of Companies in which they hold Directorship and Membership/Chairmanship of the Board Committees are provided in the Notice convening AGM.

Board Meetings

During the year under review, six Board Meetings were held on May 19, July 28, August 10, November 11, 2011, February 10 and February 27, 2012. Resolutions by Circulation were passed twice on March 30, 2012. 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 as also number of Directorships in Indian Public Limited Companies and Membership of the Committee (Audit and Shareholders/Investors Relations Committee) of the Board of such companies are as follows:

Name of the Director	Category	Attendance at the last AGM	Number of Board Meeting(s) attended	Number of Directorship in other Companies	Number of Committee Membership including (Chairmanship)
Mr. Siddharth Shriram	ID/NED	Yes	6	5	4 (3)
Mr. T. Hamasaki	Non ID/ ED	Yes	6	NIL	1
Mr. S. Yotsumoto*	Non ID/ ED	Yes	5	NIL	1
Dr. D. V. Kapur	ID/NED	Yes	6	5	6 (4)
Mr. O. P. Khaitan	ID/NED	Yes	6	8	10 (4)
Mr. R. V. Gupta	ID/NED	Yes	6	6	7 (2)
Mr. T. Nagai	Non ID/ NED	Yes	3	1	1
Mr. M. Saito	Non ID/ NED	No	NIL	NIL	NIL

ID- Independent Director

ED- Executive Director

NED- Non- Executive Director

Note:

- a) *Appointed as Director w.e.f. 01.04.2011.
- b) Directorships held by Directors as mentioned above, do not include Alternate Directorship and Directorships of Foreign Companies, Section 25 Companies and Private Limited Companies.
- c) In accordance with clause 49, Membership / Chairmanship of only the Audit Committee and Shareholders/Investors Relations Committee of Public Limited Companies have been considered.
- d) None of the Directors is a member of more than 10 Board-level committees of public companies in which they are Directors, nor is Chairman of more than 5 such committees.

Dr. D. V. Kapur, Independent Director and Chairman of the Audit Committee attended the Annual General Meeting of the Company.

The Company does not pay any remuneration to its Non-Executive/ Independent Directors except Rs. 20,000/- per Meeting as sitting fees for attending Meetings of the Board and of its Committees. No commission on the net profit of the Company is paid to any Director. There are no pecuniary relationships or transactions of the Non- Executive Directors vis-à-vis the Company.

As prescribed under the Companies Act, 1956 and Articles of Association of the Company, two third of the Directors of the Company are retiring Directors, of which one third retire every year and if eligible, offer themselves for re-appointment. The tenure of Whole Time Directors is governed by their respective terms of appointment.

3. Committees of the Board

The Board has constituted four Committees of Directors, namely:

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

Each of these Committees function within the defined terms of reference and the minutes of the Committee Meetings are put up to the Board for noting at the subsequent Meeting. The details of Audit Committee, Shareholders/Investors Relations Committee, Board Committee on Financial Matters and Remuneration Committee are as follows:

i. Audit Committee

Majority of the Members of Audit Committee comprise of Independent Directors. Chairman of the Committee is an Independent Director and has expertise in accounting and related Financial Management. The Members have financial background and accounting knowledge. The powers and role of the Company's Audit Committee as stipulated by the Board are in accordance with the items listed in Clause 49 of the Listing Agreement and as per Section 292A of the Companies Act, 1956. The Committee is also responsible for reviewing the adequacy of internal control system and for ensuring compliance thereof and accordingly the adequate follow up actions are taken.

The Head of Finance & Accounts Department, Statutory Auditors and Internal Auditor attend the meetings of Audit Committee. Company Secretary acts as the Secretary to the Committee. During the financial year 2011-12, Audit Committee met four times on May 19, July 28, November 11, 2011 and February 10, 2012. Constitution of the Committee and attendance of the Members at the Meetings are as under:

Name of the Member	Status	Number of Meetings attended
Dr. D.V. Kapur	Chairman	4
Mr. R.V. Gupta	Member	4
Mr. O.P. Khaitan	Member	4
Mr. T. Nagai	Member	2

ii. Shareholders /Investors Relations Committee

The Board has constituted Shareholders/Investors Relations Committee to approve the matters relating to transfer of shares, issue of duplicate share certificate on loss, consolidation, splitting, transmission, transposition, dematerialization, rematerialisation of shares, endorsement on Fully Paid share certificates and for review and redressal of investor grievances. Sufficient powers have been delegated to this Committee. The power of approving transfer of shares, has been delegated to the Company Secretary of the Company.

The Committee met four times during the year on May 19, July 28, November 11, 2011 and February 10, 2012. Attendance of the Members at the meetings was as follows:

Name of the Member	Status	Number of Meetings attended
Dr. D. V. Kapur	Chairman	4
Mr. Siddharth Shriram	Member	4
Mr. T. Hamasaki	Member	4
Mr. S. Yotsumoto*	Member	3

* Appointed as Member effective 01.04.2011.

Compliance Officer

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

Investor Grievance Redressal

As on March 31, 2012, your Company had 12811 investors. During the year under review, the status of complaints was as follows:

Particulars	Received	Redressed	Balance
Non-receipt of shares sent for Transfer/ Transmission/ Duplicate/ Demat	5	5	NIL
Non - receipt/ Revalidation of Dividend Warrants	13	13	NIL
Others/Miscellaneous	14	14	NIL

iii. Board Committee on Financial Matters

The Board Committee on Financial Matters met three times during the year on April 01, July 05 and October 05, 2011. Attendance of the Members at the meetings was as follows:

Name of the Member	Status	Number of Meetings attended
Mr. T. Hamasaki	Chairman	3
Mr. Siddharth Shriram	Member	3
Mr. S. Yotsumoto*	Member	3

* Appointed as Member effective 01.04.2011.

The Company Secretary acts as the Secretary of the Committee.

iv. Remuneration Committee

The Committee comprises of three Non-Executive Independent Directors. The Committee was formed to review and recommend the compensation payable to the Whole Time Directors of the Company. While recommending the remuneration, increment etc., it takes into account the financial position of the Company, industry trend, appointee's qualification, experience, past performance/remuneration, etc.

The Company Secretary acts as the Secretary of the Committee.

During the year, the Committee met once on February 10, 2012. Resolution by Circulation was passed on March 30, 2012. Attendance of the Member at Meeting was as follows.

Name of the Member	Status	Number of Meetings attended
Dr. D.V. Kapur	Chairman	1
Mr. Siddharth Shriram	Member	1
Mr. O.P. Khaitan	Member	1

Remuneration Policy

The remuneration payable to Whole Time Directors is recommended by the Remuneration Committee to the Board of Directors for their approval thereon. However, such remuneration is subject to the approval of the Shareholders at the General Meeting and also subject to the approval of other Authorities, as the case may be.

The remuneration is fixed considering various factors such as qualification, experience, expertise of the appointee and the prevailing remuneration in the corporate world, financial position of the Company etc. The remuneration structure of the Whole Time Directors comprises of Basic Salary, Perquisites and Allowances, contribution to Provident Fund and other funds in accordance with the provisions of the relevant laws and the Companies Act, 1956.

Details of remuneration paid to Directors for the year 2011-12

A. Executive Directors

The details of the remuneration paid to the Whole Time Director(s) during the year 2011-12 are as under:

Name	Salary	Perquisites/ Retiral benefits	Service Contract
	Amount in Rs.		
Mr. T. Hamasaki	67,20,000	20,85,103	01.04.2010 to 31.03.2015
Mr. S. Yotsumoto	63,00,000	21,67,307	01.04.2011 to 31.03.2016

B. Non-Executive Directors

Details of sitting fees paid during the year 2011-12 for attending the Meetings of Board of Directors and of its Committees were as under:

(Amount in Rs.)

Name of the Director	Board	Audit Committee	Shareholders/ Investors Relations Committee	Board Committee on Financial Matters	Remuneration Committee	Total
Mr. Siddharth Shriram	1,20,000	-	80,000	60,000	20,000	2,80,000
Dr. D. V. Kapur	1,20,000	80,000	80,000	-	20,000	3,00,000
Mr. O. P. Khaitan	1,20,000	80,000	-	-	20,000	2,20,000
Mr. R. V. Gupta	1,20,000	80,000	-	-	-	2,00,000
Mr. M. Saito	-	-	-	-	-	-

• Mr. T. Nagai, Director nominated by Honda Motor Co., Ltd., Japan submitted a letter of waiver for sitting fee of the Board and Committee thereof.

Equity shares of the Company held by the Non-Executive Directors

Mr. Siddharth Shriram, Chairman and Non-Executive Director holds 50 equity shares of the Company in his name. No other Non-Executive Director holds any equity shares of the Company.

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
2010-11	August 10, 2011	1015 hours	Kamani Auditorium	No special resolution was passed.
2009-10	August 19, 2010	1015 hours	No. 1, Copernicus Marg, New Delhi-110 001	No special resolution was passed.
2008-09	September 07, 2009	1015 hours	Plot No.5, Sector 41 (Kasna), Greater Noida Industrial Development Area, Distt. Gautam Budh Nagar - 201 306 (U.P.)	Approval for amendment / alteration in Articles of Association of the Company.

No resolution was passed through Postal Ballot during the year 2008-09, 2010-11 and 2011-12. During the year 2009-10, the Company had passed a special resolution for shifting of Registered Office of the Company from the State of Uttar Pradesh to the National Capital Territory of Delhi and accordingly for alteration of Memorandum of Association of the Company.

5. Subsidiary Companies

The Company does not have any subsidiary Company.

6. Disclosures

- (i) Related parties and transactions with them as required under Accounting Standard 18 (AS -18) are furnished under Note No. 34 of Notes to Financial Statement for the year ended March 31, 2012.
- (ii) The above transactions have no potential conflict with the interest of the Company.
- (iii) Risk Management - The Board has laid down and approved adequate procedures for management and minimization of risk.
- (iv) The financial statements are made in accordance with the Companies (Accounting Standards) Rules, 2006.
- (v) There have not been any non-compliances, penalties, strictures imposed on the Company by the Stock Exchanges or SEBI or any other authorities, on any matters relating to capital markets during the last three years.
- (vi) The Company has not adopted any of the non-mandatory requirements, except constitution of the Remuneration Committee as mentioned in Annexure ID of Clause 49 of the Listing Agreement.

7. Means of Communication

1. The Company has published the annual results (year ended March 31, 2011), quarterly results (quarter ended June 30, 2011 and December 31, 2011) and the half yearly results (period ended September 30, 2011) in English and Hindi language newspapers.
2. The results of the Company are also displayed on the Company's website www.hondasielpower.com. The Company's website also displays the official news releases.
3. No presentations were made by the Company to the Analysts during the year.
4. Annual Report containing inter-alia, Audited Annual Accounts, Directors' Report, Auditors' Report and other important information is circulated to Members and others entitled thereto. The Management Discussion & Analysis Report forms part of this Annual Report and is provided elsewhere in this Annual Report.

