

HONDA

35th
ANNUAL REPORT
2019-2020

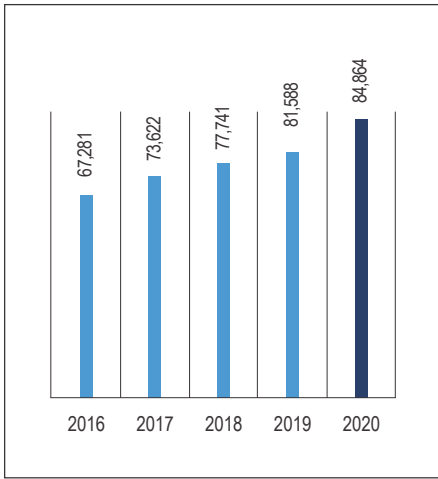


Honda India Power Products Limited

(Formerly known as Honda Siel Power Products Limited)

Key Financial Trends

Operating Revenue (₹ lakhs)



PBDT (₹ lakhs)



PBT (₹ lakhs)



PAT (₹ lakhs)



Networth (₹ lakhs)



Dividend Payout Ratio inclusive DDT (%)



Note: FY 17, FY18, FY 19 and FY 20 figures are as per Ind-AS

Corporate Information

Board of Directors

Mr. Takahiro Ueda

CMD and President & CEO

Mr. Hiroyoshi Sugimizu

Whole Time Director

Mr. Vinay Mittal

Whole Time Director & CFO

Mr. Manoj Arora

Independent Director

Ms. Alka Marezban Bharucha

Independent Director

Mr. Ravi Prakash Mehrotra

Independent Director

Company Secretary

Ms. Sunita Ganjoo

Statutory Auditors

M/s Price Waterhouse Chartered Accountants LLP
Building No. 8, 7th & 8th Floor, Tower-B,
DLF Cyber City, Gurugram- 122 002

Registered Office

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

Head Office & Works

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

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NOTICE

Notice is hereby given that the 35th Annual General Meeting of the Members of the Company will be held on September 21, 2020 (Monday) at 11:00 a.m. IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended March 31, 2020, together with the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Vinay Mittal (DIN 05242535), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS**4. Appointment of Mr. Takahiro Ueda (DIN 08685990) as a Director**

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

"RESOLVED THAT pursuant to the provisions of Section 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, including any statutory modification(s) or re-enactment thereof for the time being in force, Mr. Takahiro Ueda (DIN 08685990) who was appointed as an Additional Director of the Company to hold office as such from February 01, 2020, under Section 161 of the Companies Act, 2013 and under Article 90 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement of directors by rotation."

5. Approval for payment of remuneration to Mr. Takahiro Ueda (DIN 08685990), CMD and President & CEO of the Company

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

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, including any statutory modification(s) or re-enactment thereof for the time being in force, read with Schedule V of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and subject to the approval of the Central Government, if required, and such other approvals and sanctions as may be necessary, approval of the Shareholders be and is hereby accorded for the appointment of Mr. Takahiro Ueda (DIN 08685990) as President & CEO of the Company, liable to retire by rotation, with effect from February 01, 2020 (re-designated as CMD and President & CEO with effect from April 01, 2020) and for payment of remuneration, for a period of five years effective from February 01, 2020 on the following terms and conditions as recommended by the Nomination and Remuneration Committee:

Salary

Basic ₹ 75,000/- (Rupees Seventy Five Thousand only) per month

Salary reimbursement to Japan Not exceeding ₹ 12,00,000/- (Rupees Twelve Lakh only) per month to be reimbursed on actual basis.

Perquisites

Housing and Hard Furnishing As per Company Rules.

Special Allowance Not exceeding ₹ 12,50,000/- (Rupees Twelve Lakh Fifty Thousand only) per month.

Medical reimbursement Actual medical expenses to be borne by the Company

Membership fee for Japanese Association ₹ 1000/- (Rupees One Thousand only) per month.

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

Personal Accident Insurance Premium not to exceed ₹ 2,000/- (Rupees Two Thousand only) per annum.

Insurance of Household Goods Premium not to exceed ₹ 750/- (Rupees Seven Hundred Fifty only) per annum.

Medical Insurance Premium not to exceed ₹ 10,000/- (Rupees Ten Thousand only) per annum.

Reimbursement of Expenses Incurred on Joining Duty And Returning to home country after completion of tenure Cost of air ticket (economy class) and actual expenses incurred on travel pertaining to self and family and on packing, forwarding, loading/unloading as well as freight, insurance, customs duty, clearing expenses, local transportation and installation expenses in connection with the moving of personal effects for self and family for joining duty in India, in case these have not been claimed from the previous employer. After completion of the tenure, such expenses would be reimbursed if the Director leaves for the home country.