8. General Shareholders' Information

i. 27th Annual General Meeting

Day, Date & Time	:	Friday, August 31, 2012, 10.30 A.M.
Venue	:	Kamani Auditorium, 1, Copernicus Marg, New Delhi-110 001.
Financial Year	:	Year ended March 31, 2012
Book Closure	:	August 25, 2012 to August 31, 2012 (both days inclusive)
Dividend Payment Date	:	September 21, 2012

ii. Tentative Financial Calendar 2012-13

(Subject to change)

The tentative dates for approval of Unaudited / Audited Financial Results for 2012 - 13, are as follows:

Quarter ending June 30, 2012	2nd week of August, 2012
Quarter ending September 30, 2012	2nd week of November, 2012
Quarter ending December 31, 2012	2nd week of February, 2013
Quarter ending March 31, 2013	Last week of April, 2013 (Unaudited) / Last week of May 2013 (Audited)

iii. Dividend Details

Unclaimed dividends upto financial year 1994-95 have been transferred to the General Revenue Account of the Central Government and for the financial years 1995-96 to 2003-04 to Investor Education and Protection Fund constituted by the Central Government. Details of unclaimed dividend as on March 31, 2012 are given hereunder:

Period	Rate (%)	Date of declaration	Date of payment	Unclaimed dividend (Rs.)
2004-2005	30	26.07.2005	16.08.2005	2,61,103
2005-2006	40	27.07.2006	05.08.2006	3,57,432
2006-2007	40	26.07.2007	01.08.2007	3,16,784
2007-2008	40	10.09.2008	16.09.2008	3,17,501
2008-2009	40	07.09.2009	18.09.2009	3,91,920
2009-2010	40	19.08.2010	31.08.2010	3,94,004
2010-2011	75	10.08.2011	31.08.2011	7,09,065

iv. Listing on Stock Exchanges and Stock Codes

The names and addresses of the Stock Exchanges on which the equity shares of the Company are listed and the respective stock codes are as under:

Name & Address of the Stock Exchange	Stock Code
Bombay Stock Exchange Limited (BSE) Phiroze Jeejeebhoy Towers, 25 th 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 2012 - 2013 has since been paid to BSE and NSE.

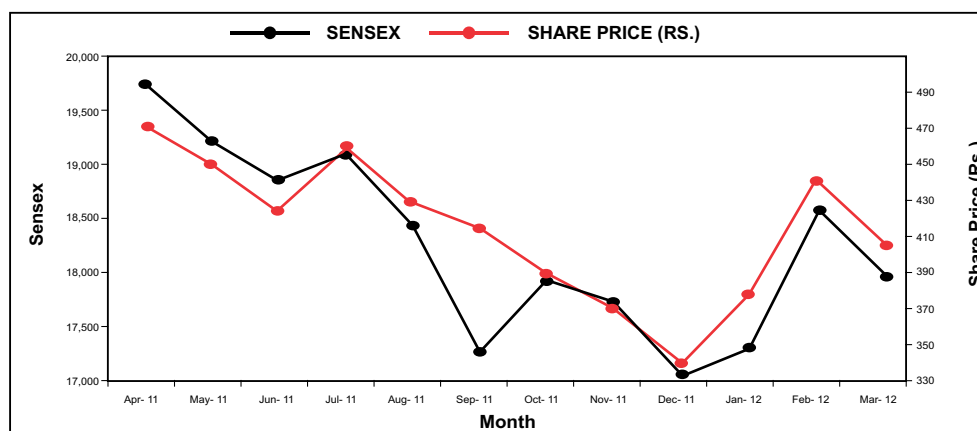
v. Stock Market Data

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

(Amount in Rs./ Share)

Month (s)	BSE			NSE		
	High	Low	Volume (Nos.)	High	Low	Volume (Nos.)
April 2011	463.40	354.00	121242	462.90	356.00	203203
May 2011	445.00	379.00	61066	449.50	390.75	57825
June 2011	419.00	378.25	19731	421.00	377.00	47289
July 2011	454.70	389.60	122681	455.00	377.00	112099
August 2011	422.75	355.00	52913	425.00	350.05	53927
September 2011	410.00	352.40	23908	414.00	350.10	100141
October 2011	385.00	330.00	28546	386.30	327.75	105032
November 2011	365.95	315.00	12446	369.95	312.05	33023
December 2011	335.00	261.85	27351	337.90	261.00	54769
January 2012	373.90	275.00	17728	372.75	275.00	39576
February 2012	443.40	342.00	111928	440.55	340.10	197933
March 2012	404.00	361.30	39249	408.00	365.00	37373

vi. Sensex Vs. Honda Siel Power Products' Share Price



vii. Registrar and Share Transfer Agents

The Company has appointed M/s. Mas Services Ltd., as its Registrar and Share Transfer Agents (RTA). Share transfer in physical form and other communications regarding shares, dividends, change in address, etc. may be addressed to:

Mr. Narender Rastogi
Mas Services Limited
Unit: Honda Siel Power Products Limited
T-34, 2nd Floor, Okhla Industrial Area, Phase - II, New Delhi - 110 020
Ph:- 011-26387281/82/83, Fax:- 011-26387384
e-mail:- 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. -201 306.
Phone Nos. : 0120-2341055-59; e-mail : ho.legal@hspp.com

The shares for transfer received in physical mode by the Company/RTA, are transferred expeditiously, provided that the documents are complete and ownership of shares under transfer is not under dispute. The share certificates duly endorsed are returned immediately. Confirmation in respect of the request for dematerialisation of shares is sent to the respective depositories, NSDL/CDSL within 15 days. The Company obtains a certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement on half yearly basis from a Company Secretary in practice and files a copy of the certificate with the Stock Exchanges.

ix. Distribution of shareholding as on March 31, 2012

No. of Equity Shares	Number of	% to total	No. of shares	% of share capital
	Shareholders			
1 to 500	12091	94.380	1086145	10.708
501 to 1000	414	3.232	307610	3.033
1001 to 2000	161	1.257	234479	2.312
2001 to 3000	47	0.367	120336	1.186
3001 to 4000	18	0.140	62286	0.614
4001 to 5000	13	0.101	59019	0.582
5001 to 10000	33	0.258	226472	2.233
10001 and above	34	0.265	8046724	79.332
Total	12811	100	10143071	100

x. Pattern of shareholding as on March 31, 2012

Categories	No. of Shares	Shareholding (%)
Promoters	6863433	67.67
Bodies Corporate	964491	9.51
NRIs, FIIs, OCBs etc.	116538	1.15
Mutual Funds, Banks, FIs	1120	Negligible
Individuals	2180330	21.50
Others (Clearing Members & Trust)	17159	0.17
Total	10143071	100

xi. Dematerialization of shares and liquidity

97.38% of total equity capital is held in dematerialised form with NSDL and CDSL as on March 31, 2012. During the year, 260 share certificates involving 67,73,669 shares were dematerialized by the shareholders representing 66.78% of the total share capital of the Company.

Demat ISIN in NSDL and CDSL : INE634A01018

xii. The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.

xiii. Plant locations

- Plot No. 5, Sector 41 (Kasna), Greater Noida Industrial Development Area, Distt. Gautam Budh Nagar, U.P. -201 306.
- Plot Nos. B-16 and B-30 & B-31, PIPDIC Industrial Estate, Sedarapet, Puducherry -605 111.

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

Information pertaining to particulars of Directors to be appointed and re-appointed at the forthcoming Annual General Meeting is being included in the Notice convening the Annual General Meeting.

9. Quarterly Compliance Report

The Company has been submitting the Compliance Report on Corporate Governance on quarterly basis to the Stock Exchanges within 15 days from the close of the relevant quarter. It is also regularly uploaded on the website of the Company.

10. Compliance with Code of Conduct

A declaration by the President & CEO that all Directors and Senior Management personnel have affirmed compliance with the Code of Conduct of the Company for the year ended March 31, 2012 is annexed as **Annexure -D**.

11. CEO/CFO Certification

In terms of Clause 49 of the Listing Agreement, the Board of Directors have reviewed the certificate submitted by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of the Company certifying various covenants about financial/ cash flow statements, internal controls, financial reporting, etc. and is annexed as **Annexure- E** and forms part hereof.

12. Compliance Certificate of Practicing Company Secretary

The Company has obtained a Certificate from Practicing Company Secretary regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement. The Certificate is annexed as **Annexure-F**.

ANNEXURE-D TO DIRECTORS' REPORT

CERTIFICATE AND DECLARATION

I, T. Hamasaki, in my capacity as President & CEO of Honda Siel Power Products Limited do hereby confirm and declare to the best of my knowledge and belief that the Company has complied with the provisions of Code of Conduct of the Company, for the year ended March 31, 2012, as stipulated under Clause 49 of the Listing Agreement.

This declaration has been issued on the basis of acknowledgement and confirmation, with respect to the compliance with the provisions of Code of Conduct of the Company, received from respective members of Board of Directors, Senior Management including functional Heads of the Company.

for **Honda Siel Power Products Limited**,

T. Hamasaki
President & CEO

ANNEXURE -E TO DIRECTORS' REPORT**CERTIFICATE**

We, T. Hamasaki, President & CEO and Vinay Mittal, Whole Time Director and Chief Financial Officer of Honda Siel Power Products Limited hereby declare, confirm and certify as under:

- (a) We have reviewed the financial statements and the cash flow statement for the year 2011 - 12 and that to the best of our knowledge and belief:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps to be taken to rectify these deficiencies.
- (d) We indicated to the Auditors and the Audit Committee
- i) Significant changes in internal control, if any over financial reporting, during the year.
 - ii) Significant changes in accounting policies, if any, during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the Management or an employee having a significant role in the Company's internal control system over financial reporting.

This certificate has been issued in compliance with the provisions of Clause 49 of the Listing Agreement.

For Honda Siel Power Products Limited,

Vinay Mittal
Whole time Director &
Chief Financial Officer

T. Hamasaki
President & CEO

ANNEXURE -F TO DIRECTORS' REPORT**CERTIFICATE**

To the Member 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, 2012 as stipulated in Clause 49 of the Listing Agreements of the said Company with the Stock Exchanges.

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

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements. I state that no investor grievance was pending for a period exceeding one month against the company as per the records maintained by Shareholders'/ Investors' Relations Committee.

I further state that such compliance is neither an assurance as to the future viability of the Company nor its efficiency or effectiveness with which the management has conducted the affairs of the Company.

New Delhi,
May 16, 2012

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

AUDITORS' REPORT

TO THE MEMBERS OF HONDA SIEL POWER PRODUCTS LIMITED

- a) We have audited the attached Balance Sheet of Honda Siel Power Products Limited ("the Company") as at 31 March 2012, Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, (or "financial statements"), annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- b) We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
- c) As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- d) Further to our comments in the Annexure referred to above, we report that:
- (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) on the basis of written representations received from the Directors of the Company as on 31 March 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i) in the case of the Balance Sheet, of the state of the affairs of the Company as at 31 March 2012;
 - ii) in the case of Statement of Profit and Loss, of the profit for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **BSR & Co.**

Chartered Accountants

Firm Registration No.: 101248W

Rajesh Arora

Partner

Membership No.: 076124

Place: New Delhi

Date : 23 May 2012

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in our report of even date)

1. (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 programme of physical verification of its fixed assets in a phased manner over a period of three years. In accordance with this programme, during the current year, physical verification of certain fixed assets has been carried out by the Company. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
(c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
2. (a) Inventories, except stock-in transit, have been physically verified by management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained.
(b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) In our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories and fixed assets are for the Company's specialised requirements and similarly certain goods sold and services rendered are for the specialised requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
(b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rs 5 lakhs are for sale of certain goods and services for the specialised requirements of the buyer and for which suitable alternative sources are not available to obtain comparable quotations. Hence it is not possible for us to comment whether above contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. 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 clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 in respect of its products and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
9. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Wealth tax, Excise duty, Service tax, Customs duty, Cess and other material statutory dues have been regularly deposited with the appropriate authorities. Sales tax, Entry tax and Professional tax have generally been regularly deposited with the appropriate authorities though there has been slight delay in a few cases.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Wealth tax, Service tax, Customs duty, Excise duty, Sales tax, Entry tax, Professional tax, Cess and other material statutory dues were in arrears as at 31 March 2012 for a period of more than six months from the date they became payable.
(b) According to the information and explanations given to us, there are no dues of Wealth tax, Customs duty and Cess which have not been deposited with the appropriate authorities on account of any dispute. According to the information and explanations given to us, the following dues of Income tax, Sales tax, Service tax and Excise duty have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of dues	Amount (Rs in lakhs)*	Period to which amount relates	Forum where dispute is pending/ Remarks
Income-tax Act, 1961	Penalty	36.89	1995-1996	Commissioner of Income tax (Appeals)
	Various disallowances	125.94	1998-1999	Commissioner of Income tax (Appeals)
	Various disallowances	10.93	2001-2002	Income Tax Appellate Tribunal
	Various disallowances	43.45	2002-2003	Income Tax Appellate Tribunal
	Various disallowances	99.11	2002-2003	Commissioner of Income Tax (Appeals)
	Various disallowances	189.53	2003-2004	Commissioner of Income Tax (Appeals)
	Various disallowances	142.44	2003-2004	Income Tax Appellate Tribunal
	Various disallowances	168.28	2004-2005	Commissioner of Income Tax (Appeals)
	Various disallowances	377.44	2005-2006	Commissioner of Income Tax (Appeals)
	Various disallowances	397.71	2006-2007	Income Tax Appellate Tribunal
	Penalty	118.00	1998-1999	Commissioner of Income Tax (Appeals)
	Penalty	169.25	2004-2005	Commissioner of Income Tax (Appeals)
	Penalty	402.00	2005-2006	Commissioner of Income Tax (Appeals)
Various Sales Tax Acts	Non- submission of forms	4.75	1988-1989	High Court. Sales Tax Authorities have filed the appeal
	Other disallowances	2.66	1999-2000	High Court
	Dispute on enhancement of sales and rejection of stock transfer	33.35	2000-2002 2005-2006	Sales Tax Tribunal
	Dispute on sales tax rates	21.66	2007-2008	Sales Tax Tribunal
	Various disallowances	6.88	2004-2005 2005-2006	Joint Commissioner (Appeals)
	Non Submission of sales tax forms and rejection of stock transfer	20.10	2001-2004 2007-2008 2008-2009	Deputy Commissioner (Appeals)
	Dispute due to sales tax rates	640.45	2001-2005	Deputy Commissioner (Appeals)
Central Excise Act, 1944	Inclusion of expenses in assessable value	98.13	2000-2003 2004-2006	Customs Excise Service Tax Appellate Tribunal. The Company has got stay from the Appellate Authority
	Inclusion of expenses in assessable value	8.88	2000-2003	Customs Excise Service Tax Appellate Tribunal.
	Penalty	21.58	2004-2007	Customs Excise Service Tax Appellate Tribunal. Department has filed the appeal
	Other disallowances	2.31	2003-2004	Customs Excise Service Tax Appellate Tribunal
	Wrong availment of Cenvat credit	145.32	2002-2003	Joint Commissioner (Appeals). Department has filed the appeal
	Various disallowances	4.12	2004-2005 2006-2007	Commissioner / Asstt. Commissioner
	Disputes on differential duty	211.67	2002-2003	Supreme Court - Department in Appeal
Service Tax	Service Tax on royalty	75.40	1999-2004	Customs Excise Service Tax Appellate Tribunal. The Company has got stay from the Appellate Authority
	Service Tax on Goods Transport	1.55	1997-1998	Customs Excise Service Tax Appellate Tribunal
	In-eligibility of Cenvat credit	6.65	2005-2007	Customs Excise Service Tax Appellate Tribunal. Department has filed the appeal.

* Includes penalty wherever indicated in the order

10. The Company does not have any accumulated losses and has not incurred cash losses in the financial year and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company did not have any outstanding dues to its bankers or any financial institution or debenture holders during the year.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. According to the information and explanations given to us, no term loan has been taken by the Company during the year.
17. According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
18. The Company has not made any preferential allotment of shares during the year.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

Place: New Delhi
Date : 23 May 2012

For **BSR & Co.**
Chartered Accountants
Firm Registration No.: 101248W
Rajesh Arora
Partner
Membership No.: 076124

Balance Sheet as at 31 March 2012

	Note No.	As at 31 March 2012 (Rs. lakhs)	As at 31 March 2011 (Rs. lakhs)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	1,014.31	1,014.31
Reserves and surplus	3	25,407.39	21,300.21
		<u>26,421.70</u>	<u>22,314.52</u>
Non-current liabilities			
Deferred tax liability (net)	4	148.51	12.38
Other long-term liabilities	5	180.05	188.27
Long-term provisions	6	193.14	139.74
		<u>521.70</u>	<u>340.39</u>
Current liabilities			
Trade payables	7	5,889.77	4,182.15
Other current liabilities	8	2,026.74	1,572.70
Short-term provisions	9	1,197.77	998.56
		<u>9,114.28</u>	<u>6,753.41</u>
		<u><u>36,057.68</u></u>	<u><u>29,408.32</u></u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10	7,474.40	7,232.35
Intangible assets	11	217.41	236.92
Capital work in progress		1,028.95	56.14
Intangible assets under development		-	6.15
Long-term loans and advances	12	938.32	381.97
Other non-current assets	13	1,228.86	824.60
		<u>10,887.94</u>	<u>8,738.13</u>
Current assets			
Inventories	14	7,115.14	7,718.31
Trade receivables	15	2,538.65	1,313.74
Cash and bank balances	16	13,035.55	9,597.14
Short-term loans and advances	17	2,029.21	1,747.03
Other current assets	18	451.19	293.97
		<u>25,169.74</u>	<u>20,670.19</u>
		<u><u>36,057.68</u></u>	<u><u>29,408.32</u></u>
Significant accounting policies	1		

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

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

Rajesh Arora
Partner
Membership No. : 076124

Place: New Delhi
Date : 23 May 2012

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

Siddharth Shriram	Chairman
D.V. Kapur	Director
O.P. Khaitan	Director
Ravi V. Gupta	Director
H. Kanayama	Director
T. Hamasaki	President & CEO
Vinay Mittal	Whole time Director & CFO
Payal Chaddha	Company Secretary

Statement of Profit and Loss for the year ended 31 March 2012

	Note No.	Year ended 31 March 2012 (Rs. lakhs)	Year ended 31 March 2011 (Rs. lakhs)
Revenue			
Revenue from operations	19		
Sale of products		52,142.07	41,515.59
Sale of services		252.81	252.21
Other operating revenues		1,633.07	1,274.19
		<u>54,027.95</u>	<u>43,041.99</u>
Less: Excise duty		<u>3,545.29</u>	<u>2,477.15</u>
		<u>50,482.66</u>	<u>40,564.84</u>
Other income	20	962.44	779.55
Total revenue		<u>51,445.10</u>	<u>41,344.39</u>
Expenses			
Cost of materials consumed	21	28,084.00	22,713.98
Purchases of stock in trade	22	3,303.33	3,841.14
Changes in inventories of finished goods, stock in trade and work in progress	23	829.60	(1,269.73)
Employee benefits expense	24	3,617.82	2,958.03
Depreciation and amortization expense	25	1,030.45	820.34
Other expenses	26	9,339.89	7,835.32
Total expenses		<u>46,205.09</u>	<u>36,899.08</u>
Profit before exceptional items and tax		<u>5,240.01</u>	<u>4,445.31</u>
Exceptional items	27	2,033.82	-
Profit before tax		<u>7,273.83</u>	<u>4,445.31</u>
Tax expense			
Current tax		1,969.55	1,273.00
Deferred tax		136.13	206.00
Profit for the year		<u>5,168.15</u>	<u>2,966.31</u>
Earnings per equity share (Rs.)	39		
Basic - Par value of Rs. 10 per share		50.95	29.24
Diluted - Par value of Rs. 10 per share		50.95	29.24

Significant accounting policies

1

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

As per our report of even date attached

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

Rajesh Arora
Partner
Membership No. : 076124

Place : New Delhi
Date : 23 May 2012

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

Siddharth Shriram	Chairman
D.V. Kapur	Director
O.P. Khaitan	Director
Ravi V. Gupta	Director
H. Kanayama	Director
T. Hamasaki	President & CEO
Vinay Mittal	Whole time Director & CFO
Payal Chaddha	Company Secretary

Cash Flow Statement for the year ended 31 March 2012

	Year ended 31 March 2012 (Rs. lakhs)	Year ended 31 March 2011 (Rs. lakhs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	7,273.83	4,445.31
Adjustments for :		
Depreciation	1,030.45	820.34
Interest income	(929.92)	(723.07)
Net profit on sale of fixed assets	(5.76)	(20.91)
Unrealised foreign exchange (gain) / loss	23.75	(5.32)
Provision for doubtful debts written back	(8.04)	-
Liabilities no longer required written back	(145.62)	(60.91)
Exceptional items	(2,033.82)	-
Provision for slow moving inventory	-	25.22
	5,204.87	4,480.66
Operating profit before working capital changes		
Changes in working capital		
Decrease / (increase) in inventories	603.17	(3,013.05)
(Increase) / decrease in trade receivables	(1,205.86)	215.02
(Increase) in short term loans and advances	(282.18)	(366.98)
(Increase) in long term loans and advances	(4.34)	(43.99)
Increase in trade payables	1,818.40	1,061.58
Increase in other current liabilities	589.51	351.04
Increase in short term provisions	41.70	9.66
Increase / (decrease) in other long term provisions	53.40	(47.10)
(Decrease) / increase in long term liabilities	(8.22)	46.38
	1,605.58	(1,787.44)
Cash generated from operating activities before taxes	6,810.45	2,693.22
Direct taxes paid (net of refunds)	(1,994.09)	(1,634.13)
Net cash generated from/ (used in) operating activities	4,816.36	1,059.09
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(3,348.25)	(1,672.62)
Proceeds from sale of tangible assets	2,477.56	83.82
Capital tax gains paid upon disposal of property at Rudrapur (Refer to note 28)	(396.10)	-
Interest received	772.70	519.27
Net cash generated from / (used in) investing activities	(494.09)	(1,069.53)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(757.59)	(407.77)
Tax on dividend	(126.35)	(68.95)
Net cash generated from/ (used in) financing activities	(883.94)	(476.72)
INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash and bank balances at the beginning of the year	9,597.14	10,085.93
Effect of exchange gain on cash and cash equivalents	0.08	(1.63)
Cash and bank balances at the end of the year	13,035.55	9,597.14
Components of cash and bank balances		
Cash and cash equivalents include :		
Cash on hand	4.51	3.19
Cheques on hand	157.98	38.53
Balances with banks:		
- on current accounts	477.20	230.54
- on fixed deposits with original maturity of less than three months	2,007.33	156.62
Cash and cash equivalents	2,647.02	428.88
Add: other bank balances		
Unpaid dividend	27.48	24.34
Fixed deposits	10,361.05	9,143.92
Cash and bank balances	13,035.55	9,597.14

1. The above Cash Flow Statement has been prepared under the indirect method set out in accounting standard - 3 "Cash Flow Statement".