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

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

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

6. Appointment of Mr. Ravi Prakash Mehrotra as an Independent Director of the Company

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

“**RESOLVED THAT** pursuant to the provisions of sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 ('Act'), and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule IV of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Ravi Prakash Mehrotra (DIN 06823899) who was appointed as an Additional Director of the Company with effect from March 31, 2020 for appointment as independent director effective from the said date for a period of five years from the said date, to hold office up to the date of this Annual General Meeting in terms of Section 161(1) of the Act and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of 5 years commencing from March 31, 2020 to March 30, 2025.

RESOLVED FURTHER THAT the Board of Directors and Company Secretary be and are hereby authorized to finalize and issue the letter of appointment to the concerned director and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution.”

7. Revision in remuneration of Mr. Vinay Mittal, Whole Time Director (DIN 05242535)

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

“**RESOLVED THAT** pursuant to the provisions of Section 197, 198 and Schedule V and other applicable provisions, if any, of the Companies Act, 2013 or any amendment(s) or modification(s) thereof and subject to the approvals as may be necessary and pursuant to the approval of the Nomination and Remuneration Committee and the Board of Directors of the Company, approval of the Shareholders be and is hereby accorded for payment of remuneration to Mr. Vinay Mittal, Whole Time Director (DIN 05242535) of the Company, for the period from 01.04.2020 to 31.03.2021 (both days inclusive) as per the following particulars:

Basic Salary ₹ 4,61,851/- (Rupees Four Lakh Sixty One Thousand Eight Hundred Fifty One only) per month.

Perquisites Housing Allowance ₹ 2,30,926/- (Rupees Two Lakh Thirty Thousand Nine Hundred Twenty Six only) per month.

Special Allowance ₹ 3,39,635/- (Rupees Three Lakh Thirty Nine Thousand Six Hundred Thirty Five only) per month.

Medical reimbursement ₹ 1,250/- (Rupees One Thousand Two Hundred Fifty only) per month.

Child Education ₹ 200/- (Rupees Two Hundred only) per month.

Washing Allowance ₹ 2,000/- (Rupees Two Thousand only) per month.

Leave Travel Concession ₹ 57,731/- (Rupees Fifty Seven Thousand Seven Hundred Thirty One only) per month.

RESOLVED FURTHER THAT Personal Accident Insurance, Medical Insurance, Car (including driver, Maintenance and fuel), Telephone, Provident Fund, Superannuation Fund, Gratuity, Leave, Interest Subsidy on Housing Loan, Variable Pay shall be paid as per Company policy.

RESOLVED FURTHER THAT the reimbursement of leave travel concession and other perquisites, benefits, leave accrued to Mr. Vinay Mittal till 31.03.2020, not availed by him, be and are hereby approved to be carried forward.

RESOLVED FURTHER THAT the remuneration as aforesaid, shall be paid as minimum remuneration for any year in the event of absence or inadequacy of profits during the financial year ending on 31st March, 2021.

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

8. To approve and ratify payment of remuneration to the Cost Auditors

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

“**RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration payable to M/s Rakesh Singh & Co., Cost Accountants appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year 2020-21, amounting to ₹ 1,26,000/- (Rupees One Lakh Twenty Six Thousand only) (plus applicable Taxes and reimbursement of out-of-pocket expenses incurred by them for carrying out the audit), be and is hereby ratified and confirmed.

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

9. Related Party Transactions:

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

“RESOLVED THAT pursuant to provisions of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or amendments(s) or re-enactments(s) thereof, for the time being in force), approval of the members be and is hereby accorded to the Related Party Transactions entered into during the

financial year and the Material Related Party Transactions entered into/to be entered into and carried out/to be carried out in the ordinary course of business and at arm's length basis with the Related Parties, as defined under Section 2(76) of the Companies Act, 2013 and Regulation 2 (zb) of the Listing Regulations, during the period from April 01, 2019 to March 31, 2022:

Name of the related party	Name of Relation	Nature, duration and particulars of the contract/arrangement	FY 2019-20 For Ratification	FY 2020-21	FY 2021-22	Basis	Explanation
Honda Motor Co. Ltd., Japan	Holding Company	Royalty	-	4,200	4,620	6% on sale price adjusted for other cost per agreememe as last year as Existing Contact	6% on sale price adjusted for other cost per agreememe as last year as Existing Contact
		Export Commission	-	4,200	4,620	8% on FOB value of Export Sale. Same last year as per existing Contact	8% on FOB value of Export Sale. Same last year as per existing Contact
		Technical Guidance Fee	-	1,000	1,100	Monthly labour cost of technicians and actual expenses incurred	Monthly labour cost of technicians and actual expenses incurred
		Purchase of Raw Material, Components, Consumables	-	7,000	7,700	Cost Plus basis.	Cost Plus basis.
		Purchase of finished goods and spares	-	2,800	3,080	Cost Plus basis.	Cost Plus basis.
		Purchase of Capital goods	-	100	110	Cost Plus basis.	Cost Plus basis.
		Reimbursements received and paid including warranty expenses	-	1,300	1,430	Actual basis.	Actual basis.
		Export Sale of finished goods & spares	1,244	1,600	1,760	Pricing/Terms & Conditions are not more favorable than the sales made to unrelated party	Pricing/Terms & Conditions are not more favorable than the sales made to unrelated party
		Model fee	-	140	140	Lumpsum fee as per agreement	Lumpsum fee as per agreement
Asian Honda Motor Co. Ltd., Thailand	Fellow Subsidiary	Purchase of Raw Material, Components, Consumables, Spares	-	5,500	6,050	Cost Plus basis.	Cost Plus basis.
		Purchase of finished goods	-	7,000	7,700	Cost Plus basis.	Cost Plus basis.
		Reimbursements received and paid including warranty expenses	-	200	220	Actual basis.	Actual basis.
		Export Sale of finished goods & spares	-	110	121	Pricing/Terms & Conditions are not more favorable than the sales made to unrelated party	Pricing/Terms & Conditions are not more favorable than the sales made to unrelated party
American Honda Motor Co. Inc., America	Fellow Subsidiary	Export Sale of finished goods & spares	-	45,000	49,500	Pricing/Terms & Conditions are not more favorable than the sales made to unrelated party	Pricing/Terms & Conditions are not more favorable than the sales made to unrelated party
		Purchase of finished goods and spares	-	50	55	Cost Plus basis.	Cost Plus basis.
		Reimbursements received and paid including warranty expenses	-	350	385	Actual basis.	Actual basis.

Name of the related party	Name of Relation	Nature, duration and particulars of the contract/arrangement	FY 2019-20 For Ratification	FY 2020-21	FY 2021-22	Basis	Explanation
Honda Cars India Ltd., India	Fellow Subsidiary	Sale of finished goods & spares	-	800	880	Cost Plus basis.	The Company's margin (OP/TC) compared with companies engaged in similar manufacturing activities.
		Reimbursements received and paid including warranty expenses	-	75	83	Actual basis.	Evidence/Representation that price recovered is the actual cost incurred for warranty/other expenses
		Receipt of Support Service fees	-	270	297	Pricing/Terms & Conditions are not more favorable than the sales made to unrelated party	Evidence/Representation that price recovered is the actual cost incurred for warranty/other expenses
		Purchase of Spare	-	60	66	Cost Plus basis.	The Company's margin (OP/TC) compared with companies engaged in similar manufacturing activities.
		Interest receive on Loan	-	1,100	1,210	Market Rates	Pricing/Terms & Conditions are favourable than market rates
		Loan	-	16,000 (Renewal)	16,000 (Renewal)	Funds availability	Pricing/Terms & Conditions are favourable than market rates

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

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

Place: New Delhi
Date: June 23, 2020

Sd/-
Sunita Ganjoo
Company Secretary

NOTES

- None of the Directors, Key Managerial Persons or their relatives have any concern, financial or otherwise and does not have any conflict of interest in Item No. 4 to Item No. 9 except as expressed under the respective items in the explanatory statement.
- The Explanatory Statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013, ('the Act') concerning the Special Business in the Notice is annexed hereto and forms part of this Notice.
- In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated May 05, 2020 read with circulars dated April 08, 2020 and April 13, 2020 (collectively referred to as “MCA Circulars”) permitted the holding of the Annual General Meeting (“AGM”) through VC/OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and MCA Circulars, the AGM of the Company is being held through VC/OAVM.**
- Information regarding variation/revision in the remuneration of Director(s) and the Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting, requiring disclosure in terms of the Secretarial Standard 2, and the SEBI Listing Obligations are annexed hereto.
- Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
- Institutional/Corporate Shareholders (i.e. other than individuals/HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC/OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to mail@tanujvohra.com with a copy marked to helpdesk.evoting@cdslindia.com.
- The Register of Members and Share Transfer Books of the Company will remain closed from September 15, 2020 to September 21, 2020 (both days inclusive). The 'Record Date' for determining entitlement of members to dividend for the financial year ended March 31, 2020, if approved at the AGM, has been fixed as Tuesday, September 15, 2020.
- If the dividend, as recommended by the Board of Directors, is approved at the AGM, payment of such dividend, subject to deduction of tax at source will be made on Monday, October 19, 2020 as under:

- i. To all Beneficial Owners in respect of shares held in dematerialized form as per the data as may be made available by the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL"), collectively "Depositories", as of the close of business hours on September 14, 2020.
 - ii. To all Members in respect of shares held in physical form after giving effect to valid transfer, transmission or transposition requests lodged with the Company as of the close of business hours on September 14, 2020.
9. Members are requested to note that, dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in web Form No. IEPF-5 available on www.iepf.gov.in.