As per our report of even date attached

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

Rajesh Arora
Partner
Membership No. : 076124

Place: New Delhi
Date: 23 May 2012

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

Siddharth Shriram	Chairman
D.V. Kapur	Director
O.P. Khaitan	Director
Ravi V. Gupta	Director
H. Kanayama	Director
T. Hamasaki	President & CEO
Vinay Mittal	Whole time Director & CFO
Payal Chaddha	Company Secretary

Notes to the financial statements for the year ended 31 March 2012

1. Significant accounting policies

i) Basis of preparation

The financial statements of the Company are prepared under the historical cost convention, as a going concern and in accordance with the generally accepted accounting principles (GAAP), Accounting Standards prescribed under the Companies (Accounting Standards) Rules, 2006 and the provisions of the Companies Act, 1956, as adopted consistently by the Company.

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the revised Schedule VI to the Companies Act, 1956. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

ii) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

iii) Fixed assets

Fixed assets are stated at the cost of acquisition or construction less accumulated depreciation and accumulated impairment loss, if any. Cost comprises the purchase price and any directly attributable costs of bringing the asset to its working condition for the intended use.

Items of fixed assets retired from active use and held for disposal are valued at the lower of their net book value and net realisable value.

iv) Impairment

The carrying values of assets 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.

v) Depreciation

- a) Depreciation on fixed assets except for leasehold land is provided on a pro-rata basis using straight line method.
- b) The rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 are considered as the minimum rates. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the management's estimate of the useful life / remaining useful life. Pursuant to this policy, depreciation on certain assets has been provided at the following rates which are higher than the corresponding rates prescribed in Schedule XIV:

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

- c) Leasehold land is amortised over the period of the lease.
- d) Assets costing individually Rs. 5,000 or less are depreciated fully in the year of purchase.

vi) Intangible assets and amortization thereof

Intangible assets comprise model fee, technical know how and computer software and are stated at cost less accumulated amortization and accumulated impairment loss, if any.

Model fee is amortised over a period of five years, which in management's view represents the economic useful life of model fee. Unamortised model fee in respect of models discontinued during the year is fully charged to the statement of profit and loss.

Notes to the financial statements for the year ended 31 March 2012

Technical know how is amortised over a period of six years, which in management's view represents the economic useful life of technical know how.

Software is amortized over a period of three years, which in management's view represents the economic useful life of software.

Amortization expense is charged on a pro-rata basis for assets purchased during the year. The appropriateness of the amortization period and the amortization method is reviewed at each financial year-end.

vii) Inventories

Stores, raw materials and components, work in progress and finished goods are valued at weighted average cost or net realisable value, whichever is lower.

In determining cost of work in progress and finished goods, fixed production overheads are allocated on the basis of normal capacity of production facilities. 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.

Stores, raw materials and components held for use in production of finished goods are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished goods will exceed their net realisable value.

viii) Revenue recognition

Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership to the customer, which generally coincides with despatch against orders from customers in accordance with the contract terms. Sales, as disclosed, are net of trade discounts, rebates and sales tax.

Revenue from services is recognised on rendering of services to customers in accordance with the terms of contracts with the customers.

Interest income is recognised using the time proportion method, based on underlying interest rates.

ix) Export benefits

Export benefits representing customs duty rebate entitlement against exports made on advance licences under duty exemption scheme and duty credit entitlement for exports made to focus markets under the focus market scheme of Government of India are accounted for on an accrual basis.

x) Foreign currency 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 at the closing exchange rates on that date; the resultant exchange differences are recognised in the statement of profit and loss.

xi) Leases

Lease arrangements, where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognized as operating lease.

Lease payments under operating lease are recognized as an expense in the statement of profit and loss on straight line basis over the lease period.

xii) Employee benefits**1. Short - term employee benefits**

All employee benefits payable / available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc., are recognised in the statement of profit and loss in the period in which the employee renders the related service.

2. Retirement benefits**a) Defined Benefit****a. 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.

b. 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

Notes to the financial statements for the year ended 31 March 2012

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.

Actuarial gains and losses arising on the defined benefits plan are recognised immediately in the statement of profit and loss.

b) Defined Contribution**(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.

3. Other long term employee benefits**a. Compensated absences**

As per the Company's policy eligible leaves can be accumulated by the employees and carried forward to future periods to either be utilised during the service, or encashed. Encashment can be made during the service, on early retirement, on withdrawal of scheme, at resignation by employee and upon death of employee. The scale of benefits is determined based on the seniority and the respective employee's salary. The Company accounts for the liability for compensated absences payable in future based on an independent actuarial valuation using the projected unit credit method as at the year end.

xiii) Earning per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The company has not issued any potential equity shares and accordingly the basic earnings per share and diluted earnings per share is the same.

xiv) Provisions, contingent liabilities and contingent assets

A provision is created when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. The Company does not recognise assets which are of contingent nature until there is virtual certainty of realisability of such assets. However, if it has become virtually certain that an inflow of economic benefits will arise, asset and related income is recognised in the financial statements of the period in which the change occurs.

xv) Warranty and service coupon costs

Warranty and service coupons costs are estimated by the management based on the past experience of claims and provided on an accrual basis on the sales made during the year.

xvi) Taxation

Income-tax expense comprises current tax (i.e. amount of tax for the year 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). The deferred tax charge or credit and the corresponding deferred tax liabilities and assets are recognised using the tax rates 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 losses under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. 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 realized.

Notes to the financial statements for the year ended 31 March 2012
2 Share capital

	As at 31 March 2012		As at 31 March 2011	
	Number of shares	Amount (Rs. lakhs)	Number of shares	Amount (Rs. lakhs)
Authorised				
- Equity shares of Rs.10 each	<u>15,000,000</u>	<u>1,500.00</u>	<u>15,000,000</u>	<u>1,500.00</u>
Issued				
- Equity shares of Rs.10 each	<u>10,144,000</u>	<u>1,014.40</u>	<u>10,144,000</u>	<u>1,014.40</u>
Subscribed and fully paid				
- Equity shares of Rs.10 each fully paid up	<u>10,143,071</u>	<u>1,014.31</u>	<u>10,143,071</u>	<u>1,014.31</u>
	<u><u>10,143,071</u></u>	<u><u>1,014.31</u></u>	<u><u>10,143,071</u></u>	<u><u>1,014.31</u></u>

a. Reconciliation of shares outstanding at the beginning and at the end of the reporting period

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

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31 March 2012, the Company has recognised per share dividend for distribution to equity shareholders amounting to Rs. 9.00 (31 March 2011: Rs. 7.50).

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	As at 31 March 2012		As at 31 March 2011	
	Number of shares	Amount (Rs. lakhs)	Number of shares	Amount (Rs. lakhs)
Honda Motor Co. Ltd., Japan, the holding company and also being the ultimate holding company	<u>6,762,000</u>	<u>676.20</u>	<u>6,762,000</u>	<u>676.20</u>
	<u><u>6,762,000</u></u>	<u><u>676.20</u></u>	<u><u>6,762,000</u></u>	<u><u>676.20</u></u>

d. Details of shareholders holding more than 5% shares in the company

	As at 31 March 2012		As at 31 March 2011	
	Number of shares	% holding in the class	Number of shares	% holding in the class
Honda Motor Co. Ltd., Japan, the holding company and also being the ultimate holding company	<u>6,762,000</u>	<u>66.67%</u>	<u>6,762,000</u>	<u>66.67%</u>
	<u><u>6,762,000</u></u>	<u><u>66.67%</u></u>	<u><u>6,762,000</u></u>	<u><u>66.67%</u></u>

Notes to the financial statements for the year ended 31 March 2012

3 Reserves and surplus

	As at 31 March 2012 (Rs. lakhs)	As at 31 March 2011 (Rs. lakhs)
Capital reserve		
Capital investment subsidy		
Balance at the beginning and end of the year	<u>25.00</u>	<u>25.00</u>
Securities premium account		
Balance at the beginning and end of the year	<u>396.46</u>	<u>396.46</u>
General reserve		
Balance at the beginning of the year	11,172.85	10,875.85
Add: Amount transferred from surplus balance in the statement of profit and loss	<u>520.00</u>	<u>297.00</u>
Balance at the end of the year	<u>11,692.85</u>	<u>11,172.85</u>
Surplus in the statement of profit and loss		
Balance at the beginning of the year	9,705.90	7,923.67
Add: Profit for the year	5,168.15	2,966.31
Less: Appropriations		
- Proposed dividend	912.88	760.73
- Corporate dividend tax	148.09	126.35
- General reserve	<u>520.00</u>	<u>297.00</u>
Total appropriations	<u>1,580.97</u>	<u>1,184.08</u>
Balance at the end of the year	<u>13,293.08</u>	<u>9,705.90</u>
Total reserves and surplus	<u>25,407.39</u>	<u>21,300.21</u>

4 Deferred tax liability (net)

	As at 31 March 2012 (Rs. lakhs)	As at 31 March 2011 (Rs. lakhs)
Deferred tax liabilities		
- Depreciation and amortisation	479.73	447.93
Gross deferred tax liability	<u>479.73</u>	<u>447.93</u>
Deferred tax assets		
- Expenditure under section 43 B of Income-tax Act, 1961	85.55	64.43
- Expenditure under section 35DDA of Income-tax Act, 1961	245.67	368.51
- Provision for doubtful debts	-	2.61
Gross deferred tax asset	<u>331.22</u>	<u>435.55</u>
Deferred tax liability (net)	<u>148.51</u>	<u>12.38</u>

5 Other long-term liabilities

	As at 31 March 2012 (Rs. lakhs)	As at 31 March 2011 (Rs. lakhs)
Others :		
Security deposits from dealers	180.05	188.27
	<u>180.05</u>	<u>188.27</u>

Notes to the financial statements for the year ended 31 March 2012
6 Long-term provisions

	As at 31 March 2012 (Rs. lakhs)	As at 31 March 2011 (Rs. lakhs)
Provision for employee benefits		
- Compensated absences	193.14	139.36
- Gratuity (Refer to note 36)	-	0.38
	<u>193.14</u>	<u>139.74</u>

7 Trade payables

	As at 31 March 2012 (Rs. lakhs)	As at 31 March 2011 (Rs. lakhs)
Sundry creditors (Refer to note 32)	5,889.77	4,182.15
	<u>5,889.77</u>	<u>4,182.15</u>

8 Other current liabilities

	As at 31 March 2012 (Rs. lakhs)	As at 31 March 2011 (Rs. lakhs)
Advance from customers	796.02	442.27
Unpaid dividends *	27.48	24.34
Creditors for purchase of fixed assets	210.19	348.80
Interest accrued and due on security deposits	8.21	7.72
Other payables		
- Payable to employees	316.44	255.81
- Statutory liabilities	668.40	493.76
	<u>2,026.74</u>	<u>1,572.70</u>

* There is no amount due for transfer to the Investor Education and Protection Fund as at the year end.

9 Short-term provisions

	As at 31 March 2012 (Rs. lakhs)	As at 31 March 2011 (Rs. lakhs)
Provision for employee benefits		
- Compensated absences	18.53	3.29
	<u>18.53</u>	<u>3.29</u>
Other provisions		
- Proposed dividend	912.88	760.73
- Corporate dividend tax	148.09	126.35
- Warranties	12.64	7.67
- Service coupons	67.31	45.82
- Income tax [net of advance income tax and taxes deducted at source amounting to Rs. 1,151.53 lakhs (31 March 2011: Rs. 1,750.15 lakhs)]	36.47	52.85
- Fringe benefit tax [net of advance fringe benefit amounting to Rs. 137.99 lakhs (31 March 2011: Rs. 137.99 lakhs)]	1.85	1.85
	<u>1,179.24</u>	<u>995.27</u>
	<u>1,197.77</u>	<u>998.56</u>

Notes to the financial statements for the year ended 31 March 2012

10 Tangible assets

Description	Gross Block			Depreciation			Net Block	
	As at 1 April 2011	Additions	Deletions	As at 31 March 2012	As at 1 April 2011	Additions	As at 31 March 2012	As at 31 March 2011
Own assets:								
Land - freehold	19.80	45.00	19.80	45.00	-	-	45.00	19.80
Buildings	3,616.29	386.56	853.79	3,149.06	834.30	86.93	2,700.81	2,781.99
Plant and equipment*	10,063.68	1,017.73	278.85	10,802.56	6,464.47	696.51	3,899.23	3,599.21
Furniture and fixtures	173.57	8.31	5.15	176.73	64.50	18.65	98.55	109.07
Vehicles	464.42	74.57	32.49	506.50	185.10	92.02	257.23	279.32
Office equipment	257.09	20.32	22.20	255.21	190.70	22.87	62.29	66.39
Computers	249.67	82.33	27.83	304.17	207.85	33.65	90.50	41.82
	14,844.52	1,634.82	1,240.11	15,239.23	7,946.92	950.63	7,153.61	6,897.60
Leased assets:								
Land - leasehold	400.47	-	23.12	377.35	65.72	4.16	320.79	334.75
	400.47	-	23.12	377.35	65.72	4.16	320.79	334.75
Total	15,244.99	1,634.82	1,263.23	15,616.58	8,012.64	954.79	7,474.40	7,232.35

Description	Gross Block			Depreciation			Net Block	
	As at 1 April 2010	Additions	Deletions	As at 31 March 2011	As at 1 April 2010	Additions	As at 31 March 2011	As at 31 March 2010
Own assets:								
Land - freehold #	19.80	-	-	19.80	-	-	19.80	19.80
Buildings #	3,577.59	38.70	-	3,616.29	748.93	85.37	2,781.99	2,828.66
Plant and equipment #*	9,329.36	1,337.29	602.97	10,063.68	6,481.70	567.53	3,599.21	2,847.66
Furniture and fixtures #	83.36	117.18	26.97	173.57	71.73	16.41	109.07	11.63
Vehicles	355.86	203.65	95.09	464.42	167.14	76.89	279.32	188.72
Office equipment #	256.97	37.87	37.75	257.09	204.98	18.65	66.39	51.99
Computers	252.30	49.59	52.22	249.67	242.75	16.93	41.82	9.55
	13,875.24	1,784.28	815.00	14,844.52	7,917.23	781.78	6,897.60	5,958.01
Leased assets:								
Land - leasehold	400.47	-	-	400.47	61.56	4.16	334.75	338.91
	400.47	-	-	400.47	61.56	4.16	334.75	338.91
Total	14,275.71	1,784.28	815.00	15,244.99	7,978.79	785.94	7,232.35	6,296.92

* Includes items of plant and machinery retired from active use and held for disposal valued at their net book value of Rs. 0.44 lakhs (original cost Rs. 463.17 lakhs and accumulated depreciation thereon Rs. 462.73 lakhs)

It includes the following items retired from active use and held for disposal on account of shifting of Rudrapur factory to Greater Noida factory:

Freehold land at original cost of Rs. 19.80 lakhs, leasehold land at net book value of Rs. 9.80 lakhs (original cost Rs. 23.12 lakhs and accumulated depreciation thereon Rs. 13.32 lakhs), buildings at net book value of Rs. 379.73 lakhs (original cost Rs. 852.71 lakhs and accumulated depreciation thereon Rs. 472.98 lakhs), plant and machinery at net book value of Rs. 13.30 lakhs (original cost Rs. 192.17 lakhs and accumulated depreciation thereon Rs. 178.87 lakhs), furniture and fixtures at net book value of Rs. 1.10 lakhs (original cost Rs. 10.76 lakhs and accumulated depreciation thereon Rs. 9.66 lakhs), office equipment at net book value of Rs. Nil (original cost Rs. 6.71 lakhs and accumulated depreciation thereon Rs. 6.71 lakhs), computers at net book value of Rs. Nil (original cost Rs. 9.68 lakhs and accumulated depreciation thereon Rs. 9.68 lakhs).

Notes to the financial statements for the year ended 31 March 2012

11 Intangible assets

Description	Gross Block			Depreciation			Net Block	
	As at 1 April 2011	Additions	Deletions	As at 31 March 2012	As at 1 April 2011	Additions	As at 31 March 2012	As at 31 March 2011
Own assets:								
Technical know how	65.18	-	-	65.18	65.18	-	-	-
Model fees	491.97	-	-	491.97	274.65	48.44	168.88	217.32
Software	223.27	56.15	-	279.42	203.67	27.22	48.53	19.60
Total	780.42	56.15	-	836.57	543.50	75.66	217.41	236.92

Description	Gross Block			Depreciation			Net Block	
	As at 1 April 2010	Additions	Deletions	As at 31 March 2011	As at 1 April 2010	Additions	As at 31 March 2011	As at 31 March 2010
Own assets:								
Technical know how	65.18	-	-	65.18	65.18	-	-	-
Model fees	272.52	219.45	-	491.97	258.86	15.79	217.32	13.66
Software	216.53	6.74	-	223.27	185.06	18.61	19.60	31.47
Total	554.23	226.19	-	780.42	509.10	34.40	236.92	45.13

Notes to the financial statements for the year ended 31 March 2012

12 Long-term loans and advances (Unsecured and considered good)

	As at 31 March 2012 (Rs. lakhs)	As at 31 March 2011 (Rs. lakhs)
Capital advances	782.88	230.87
Security deposits	155.44	151.10
	938.32	381.97

13 Other non-current assets (Unsecured and considered good)

	As at 31 March 2012 (Rs. lakhs)	As at 31 March 2011 (Rs. lakhs)
Others		
Advance income tax and taxes deducted at source [net of provision for income tax Rs. 12,674.38 lakhs (31 March 2011: Rs. 10,105 lakhs)]	1,228.54	824.28
Advance fringe benefit tax [net of provision for fringe benefit tax Rs. 43.50 lakhs (31 March 2011: Rs. 43.50 lakhs)]	0.32	0.32
	1,228.86	824.60

14 Inventories (At cost or net realisable value whichever is lower)

	As at 31 March 2012 (Rs. lakhs)	As at 31 March 2011 (Rs. lakhs)
Stores and spares	122.46	115.29
Raw materials [includes in transit: Rs. 2,438.60 lakhs (31 March 2011: Rs. 2,180.72 lakhs)]	3,868.90	3,529.60
Work in progress	279.51	287.91
Finished goods	1,899.79	3,387.98
Stock in trade [includes in transit: Rs. 324.04 lakhs (31 March 2011: Rs. 78.92 lakhs)]	1,004.38	479.47
	7,175.04	7,800.25
Less : Provision for slow moving inventory	59.90	81.94
	7,115.14	7,718.31

Details of inventory

	As at 31 March 2012 (Rs. lakhs)	As at 31 March 2011 (Rs. lakhs)
i) Finished goods		
- Gensets	970.99	2,921.05
- Engines	222.00	65.85
- Water pumps	706.80	398.03
- Others	-	3.05
	1,899.79	3,387.98
ii) Stock in trade		
- Brush cutters	307.52	179.32
- Lawn mowers	114.90	29.39
- Gensets	4.33	16.96
- Tiller	179.71	-
- Engines	340.81	137.39
- Others	57.11	116.41
	1,004.38	479.47

Notes to the financial statements for the year ended 31 March 2012

	As at 31 March 2012 (Rs. lakhs)	As at 31 March 2011 (Rs. lakhs)
iii) Work in progress		
- Gensets	116.40	128.00
- Engines	154.57	144.71
- Water pumps	8.54	15.20
	<u>279.51</u>	<u>287.91</u>
iv) Raw materials		
- Steel sheets	57.15	49.03
- CRNGO sheet	83.65	87.51
- Aluminium alloy ingots	24.91	16.21
- Copper wire	28.00	36.54
- Others	3,675.19	3,340.31
	<u>3,868.90</u>	<u>3,529.60</u>

15 Trade receivables

	As at 31 March 2012 (Rs. lakhs)	As at 31 March 2011 (Rs. lakhs)
Debts outstanding for a period exceeding six months from the date they are due for payment		
- Unsecured and considered good	33.54	21.95
- Unsecured and considered doubtful	-	8.04
	<u>33.54</u>	<u>29.99</u>
Other debts		
- Unsecured and considered good # *	2,505.11	1,291.79
Less : Provision for doubtful debts	-	8.04
	<u>2,538.65</u>	<u>1,313.74</u>

includes debts considered good in respect of which the company holds guarantees from the bank amounting to Rs. 159.95 lakhs (31 March 2011: Rs. 127.39 lakhs)

* includes amount due from Honda Motorcycle and Scooter India Private Limited Rs. 70.76 lakhs (31 March 2011: Rs. 44.77 lakhs) and from Honda Motor India Private Limited Rs. 64.94 lakhs (31 March 2011: Rs. 135.11 lakhs) being companies having common directors.