The Company has already transferred unclaimed dividends upto financial year 1994-95 to the General Revenue Account of the Central Government, and for the financial years 1995-96 to 2011-12 to IEPF. Following are the details of dividends paid by the Company and respective due dates for transfer of unclaimed dividend to IEPF:

Dividend year	Date of Declaration	Due date for transfer to IEPF
2012-13	05.08.2013	04.09.2020
2013-14	05.08.2014	04.09.2021
2014-15	12.08.2015	11.09.2022
2015-16	11.08.2016	10.09.2023
2016-17	04.08.2017	03.09.2024
2017-18	13-08-2018	12-09-2025
2018-19	07-08-2020	06-09-2026

In terms of provisions of Section 124(6) of Companies Act, 2013 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, shares on which dividend has not been encashed/claimed for a continuous period of last seven years i.e. from F.Y. 2011-12 has been transferred by the Company to Investor Education and Protection Fund.

In accordance with the aforesaid IEPF Rules, the Company had sent notices to all the shareholders whose shares were due to be transferred to the IEPF Authority and a newspaper advertisement in this regard was also published.

The details of the shareholders as mentioned above, is also available on the website of the Company (www.hondasielpower.com).

The Company, in compliance with the aforementioned provisions shall transfer the shares on which dividend has not been encashed/claimed for a continuous period of seven years i.e. from F.Y. 2011-12 alongwith the dividend thereof to the Investor Education and Protection Fund.

Further, the Company shall not be in a position to entertain the claims of the shareholders for the unclaimed dividends, which have been transferred to the credit of IEPF. Accordingly, the shareholders are advised to send all the uncashed dividend warrants pertaining to the years 2012-13 and upto 2018-19 to our Share Transfer Agent at New Delhi for issuing demand drafts in lieu thereof and en-cash them before the due dates for transfer to IEPF.

10. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 01, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrar and Transfer Agent, M/s Mas Services Ltd. for assistance in this regard.

11. To support the 'Green Initiative', Members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with the Company's Registrar and Transfer Agent, M/s Mas Services Ltd. in case the shares are held by them in physical form.

12. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to the Company's Registrar and Transfer Agent, M/s Mas Services Ltd. in case the shares are held by them in physical form.

13. In case of joint holders attending the Meeting, only one of such joint holders who is higher in the order of names will be entitled to vote.

14. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website www.hondasielpower.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of CDSL www.cdslindia.com.

15. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

16. Pursuant to the Companies (Amendment) Act, 2017 with effect from May 07, 2018, no resolution is being proposed for ratification of appointment of statutory auditors at the thirty-fifth AGM.

17. Pursuant to Finance Act, 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 01, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company/Company's RTA (in case of shares held in physical mode) and depositories (in case of shares held in demat mode).

A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by email to info@masserv.com by 11:59 p.m. IST on September 14, 2020. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%. Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other

document which may be required to avail the tax treaty benefits by sending an email to info@masserve.com. The aforesaid declarations and documents need to be submitted by the shareholders by 11:59 p.m. IST on September 14, 2020.

18. Since the AGM will be held through VC/OAVM, the Route Map is not annexed in this Notice.
19. Documents referred to in the accompanying notice are open for inspection on the website and at the Registered Office of the Company during normal business hours (9:00 am to 5:00 pm) on any working day, except Saturday, upto the date of AGM of the Company.
20. The Board of Directors of the Company has appointed Mr. Tanuj Vohra, Managing Partner of M/s TVA & Co. LLP, Practising Company Secretaries as Scrutiniser to scrutinise the remote e-voting process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for the said purpose.
21. Instructions for e-voting and joining the AGM are as follows:

A. VOTING THROUGH ELECTRONIC MEANS

- i. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, and Regulation 44 of the SEBI Listing Regulations, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by CDSL, on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below:
- ii. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
- iii. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
- iv. Those Members, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.
- v. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC/OAVM but shall not be entitled to cast their vote again.
- vi. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.
- vii. Any person, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as on the cut-off date, may obtain the login ID and password by sending a request at ho.legal@hspp.com. However,

if he/she is already registered with CDSL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.

- viii. The details of the process and manner for remote e-voting are explained herein below:

THE INTRUCTIONS FOR SHAREHOLDRES FOR REMOTE E-VOTING ARE AS UNDER:

- (i) Please note the e-voting period commences on **Friday, September 18, 2020 (9:00 A.M. IST) and ends on Sunday, September 20, 2020 (5:00 P.M. IST)**.