16 Cash and bank balances

	As at 31 March 2012 (Rs. lakhs)	As at 31 March 2011 (Rs. lakhs)
Cash and cash equivalents:		
Cash on hand	4.51	3.19
Cheques on hand	157.98	38.53
Balances with banks		
- on current accounts	477.20	230.54
- on fixed deposits with original maturity of three months or less	2,007.33	156.62
	<u>2,647.02</u>	<u>428.88</u>
Other bank balances:		
Unpaid dividend account	27.48	24.34
Fixed deposits	10,361.05	9,143.92
	<u>10,388.53</u>	<u>9,168.26</u>
	<u>13,035.55</u>	<u>9,597.14</u>

Notes to the financial statements for the year ended 31 March 2012

17 Short-term loans and advances

(Unsecured and considered good, unless otherwise stated)

	As at 31 March 2012 (Rs. lakhs)	As at 31 March 2011 (Rs. lakhs)
Recoverable from related parties:		
- Honda Motor Co. Ltd., Japan	13.52	-
- Honda R & D (India) Private Limited, India	0.30	0.33
Others		
Balance with government authorities	1,288.17	1,110.12
Special additional duty recoverable	305.99	268.26
Advances to suppliers	98.32	97.95
Prepaid expenses	68.39	64.21
Security deposits	24.20	1.50
Gratuity fund (Refer to note 36)	10.55	-
Export benefits recoverable	67.43	36.50
Other loans and advances		
- considered good	152.34	168.16
- considered doubtful	9.32	21.81
	161.66	189.97
Less : Provision for doubtful advances	9.32	21.81
	152.34	168.16
	2,029.21	1,747.03

18 Other current assets

	As at 31 March 2012 (Rs. lakhs)	As at 31 March 2011 (Rs. lakhs)
Interest accrued but not due on fixed deposits	451.19	293.97
	451.19	293.97

Notes to the financial statements for the year ended 31 March 2012
19 Revenue from operations

	Year ended 31 March 2012 (Rs. lakhs)	Year ended 31 March 2011 (Rs. lakhs)
Sale of products		
- Finished goods	48,266.19	36,075.94
- Traded goods	3,875.88	5,439.65
Sale of services		
- Job work income	252.81	252.21
Other operating revenues		
- Sale of spares and components	1,024.99	846.41
- Scrap sales	258.36	173.97
- Foreign exchange fluctuation (net)	29.08	34.35
- Liabilities no longer required written back	145.62	60.91
- Provision for doubtful debts written back	8.04	-
- Others	166.98	158.55
	54,027.95	43,041.99

Details of products sold

	Year ended 31 March 2012 (Rs. lakhs)	Year ended 31 March 2011 (Rs. lakhs)
Finished goods		
- Gensets	30,578.35	21,505.21
- Engines	6,772.63	5,816.60
- Water pumps	10,915.21	8,754.13
	48,266.19	36,075.94
Stock in trade		
- Brush cutters	2,152.06	1,797.32
- Lawn mowers	330.00	284.52
- Gensets	12.60	3,072.83
- Tiller	334.64	-
- Engines	1,031.55	279.57
- Others	15.03	5.41
	3,875.88	5,439.65

20 Other income

	Year ended 31 March 2012 (Rs. lakhs)	Year ended 31 March 2011 (Rs. lakhs)
Interest income on fixed deposits	929.92	723.07
Net profit on sale of fixed assets	5.76	20.91
Other non-operating income	26.76	35.57
	962.44	779.55

21 Cost of materials consumed

	Year ended 31 March 2012 (Rs. lakhs)	Year ended 31 March 2011 (Rs. lakhs)
Steel sheets	820.66	659.28
CRNGO sheets	801.51	670.04
Aluminium alloy ingots	1,414.88	1,266.12
Copper wire	1,002.14	893.48
Others	24,044.81	19,225.06
	28,084.00	22,713.98

Notes to the financial statements for the year ended 31 March 2012
22 Purchases of stock in trade

	Year ended 31 March 2012 (Rs. lakhs)	Year ended 31 March 2011 (Rs. lakhs)
Brush cutters	1,526.98	1,001.86
Engines	955.65	281.83
Tillers	419.36	-
Lawn mowers	331.44	183.92
Gensets	-	2,233.21
Others	69.90	140.32
	<u>3,303.33</u>	<u>3,841.14</u>

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

	Year ended 31 March 2012 (Rs. lakhs)	Year ended 31 March 2011 (Rs. lakhs)
Inventories at the end of the year:		
Finished goods	1,899.79	3,387.98
Stock in trade	1,004.38	479.47
Work in progress	279.51	287.91
	<u>3,183.68</u>	<u>4,155.36</u>
Inventories at the beginning of the year:		
Finished goods	3,387.98	1,235.68
Stock in trade	479.47	1,188.13
Work in progress	287.91	237.97
	<u>4,155.36</u>	<u>2,661.78</u>
(Decrease) / increase in excise duty	(142.08)	223.85
(Decrease) / increase in inventories	<u>(829.60)</u>	<u>1,269.73</u>

24 Employee benefits expense

	Year ended 31 March 2012 (Rs. lakhs)	Year ended 31 March 2011 (Rs. lakhs)
Salaries and wages	3,048.11	2,503.86
Contribution to provident and other funds (Refer to note 36)	263.98	205.36
Staff welfare expense	305.73	248.81
	<u>3,617.82</u>	<u>2,958.03</u>

25 Depreciation and amortization expense

	Year ended 31 March 2012 (Rs. lakhs)	Year ended 31 March 2011 (Rs. lakhs)
Depreciation on tangible assets	954.79	785.94
Amortization on intangible assets	75.66	34.40
	<u>1,030.45</u>	<u>820.34</u>

Notes to the financial statements for the year ended 31 March 2012
26 Other expenses

	Year ended 31 March 2012 (Rs. lakhs)	Year ended 31 March 2011 (Rs. lakhs)
Consumption of stores and spares	324.92	353.85
Power and fuel	567.48	512.55
Rent (Refer to note 35)	280.05	158.34
Repairs		
- Building	30.16	24.55
- Plant and machinery	120.82	155.12
- Others	97.01	159.38
Insurance	56.00	68.07
Rates and taxes	198.56	160.60
Royalty	1,831.67	1,533.17
Technical guidance fees	1,020.44	711.91
Freight outwards	1,162.63	837.74
Commission on sales	1,090.65	827.78
Sales promotion	196.95	7.50
Advertisement and publicity	821.96	890.24
Service expenses	170.46	145.01
Traveling and conveyance	296.61	315.85
Professional charges (Refer to note 31)	203.41	152.61
Vehicle running expenses	186.07	167.02
Provision for slow moving inventory	-	25.22
Short term loans and advances written off	12.49	
Less: written off against provision	12.49	-
Bad debts written off		22.88
Less: written off against provision	-	21.16
Inventory written off	22.04	
Less: written off against provision	22.04	-
Warranty expenses	22.75	14.79
Miscellaneous	661.29	612.30
	<u>9,339.89</u>	<u>7,835.32</u>

27 Exceptional items*

	Year ended 31 March 2012 (Rs. lakhs)	Year ended 31 March 2011 (Rs. lakhs)
Profit on sale of land and building	2,076.41	-
Brokerage	(27.59)	-
Exgratia	(15.00)	-
	<u>2,033.82</u>	<u>-</u>

* Refer to note 28

Notes to the financial statements for the year ended 31 March 2012

- 28 Subsequent to the Rudrapur factory consolidation, the land (comprising freehold and leasehold) and building of the Company and other miscellaneous items of plant and machinery and furniture, fixtures and office equipment situated at Rudrapur, Uttarakhand, have been disposed off during the current year. The resultant gain arising from the disposal of said fixed assets after adjusting the expenses related to such disposal have been disclosed as "Exceptional Items" in note 27. The Company does not have any further obligations towards the lessor, viz. Government of Uttarakhand, in respect of the leasehold land.

29 Contingent liabilities

	As at 31 March 2012 (Rs. lakhs)	As at 31 March 2011 (Rs. lakhs)
Claims against the Company not acknowledged as debt:		
- Various income tax matters for different assessment years pending before various authorities	3,773.96	2,458.19
- Various excise matters for different years pending before various authorities	2,877.88	2,618.01
- Various service tax matters for different years pending before various authorities	677.60	675.80
- Various sales tax matters pending before various authorities	804.91	864.06
- Other matters	27.14	30.96

30 Commitments

- a. Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advances Rs. 782.88 lakhs (31 March 2011: Rs. 230.87 lakhs)] amount to Rs. 1,587.04 lakhs (31 March 2011: Rs. 487.64 lakhs)
- b. The Company has entered into an agreement for hiring a power generating equipment, the cancellation of which by the Company within the first 52 weeks of the agreement will entail monetary compensation on the Company equivalent to Rs. 19.80 lakhs (31 March 2011: Rs. Nil).

31 Payment to auditors (included under professional charges)

	Year ended 31 March 2012 (Rs. lakhs)	Year ended 31 March 2011 (Rs. lakhs)
As auditors:		
- Statutory audit fee	16.50	16.50
- Tax audit fee	3.00	3.00
- Limited reviews fee	9.00	9.00
Reimbursement of expenses	2.44	2.31
	<u>30.94</u>	<u>30.81</u>
# excludes service tax		

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

Particulars	As at 31 March 2012 (Rs. lakhs)	As at 31 March 2011 (Rs. lakhs)
Principal amount remaining unpaid to any supplier as at year end	253.57	138.17
Interest due on the principal amount and remaining unpaid as at year end	-	-
Interest paid along with the amounts of the payment made beyond the appointed day during the year	-	-
Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	-	-
The amount of interest accrued and remaining unpaid as at year end	-	-
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 section 23	-	-

33 Details of contributions made to political parties

During the current year, the Company has made contributions to political parties, viz. Rs. 15.00 lakhs to Bharatiya Janata Party (31 March 2011: Rs. Nil) and Rs. 10.00 lakhs to Indian National Congress Party (31 March 2011: Rs. Nil).

Notes to the financial statements for the year ended 31 March 2012
34 Disclosures as per Accounting Standard (AS)-18 "Related Party Disclosures"
a) Ultimate holding company and holding company: Honda Motor Co., Limited, Japan

	Year ended 31 March 2012 (Rs. lakhs)	Year ended 31 March 2011 (Rs. lakhs)
Transactions with the holding Company		
Income		
Sale of finished goods	698.42	565.95
Expenditure		
Purchase of components and finished goods	5,381.53	6,622.15
Technical guidance fees	1,020.44	711.91
Royalty	1,831.67	1,533.17
Export commission (included under commission on sales)	855.09	714.89
Reimbursement of expenses paid	2.14	25.70
Reimbursement received for expenses (including warranty claims)	15.57	5.49
Model fees (capitalized)	-	210.00
Purchase of capital goods	7.02	-
Remittance of dividend	507.15	270.48
Balance outstanding at year end		
	As at 31 March 2012 (Rs. lakhs)	As at 31 March 2011 (Rs. lakhs)
Payables	1,816.99	1,301.51
Receivables	118.89	34.93
Other recoverables	13.52	-

b) Fellow subsidiaries with whom there have been transactions during the year:

Honda Motor Southern Africa (Pty.) Limited, South Africa
 Honda Philippines Inc. Philippines
 Honda Del Peru S.A., Peru
 Honda de Mexico, S.A. de C.V., Mexico
 Honda Australia M. & P.E. Pty. Limited, Australia
 Asian Honda Motor Co., Limited, Thailand
 Honda Trading Corporation, Japan
 Honda Trading Asia Co. Limited, Thailand
 PT. Honda Power Products Indonesia, Indonesia
 Honda Motorcycle and Scooter India Private Limited, India
 Honda Motor India Private Limited, India
 Honda Express Logistics India Private Limited, India
 Moto Honda da Amazonia Ltda., Brazil
 Honda Trading (South China) Co. Limited, Hong Kong
 Honda R & D Limited, Japan
 Honda R & D (India) Private Limited, India
 Honda Europe NV, Belgium
 Honda Motor de Argentina S.A., Argentina
 Shanghai Honda Trading Co. Limited, China
 Honda Motor Europe Limited, U.K.
 Honda Soltec Co. Ltd, Japan
 Honda Mindong Generator Co. Ltd., China
 Honda Kaihatsu Co. Ltd., China
 Honda Trading Corporation India Private Limited, India
 Honda Trading Europe Ltd., Belgium
 Honda Siel Cars India Limited, India
 American Honda Motor Co. Inc., USA
 PT. Honda Trading Indonesia, Indonesia
 Honda Manufacturing (Nigeria) Ltd., Nigeria