During this period shareholders of the Company, holding equity shares either in physical form or in dematerialized form, as on the cut-off date i.e. September 15, 2020, may cast their vote electronically. The remote e-voting module will be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, the member will not be allowed to change it subsequently.

- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on "Shareholders" module.
- (iv) Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Shareholders holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to send an e-mail to company's RTA at info@masserv.com to obtain a sequence number for such login.
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> • If both the details are not recorded with the depository or company please enter the member id/folio number in the Dividend Bank details field as mentioned in instruction (iii).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the Honda India Power Products Limited.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.**

PROCESS FOR THOSE SHAREHOLDERS WHOSE E-MAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to the Company/RTA.
2. For Demat shareholders-, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID),

Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to Company/RTA through email.

3. The Company/RTA shall co-ordinate with CDSL and provide the login credentials to the above mentioned shareholders.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops/IPads for better experience.
3. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is, therefore, recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
4. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least 10 days prior to meeting, mentioning their name, demat account number/folio number, email id, mobile number at ho.legal@hspp.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at ho.legal@hspp.com. These queries will be replied to by the company suitably by email.
5. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

(xviii) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively non-individual shareholders are required to send the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; mail@tanujvohra.com and ho.legal@hspp.com if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or call 1800225533.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call 1800225533.

22. M/s Mas Services Ltd. is Registrar and Share Transfer Agent of the Company. All investor related communication may be addressed to:

M/s Mas Services Limited

Unit: Honda Siel Power Products Limited
T-34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi-110 020
Ph:- 011 26387281/82/83, Fax:- 011 26387384
email:- info@masserv.com, Website: www.masserv.com

23. In terms of Section 72 of the Companies Act, 2013 Members of the Company may nominate a person to whom the shares held by them shall vest in the event of death of a member. In case you wish to avail of the nomination facility in respect of shares held by you, please write to M/s Mas Services Ltd., Registrar and Share Transfer Agent of the Company. In the case of joint holders all the holders thereof should sign the request.

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

Other Instructions

1. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer’s Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.
2. The result declared along with the Scrutinizer’s Report shall be placed on the Company’s website www.hondasielpower.com and on the website of CDSL <https://www.evotingindia.com> immediately. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed.

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 (“THE ACT”)

The following Statement sets out all material facts relating to the Special Business mentioned in the Notice:

The statement of the particulars pertaining to items nos. 4 to 9 below, pursuant to the Companies Act, 2013, Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and Secretarial Standard on the General Meetings forms part of Annual General Meeting Notice.

ITEM NO. 4

The Board of Directors at its meeting held on January 28, 2020 on the recommendation of the Nomination and Remuneration Committee, appointed Mr. Takahiro Ueda as an Additional Director of the Company w.e.f. February 01, 2020, subject to the approval of the Shareholders.

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

The Board of Directors is of the considered opinion and confident that Mr. Ueda’s guidance would be beneficial to the Company and recommends the resolution for your approval.

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

The Board recommends the resolution for your approval.

ITEM NO. 5

The Board of Directors at its meeting dated January 28, 2020, on the recommendation of the Nomination and Remuneration Committee, appointed Mr. Takahiro Ueda as Managing Director, to be designated as President & CEO of the Company for a period of five years effective February 01, 2020, on the terms and conditions as set out in the resolution.

Pursuant to the recommendation of Nomination and Remuneration Committee, the Board further approved the remuneration of Mr. Takahiro Ueda with effect from February 01, 2020, subject to approval of Members.

Further, in view of Mr. Siddharth Shriram resigning as the Chairperson of the Company subject to his resignation as Director on the Board of the Company, the Board of Directors in their Meeting held on April 01, 2020 re-designated Mr. Ueda as the CMD and President & CEO of the Company, subject to approval of amendments to Articles of Association and applicable corporate/ other actions, as were required in this regard. The Members through Postal Ballot/e-voting approved the amendments to Articles of Association of the Company and the results thereof were declared on May 26, 2020.

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

Your Directors recommend the resolution for your approval.

ITEM NO. 6

The Board of Directors of the Company on March 30, 2020, on the recommendation of the Nomination and Remuneration Committee, has appointed Mr. Ravi Prakash Mehrotra (DIN 06823899) as an Additional Director of the Company with effect from March 31, 2020 under the category of Independent Director, pursuant to the provisions of Section 161 and 149 of the Act and Articles of the Association of the Company.

In the opinion of the Board, Mr. Ravi Prakash Mehrotra fulfills the conditions specified in the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for his appointment as an Independent Director of the Company and is independent of the management. The Board considers that based on his varied experience, his association would be of immense benefit to the Company.

In accordance with the provisions of Sections 149 and 152 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014, an Independent Director shall not be liable to retire by rotation.

The Company has received from Mr. Ravi Prakash Mehrotra (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment and Qualification of Directors) Rules, 2014, (ii) intimation in Form DIR-8 pursuant to Companies (Appointment and Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164(2) of the Act and (iii) a declaration to the effect that he meets the criteria of independence as provided under Section 149(6) of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has also ensured that he is not debarred from holding the office by virtue of any order by SEBI or any other Authority.

As an Independent Director, Mr. Ravi Prakash Mehrotra shall be entitled to sitting fee for attending Board/Committee meetings and commission, if any, paid in terms of the provisions of the Act.

The terms and conditions of his appointment are available for inspection and also placed on website of the Company.

Accordingly, the Board recommends the resolution as set out at Item No. 6 of the Notice for approval by the Members of the Company as Ordinary Resolution.

None of the Directors, Key Managerial Person and their relatives, are in any way, concerned or interested, financially or otherwise, in the proposed resolution.

ITEM NO. 7

The Members had approved the remuneration of Mr. Vinay Mittal as Whole-Time Director of the Company from 01.04.2019 to 31.03.2020 at the Annual General Meeting of the Company held on August 07, 2019.

Pursuant to the recommendation of Nomination and Remuneration Committee and the Board of Directors, remuneration to be paid to Mr. Vinay Mittal from 01.04.2020 to 31.03.2021 was approved by the Board on April 23, 2020.

The reimbursement of leave travel concession and other perquisites, benefits, leave accrued to him till 31.03.2020, not availed by him, have also been approved to be carried forward.

It is proposed to pay the same remuneration in the event of inadequacy or absence of profits to Mr. Vinay Mittal.

Except Mr. Vinay Mittal, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the aforementioned resolution.

The Board recommends the Special Resolution set out at Item No. 7 of the Notice for approval by the members.

ITEM NO. 8

Pursuant to Section 148 of the Act, the Company is required to have the audit of its cost records conducted by a cost accountant in practice. On the recommendation of the Audit Committee, the Board of Directors appointed M/s. Rakesh Singh & Co., as the Cost Auditor of the Company to conduct audit of cost records maintained by the Company for the Financial Year 2019-20, at a remuneration of ₹ 1,26,000/- (Rupees One Lakh Twenty Six Thousand only) (plus applicable Taxes and reimbursement of out-of-pocket expenses incurred by them for carrying out the audit). The remuneration to the cost auditor requires your ratification and confirmation. The Board recommends the Resolution set out at Item No. 8 of the accompanying Notice for ratification.

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

ITEM NO. 9

Pursuant to Section 188 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 ('Rules'), the Company is required to obtain consent of the Board of Directors and prior approval of the members by way of ordinary resolution, in case certain transactions with related parties exceeds such sum as specified in the Rules. The transactions entered into/to be entered into with the related parties are in the ordinary course of business and on arm's length basis. However, pursuant to Regulation 23 of the Listing Regulations, approval of the members through ordinary resolution is required for all material related party transactions. All the Related Party Transactions entered into/to be entered into by the Company are/would be at arm's length basis and in the ordinary course of business and prior approval of the Audit Committee and subsequent approval by the Board is/will be obtained, wherever required.

The transactions as described in the resolution above for the period from April 01, 2019 to March 31, 2021 have exceeded/ are likely to exceed the materiality threshold as prescribed by Listing Regulations. Thus, in terms of the provisions of Listing Regulations, these transactions would require the approval of the members by way of an Ordinary Resolution and all entities falling under the definition of related parties shall abstain from voting on the resolution.