Notes to the financial statements for the year ended 31 March 2012

	Year ended 31 March 2012 (Rs. lakhs)	Year ended 31 March 2011 (Rs. lakhs)
Honda Motor Southern Africa (Pty.) Limited, South Africa		
- Sale of finished goods	101.80	210.72
Honda Philippines Inc., Philippines		
- Sale of finished goods and spare parts	251.37	256.20
Honda Del Peru S.A., Peru		
- Sale of finished goods	405.14	559.61
- Reimbursement of expenses paid	0.06	0.23
Honda de Mexico, S.A. de C.V., Mexico		
- Sale of finished goods	26.98	22.85
Honda Australia M. & P.E. Pty. Limited, Australia		
- Sale of finished goods and spare parts	39.25	33.00
- Purchase of finished goods	288.92	159.74
Asian Honda Motor Co., Limited, Thailand		
- Sale of finished goods and spare parts	167.98	41.87
- Purchase of components and finished goods	2,389.35	1,220.68
- Reimbursement of expenses paid	4.20	2.51
- Reimbursement received for warranty claims	2.99	0.25
Honda Trading Corporation, Japan		
- Purchase of components, raw material, consumables and spares	882.20	699.46
- Purchase of capital goods	494.07	-
Honda Manufacturing (Nigeria) Ltd., Nigeria		
- Sale of finished goods	209.50	155.27
Honda Trading Asia Co. Limited, Thailand		
- Purchase of capital goods	117.61	137.69
- Purchase of components	27.96	10.83
PT. Honda Power Products Indonesia, Indonesia		
- Sale of finished goods and spare parts	67.15	239.70
Honda Motorcycle and Scooter India Private Limited, India		
- Receipt of job work charges	252.81	252.21
- Sale of components	322.68	268.75
Honda Motor India Private Limited, India		
- Sale of spare parts	433.64	306.41
- Reimbursement of expenses paid	43.56	27.03
- Receipt of support services and technical assistance fees	56.20	52.36
Honda Express Logistics India Private Limited, India		
- Freight expenses	8.09	66.38
- Warehousing expenses	17.71	-
Moto Honda da Amazonia Ltda., Brazil		
- Sale of finished goods	106.43	50.77
Honda Trading (South China) Co. Limited, Hong Kong		
- Purchase of components	203.08	162.75
Honda R & D Co., Limited, Japan		
- Sale of finished goods and spares	26.45	18.71
Honda R & D (India) Private Limited, India		
- Fee for infrastructure support services received	18.28	18.28
- Reimbursement of expenses received	3.78	3.83
- Sale of finished goods	1.07	-
Honda Eurpoe NV, Belgium		
- Sale of spares	0.11	53.82
- Purchase of finished goods	1.71	0.27
Honda Motor de Argentina S.A., Argentina		
- Sale of finished goods	56.86	44.73
Shanghai Honda Trading Co. Limited, China		
- Purchase of components, consumables and spares	13.39	15.84

Notes to the financial statements for the year ended 31 March 2012

Year ended 31 March 2012 (Rs. lakhs)	Year ended 31 March 2011 (Rs. lakhs)
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Transactions with other fellow subsidiaries

- Sale of finished goods and spares	2.03	0.21
- Reimbursement of expenses paid	1.18	1.42
- Freight expenses	3.44	-
- Purchase of finished goods, components, consumables and spares	6.78	-

Balance outstanding at year end

As at 31 March 2012 (Rs. lakhs)	As at 31 March 2011 (Rs. lakhs)
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- Payables	216.71	201.68
- Receivables	285.58	333.49
- Advance from customers	17.44	0.08
- Other recoverables	0.30	0.33

c) Name of key management personnel:

Mr. T. Hamasaki	President and CEO
Mr. S. Yotsumoto	Vice President and Whole time director (with effect from 1 April 2011)
Mr. Y. Watanabe	Vice President and Whole time director (till 26 March 2011)

Transactions with key management personnel:

Managerial remuneration *

Year ended 31 March 2012 (Rs. lakhs)	Year ended 31 March 2011 (Rs. lakhs)
---	---

Name

Mr. T. Hamasaki	88.05	77.41
Mr. S. Yotsumoto	84.67	-
Mr. Y. Watanabe	-	70.02

* 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 leasing area offices, residential premises for its employees and equipment for generating power for captive consumption. Some of the significant terms and conditions of the arrangements are:

- certain agreements for premises may generally be terminated by the lessee or either party by serving one to three months' notice or by paying the notice period rent in lieu thereof.
 - other agreements for premises cannot be terminated by either party before the expiry of one year.
 - the lease arrangements are generally renewable on the expiry of lease period subject to mutual agreement.
 - the Company shall not sublet, assign or part with the possession of the premises without prior written consent of the lessor.
- b) Lease rent charged to the statement of profit and loss Rs. 280.05 lakhs (31 March 2011: Rs. 157.81 lakhs).
- c) Future minimum lease payments under non-cancellable operating lease are as under:

Year ended 31 March 2012 (Rs. lakhs)	Year ended 31 March 2011 (Rs. lakhs)
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Not later than one year	1.63	-
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Notes to the financial statements for the year ended 31 March 2012

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

	Year ended 31 March 2012 (Rs. lakhs)	Year ended 31 March 2011 (Rs. lakhs)
(a) Employer contribution to provident fund and other funds:		
- Provident fund *	143.90	108.12
- Employees' state insurance	25.24	16.02
- Gratuity	62.49	53.98
- Superannuation fund	32.35	27.24
	263.98	205.36

* includes contribution to family pension fund Rs. 58.58 lakhs (31 March 2011: Rs. 38.27 lakhs)

(b) The following tables summarize the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective defined benefit plans

(i) **Present value of defined benefit obligation**

	Gratuity		Provident Fund	
	Year ended 31 March 2012 (Rs. lakhs)	Year ended 31 March 2011 (Rs. lakhs)	Year ended 31 March 2012 (Rs. lakhs)	Year ended 31 March 2011 (Rs. lakhs)
Present value of obligation as at the beginning of the year	400.19	396.42	1,532.43	1,464.96
Interest cost	33.34	32.82	130.26	124.52
Current service cost	35.99	28.57	85.32	69.85
Benefits paid	(11.16)	(80.64)	(141.29)	(374.51)
Actuarial (gain) / loss	32.30	23.02	(4.83)	90.93
Contributions by plan participants / employees	-	-	195.73	151.46
Settlements / transfer in	-	-	7.87	5.22
Present value of obligation as at the end of the year	490.66	400.19	1,805.49	1,532.43

(ii) **Fair value of plan assets**

	Gratuity		Provident Fund	
	Year ended 31 March 2012 (Rs. lakhs)	Year ended 31 March 2011 (Rs. lakhs)	Year ended 31 March 2012 (Rs. lakhs)	Year ended 31 March 2011 (Rs. lakhs)
Fair value of plan assets as at the beginning of the year	399.81	341.92	1,649.79	1,651.68
Expected return on plan assets	35.99	30.77	140.23	140.39
Contributions	73.42	108.10	85.32	69.85
Benefits paid	(11.16)	(80.64)	(141.29)	(374.51)
Actuarial gain/ (loss)	3.15	(0.34)	15.88	5.70
Contributions by plan participants / employees	-	-	195.73	151.46
Settlements / transfer in	-	-	7.87	5.22
Fair value of plan assets as at the end of the year	501.21	399.81	1,953.53	1,649.79

Notes to the financial statements for the year ended 31 March 2012
(iii) Actuarial gain / loss recognised in the statement of profit and loss

	Gratuity		Provident Fund	
	Year ended 31 March 2012 (Rs. lakhs)	Year ended 31 March 2011 (Rs. lakhs)	Year ended 31 March 2012 (Rs. lakhs)	Year ended 31 March 2011 (Rs. lakhs)
Actuarial gain / (loss) for the year - obligation	(32.30)	(23.02)	4.83	(90.93)
Actuarial gain / (loss) for the year - plan assets	3.15	(0.34)	15.88	5.70
Total gain / (loss) for the year	(29.15)	(23.36)	20.71	(85.23)
Actuarial gain / (loss) recognised in the year	(29.15)	(23.36)	20.71	(85.23)
Unrecognised actuarial gains / (losses) at the end of year	-	-	-	-

(iv) Assets and liabilities recognised in the balance sheet

	Gratuity		Provident Fund	
	Year ended 31 March 2012 (Rs. lakhs)	Year ended 31 March 2011 (Rs. lakhs)	Year ended 31 March 2012 (Rs. lakhs)	Year ended 31 March 2011 (Rs. lakhs)
Present value of obligation as at the end of the year	490.66	400.19	1,805.49	1,532.43
Fair value of plan assets as at the end of the year	501.21	399.81	1,953.53	1,649.79
Funded status	10.55	(0.38)	148.04	117.36
Unrecognised actuarial gains/ (losses)	-	-	-	-
Net assets / (liability) recognised in balance sheet	10.55	(0.38)	*	*

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

(v) Expense recognised in the statement of profit and loss

	Gratuity		Provident Fund	
	Year ended 31 March 2012 (Rs. lakhs)	Year ended 31 March 2011 (Rs. lakhs)	Year ended 31 March 2012 (Rs. lakhs)	Year ended 31 March 2011 (Rs. lakhs)
Current service cost	35.99	28.57	-	-
Past service cost	-	-	-	-
Interest cost	33.34	32.82	-	-
Expected return on plan assets	(35.99)	(30.77)	-	-
Net actuarial (gain) / loss recognised in the year	29.15	23.36	-	-
Company contribution to provident fund	-	-	85.32	69.85
Amount recognised in the statement of profit and loss	62.49	53.98	85.32	69.85

(vi) Major category of plan assets as a percentage of total assets

	Gratuity		Provident Fund	
	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2012	Year ended 31 March 2011
Funds managed by insurer	100%	100%	-	-
Central Government securities	-	-	34%	34%
State Government securities	-	-	20%	20%
Public sector unit bonds	-	-	45%	45%
Special deposit schemes of Central Government	-	-	1%	1%

Notes to the financial statements for the year ended 31 March 2012
(vii) Principal actuarial assumptions at the balance sheet date for gratuity and compensated absence

	Year ended 31 March 2012	Year ended 31 March 2011
Discount rate (p.a.)	8.33%	8.28%
Future salary increase (p.a.)	7.00%	7.00%
Expected rate of return on plan assets (p.a.)	9.00%	9.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

The discount rate is based on the prevailing market yields of Government Bonds as at the balance sheet date for the estimated term of the obligations.

(viii) Principal actuarial assumptions at the balance sheet date for provident fund

	Year ended 31 March 2012	Year ended 31 March 2011
Interest rate (p.a.)	8.50%	8.50%

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

	As at 31 March 2012 (Rs. lakhs)	As at 31 March 2011 (Rs. lakhs)	As at 31 March 2010 (Rs. lakhs)	As at 31 March 2009 (Rs. lakhs)	As at 31 March 2008 (Rs. lakhs)
Gratuity					
Defined benefit obligation	490.66	400.19	396.42	468.06	380.61
Plan asset	501.21	399.81	341.92	409.67	327.98
Net asset / (liability)	10.55	(0.38)	(54.50)	(58.39)	(52.63)
Experience adjustment in plan liabilities	(34.51)	(34.00)	(33.66)	(30.47)	-
Experience adjustment in plan assets	3.15	(0.34)	(3.55)	6.02	-

The Company expects to contribute Rs. 35.99 lakhs (31 March 2011: Rs. 31.05 lakhs) to gratuity fund.

	As at 31 March 2012 (Rs. lakhs)	As at 31 March 2011 (Rs. lakhs)	As at 31 March 2010 (Rs. lakhs)	As at 31 March 2009 (Rs. lakhs)	As at 31 March 2008 (Rs. lakhs)
Provident fund					
Projected benefit obligation	1,805.49	1,532.43	*	*	*
Fair value plan assets	1,953.53	1,649.79	*	*	*
Interest guarantee liability	(7.68)	(6.49)	*	*	*
Surplus in fund	155.72	123.85	*	*	*
Net surplus in fund	148.04	117.36	*	*	*

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

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 which are as under:

	Year ended 31 March 2012 (Rs. lakhs)	Year ended 31 March 2011 (Rs. lakhs)
Provision at the beginning of the year	45.82	40.03
Add : Additions during the year (included under service expenses)	149.93	107.69
Less : Amounts used during the year	107.24	88.88
Less : Amounts written back during the year (included under liabilities no longer required written back)	21.20	13.02
Provision at the end of the year	67.31	45.82

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

Notes to the financial statements for the year ended 31 March 2012
38 Power products sales are covered by a warranty period of one year, the details of which are as under:

	Year ended 31 March 2012 (Rs. lakhs)	Year ended 31 March 2011 (Rs. lakhs)
Provision at the beginning of the year *	5.96	2.54
Add: Additions during the year	22.75	14.79
Less: Amounts used during the year	17.58	11.37
Provision at the end of the year *	11.13	5.96

*Net of expected reimbursement of Rs. 1.51 lakhs (31 March 2011: Rs 1.71 lakhs) from suppliers of traded goods, recognized and included in loans and advances in accordance with the requirements of Accounting Standard – 29 "Provisions, Contingent Liabilities and Contingent Assets."

The warranty provision is expected to be paid within the normal warranty period of one year.

39 Earnings per share

	Year ended 31 March 2012	Year ended 31 March 2011
Profit for the year after taxation as per the statement of profit and loss (Rs. lakhs)	5,168.15	2,966.31
Number of equity shares outstanding during the year	10,143,071	10,143,071
Basic and diluted earnings per share in Rupees (face value of Rs. 10 per share)	50.95	29.24

40 Segment information
Primary segment:

The primary reportable segment for the Company is geographical segment by location of customers. The Company's geographical segment comprises domestic customers and overseas customers.

The primary segments have been identified in line with AS 17, taking into account the risks and return, organisation structure and internal reporting system.

Segment revenue comprises income from sales and services which are directly identifiable to the individual segment. Certain non-operating incomes such as interest income on fixed deposits, net profit on sale of fixed assets and exceptional items do not form part of segment revenue and are included under "other non-operating income". Direct expenses in relation to segments is categorised based on items that are individually identifiable to that segment, while the remaining costs are categorised to the segment on a reasonable basis. Certain expenses such as administrative expenses which form a significant component of total expenses are not specifically allocable to specific segments. Accordingly these expenses are separately disclosed as "unallocated" and directly charged against total income.

Segment assets include operating assets used by a segment that are directly identifiable to that segment and consist principally of debtors and inventory. Segment liabilities include operating liabilities that are directly identifiable to that segment and consist principally of accrued liabilities and advances from customers. Assets and liabilities of the Company which cannot be identified to any of the reportable segments have not been allocated as the same are used for both segments.

Information about primary segments - geographical segments by customer:

(Rs.lakhs)

	Year ended 31 March 2012			Year ended 31 March 2011		
Particulars	Domestic	Exports	Total	Domestic	Exports	Total
Segment revenue (net of excise duty on goods sold)	43,450.21	7,032.45	50,482.66	34,076.85	6,487.99	40,564.84
Segment result	6,788.57	(817.46)	5,971.11	6,306.31	(632.00)	5,674.31
Less: unallocated expense			1,693.54			2,008.55
Operating profit			4,277.57			3,665.76
Add: other non-operating income (including exceptional items)			2,996.26			779.55
Less: taxes (current and deferred)			2,105.68			1,479.00
Net profit after taxes			5,168.15			2,966.31
Other information						
Segment assets	6,834.24	909.26	7,743.50	6,541.92	476.00	7,017.92
Unallocated corporate assets			28,314.18			22,390.40
Total assets			36,057.68			29,408.32
Segment liabilities	2,843.41	469.56	3,312.97	2,575.60	281.91	2,857.51
Unallocated corporate liabilities			6,323.01			4,236.29
Total liabilities			9,635.98			7,093.80
Capital expenditure	140.53	-	140.53	248.90	-	248.90
Unallocated capital expenditure			2,517.10			1,745.77
Total capital expenditure			2,657.63			1,994.67
Depreciation	737.67	163.22	900.89	519.98	160.85	680.83
Unallocated depreciation			129.56			139.51
Total depreciation			1,030.45			820.34

Secondary segment:

As the Company's business activity falls within a single business segment viz. "power products and related parts", the secondary business segment disclosure requirements of accounting standard - 17 are not applicable to the Company.

Notes to the financial statements for the year ended 31 March 2012
41 Unhedged foreign currency exposure
(Figures in lakhs)

Purpose	As at 31 March 2012		As at 31 March 2011	
	Amount in foreign currency	Amount in Rupees	Amount in foreign currency	Amount in Rupees
Receivables	US \$ 15.90	802.95	US \$ 7.62	338.67
Payables	US \$ 22.35	1,149.62	US \$ 6.91	310.30
	JPY 643.63	405.23	JPY 1,216.97	665.84
	THB 9.94	16.66	THB 3.76	5.61
	EURO 0.02	1.24	EURO 0.34	21.53
Cash	US \$ 0.03	1.46	US \$ 0.01	0.39
Bank	US \$ 1.52	77.45	US \$ 0.93	41.32

42 CIF value of imports

	Year ended 31 March 2012 (Rs. lakhs)	Year ended 31 March 2011 (Rs. lakhs)
Raw materials	878.82	698.44
Components	7,371.59	6,383.01
Consumables	12.49	11.05
Stores and spares	4.29	19.89
Purchase of capital goods	673.68	152.65
Total	8,940.87	7,265.04

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

	Year ended 31 March 2012		Year ended 31 March 2011	
	(Rs. lakhs)	%	(Rs. lakhs)	%
Imported	7,981.96	28%	6,280.88	28%
Indigenous	20,102.04	72%	16,433.10	72%
Total	28,084.00	100%	22,713.98	100%

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

	Year ended 31 March 2012		Year ended 31 March 2011	
	(Rs. lakhs)	%	(Rs. lakhs)	%
- Imported	6.13	2%	10.17	3%
- Indigenous	318.79	98%	343.68	97%
Total	324.92	100%	353.85	100%

45 Expenditure in foreign currency

	Year ended 31 March 2012 (Rs. lakhs)	Year ended 31 March 2011 (Rs. lakhs)
Technical guidance fee	1,020.44	711.91
Royalty	1,831.67	1,533.17
Foreign travelling expenses	18.40	21.82
Export commission	855.09	714.89
Purchases of stock in trade	2,811.85	3,261.67
Others	15.22	38.47
Total	6,552.67	6,281.93

Notes to the financial statements for the year ended 31 March 2012

46 Earnings in foreign currency

	Year ended 31 March 2012 (Rs. lakhs)	Year ended 31 March 2011 (Rs. lakhs)
F.O.B. value of exports	6,739.02	6,114.29

47 Dividend remitted in foreign exchange

	Year ended 31 March 2012	Year ended 31 March 2011
Dividend paid during the year (Rs. lakhs)	507.51	270.67
Number of non-resident shareholders	23	23
Number of equity shares held by such non-resident shareholders	6,766,789	6,766,789
Year to which the dividends relate to	2010 - 2011	2009 - 2010

- 48** The Company has prepared these financial statements by applying the principles of Revised Schedule VI of the Companies Act, 1956, which is applicable for the accounting periods commencing on or after 1 April 2011. Accordingly, the previous year figures have been regrouped/ reclassified to make them comparable.

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

Rajesh Arora
Partner
Membership No. : 076124

Place : New Delhi
Date : 23 May 2012

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

Siddharth Shriram	Chairman
D.V. Kapur	Director
O.P. Khaitan	Director
Ravi V. Gupta	Director
H. Kanayama	Director
T. Hamasaki	President & CEO
Vinay Mittal	Whole time Director & CFO
Payal Chaddha	Company Secretary

The Range of Honda Power Products



EU 65is
M.R.P. Rs. 1,69,875/-*



EU 30is
M.R.P. Rs. 84,375/-*



EU 30i
M.R.P. Rs. 72,226/-*



EXK 2800 S
M.R.P. Rs. 66,151/-*



EXK 2800
M.R.P. Rs. 57,938/-*



EXK 2000 AC
M.R.P. Rs. 45,450/-*



EXK 2000 S
M.R.P. Rs. 54,900/-*



EXK 2000
M.R.P. Rs. 48,150/-*



EXK 1200 S
M.R.P. Rs. 47,138/-*



EXK 1200
M.R.P. Rs. 39,825/-*



EBK 1000
M.R.P. Rs. 27,113/-*



EB 2000 GP
M.R.P. Rs. 37,350/-*



EB 650 GP
M.R.P. Rs. 25,538/-*



EBK 650
M.R.P. Rs. 23,063/-*



EM 650
M.R.P. Rs. 25,426/-*



EK 400
M.R.P. Rs. 18,113/-*



GK 100
General Purpose Engine
M.R.P. Rs. 12,094/-*



GK 200
General Purpose Engine
M.R.P. Rs. 14,569/-*



WBK 15
Portable Pumpset
M.R.P. Rs. 18,000/-*



WBL 30
Portable Pumpset
M.R.P. Rs. 23,300/-*



WBK 30 FF
Portable Pumpset
M.R.P. Rs. 22,525/-*



Brush Cutter
M.R.P. Rs. 20,580/-*



Tiller
M.R.P. Rs. 69,825/-*



Engine Lawn Mower
M.R.P. Rs. 42,863/-*

* MRP in Delhi as on 1st June 2012

Also Exported to more than 35 Countries, world wide.



BLUE SKIES FOR
OUR CHILDREN

Honda Siel Power Products Ltd.

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