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

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

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

Sd/
Sunita Ganjoo
Company Secretary

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

Name of the Director	Mr. Takahiro Ueda	Mr. Ravi Prakash Mehrotra	Mr. Vinay Mittal
DIN	08685990	06823899	05242535
Age/Years	51	69	53
Date of appointment/ re-appointment	01-02-2020	31-03-2020	01-04-2017
Expertise in specific functional Areas/brief resume	Mr. Ueda has expertise in sales and marketing, sales network building, export business, business planning, and product planning. Besides Power Products Operations, he has experience in Automobile Operations and Motorcycle Operations.	Mr. Mehrotra has over 38 years of rich experience in marketing, ranging from direct sales, market/channel expansion and management, across a wide range of verticals extending from heavy capital goods to consumer goods, auto mobiles (commercial vehicles) etc. and general management.	Mr. Mittal has around 29 years of wide and varied experience in the field of Finance & Accounting, Direct & Indirect Tax, Imports, Secretarial and General Management in various industries.
Qualifications	Graduate - Economics	B.Sc. Electrical Engineering- Banaras Hindu University P.G.D.M (MBA)- IIM Kolkata	- Graduate in Commerce from Delhi University - Fellow Member of The ICAI - Alumni of IMD, Switzerland
Name of other Indian companies in which directorship held	NIL	NIL	NIL
Chairman/Member of Board Committees in Indian Companies	Honda Siel Power Products Limited - Audit Committee - Member - Stakeholders Relationship Committee - Member - Board Committee on Financial Matters - Chairperson - Corporate Social Responsibility Committee - Chairperson - Risk Management Committee - Chairperson	Honda Siel Power Products Limited - Nomination and Remuneration Committee - Member - Stakeholders Relationship Committee - Chairperson - Corporate Social Responsibility Committee - Member	Honda Siel Power Products Limited - Stakeholders Relationship Committee - Member - Corporate Social Responsibility Committee - Member - Board Committee on Financial Matters - Member - Risk Management Committee - Member
Shareholding in the Company	NIL	200	NIL
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	NIL	NIL	NIL
The number of Meetings of the Board attended during the year	NIL	NIL	5
Remuneration to be paid	Details of remuneration provided in the resolution	Except sitting fees no remuneration is paid	Details of remuneration provided in the resolution
Remuneration last drawn	₹ 19.06 lakh p.m.	Not applicable	₹ 12.34 lakh p.m.
Relationship	There are no inter-se relationships between the Directors and other Board Members		

Board's Report

Your Directors are pleased to present the 35th Annual Report together with Audited Financial Statements of the Company for the year ended March 31, 2020.

1. Financial Highlights

(₹ in lakhs)

Particulars	Year Ended	
	March 31, 2020	March 31, 2019
Revenue from Operations	84,864	81,588
Other Income	1,576	1,766
Profit before depreciation and exceptional items	10,814	10,794
Depreciation	2,208	2,113
Profit before exceptional items and tax	8,606	8,681
Profit before tax	9,043	8,331
Tax Expenses	2,391	2,916
Profit after Tax	6,652	5,415
Other Comprehensive Income	(179)	(49)
Total Comprehensive Income for the year	6,473	5366
Balance of profit brought forward	38,213	33,948
Dividend	1,014	913
Tax on Dividend	208	188
Balance carried to Balance Sheet	43,464	38,213

Financial Statements for the Financial Year ended 31st March, 2020 have been prepared in accordance with Ind AS prescribed under Section 133 of the Companies Act, 2013 and Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions thereof.

Results of Operations and the state of Company's affairs

Your Company achieved aggregate revenue from operations of 84,864 lakh in 2019-20 (as against ₹ 81,588 lakh in 2018-19). This marks a growth of 4% over the previous year.

During the year, your Company performed satisfactorily across all key categories in spite of severe market conditions. Business outlook continues to remain challenging. However, your company will persevere in its quest to seek opportunities for growth.

The Company's operations were temporarily shut down with effect from March 23, 2020, on account of nationwide lock down due to outbreak of Pandemic COVID-19. With partial opening of lock down, the operation resumed on May 12, 2020 after obtaining permission as per State Government Guidelines.

The Company has assessed the possible impact of COVID-19, internal and external, on liquidity position, carrying amount of Property, Plant and Equipment, Inventories, Receivables and other Current Assets. Based on current economic conditions, the Company expects to recover the carrying amount of these assets. Accordingly, as on date, the management doesn't foresee any material impact on its financial statement.

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

Termination of Joint Venture Agreement

The Joint Venture Agreement (the 'Agreement') dated October 25, 1997 (as amended/ restated from time to time) entered between Honda Motor Co. Ltd., Japan and Usha International Limited to create and operate the Company as a Joint Venture entity, has been terminated vide Termination Agreement executed on March 31, 2020 effective April 01, 2020.

Change of name of the Company

Pursuant to the approval of the Members by way of Postal Ballot, name of your Company was approved to be changed to Honda India Power Products Limited. Fresh Certificate of Incorporation in this regard is awaited from the Ministry of Corporate Affairs.

2. Dividend

Your Directors recommend a dividend of ₹ 12.5/- per equity share of ₹ 10/- each (125%) for the year ended 31st March, 2020 (previous year 100%). The total outgo on this account will be ₹ 1,268 lakh.

3. Transfer of Amounts to Investor Education and Protection Fund

In compliance with Section 125 of the Companies Act, 2013, reminders were sent to the members requesting them to claim unclaimed dividend for the year 2011-12. Some members claimed their unclaimed dividends. The payments were made directly to their bank accounts wherever the particulars were available, under intimation to those entitled. The balance remaining unclaimed of ₹ 6,94,251/- was transferred to the Investor Education & Protection Fund (IEPF) within the stipulated time.

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

In terms of provisions of Section 124(6) of Companies Act, 2013 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, shares of the Company, in respect of which dividend entitlements have remained unclaimed for seven consecutive years or more, were transferred by the Company to Investor Education and Protection Fund during the year 2019-20.

In terms of aforementioned provisions /rules, individual notices were sent to concerned shareholders providing them an opportunity to claim dividend for the financial year 2011-12 onwards. The said notice along with the details of concerned share holders was published in the leading newspapers having wide circulation. Details were also updated on the website of the Company (www.hondasielpower.com) simultaneously.

No shares are lying with NSDL/CDSL in demat suspense account or unclaimed suspense account as on the date of this report.

5. Environment Protection and Safety

Your Company is committed towards protection and preservation of environment and the improvement of working conditions of its associates. All associates strive to minimize adverse environmental impact, arising out of manufacturing processes, products and services the Company provides, by controlling emissions, effluents and waste generation, and supporting environmental protection activities by optimum utilization of resources and adopting means to conserve energy and recycle, reuse of natural resources. Your Company has been achieving continuous improvement in Environmental performance by

regularly upgrading the operation standards and environmental management systems to comply with applicable legal/regulatory and compliance obligations. Awareness is being created regularly regarding importance of environment protection throughout the organization and with all stakeholders.

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

6. Occupation health and safety

Your Company strives to be a 'Zero Accident Company'. It's vision is to improve health and safety standards for the people associated with the Company and working at all the levels. Efforts are made to nearly extinguish any activity which may adversely affect the health and safety in work place or adversely impact the life of communities living near our Workplaces. To promote this, the Company has created Occupational Safety & Health Management System (OSHMS) and formed a Safety & Health organization in the Company. Awareness of the OSHMS has been created through trainings, at all evels and by regular education to all for adopting safety and health measures at work place and in their life with the vision "Every one is precious".

7. Extract of Annual Return

Pursuant to section 92 (3) of the Companies Act, 2013 ('the Act') and rule 12 (1) of the Companies (Management and Administration) Rules, 2014, extract of Annual Return is Annexed as **Annexure - C** and forms part of this report. The same is available on website of the Company www.hondasielpower.com in 'Investors' Section.

8. Details of Board Meetings

During the year five Board meetings were held. In case of urgent business, resolutions were passed by circulation. Compliance reports of all laws applicable to the Company were reviewed by the Board at each meeting.

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

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

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

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

Date of the meeting	Total No. of Directors on the Board	No. of Directors attended the meeting
April 01, 2019	6	6
May 28, 2019	6	5
August 07, 2019	6	6
November 06, 2019	6	6
January 28, 2020	6	6

During the year, four resolutions by Circulation were passed by the Board of Directors on May 02, 2019, June 18, 2019, August 22, 2019 and March 30, 2020.

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

9. Committees of the Board

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

In view of the changes in constitution of the Board of Directors, the Committees of the Board were reconstituted on January 28, 2020 and April 01, 2020 respectively.

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

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

(a) Vigil Mechanism/Whistle Blower Policy

The Company has in place an established and effective Vigil Mechanism/Whistle Blower Policy (Policy) in the name of Business Ethics Proposal Line (BEPL). The mechanism under the Policy has been appropriately communicated within the organization as well as with all other Stakeholders of the Company. The purpose of this policy is to provide a framework to promote responsible whistle blowing by employees. It protects employees and other stakeholders, wishing to raise a concern about serious irregularities, unethical behavior, actual or suspected fraud within the Company.

The Chairman of the Audit Committee is the ombudsman and direct access has been provided to the complainant to contact him through e-mail, post and telephone for reporting any matter.

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

(b) Risk Management Policy

The Company has in place the risk management process/policy. The key risk areas are monitored and assessed periodically, prudentially and effectively.

With a view to review the adequacy and effectiveness of policies and management procedures and to monitor and assess Business Risks of the Company, to ensure that the key risk areas were well identified and managed, as a practice the Company during the financial year 2019-20 carried out a risk assessment covering all the functions across the organization. An extensive program of Internal Audits, process review and Management Reviews further supports the same.

Further, in pursuance to Section 177(4) (vii) of the Companies Act, 2013, Regulation 18 (3) and Schedule II Part - C of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Audit Committee/Board reviews and evaluates the internal financial controls and risk management system of the Company.

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

11. Directors' Responsibility Statement

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

- (a) in the preparation of the annual accounts for the year ended 31.03.2020, the applicable accounting standards have been followed and there are no material departures;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company and profit and loss of the Company as at 31.03.2020;
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors have prepared the annual accounts on a going concern basis;
- (e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively;
- (f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively; and
- (g) the Company has complied with the Secretarial Standard-I (Meetings of Board of Directors), Secretarial Standard-II (General Meeting) issued and amended from time to time, by the Institute of Company Secretaries of India.

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

Details of the loans given in compliance with the Section 186 of the Companies Act, 2013 and other applicable laws/regulations, during the financial year ended March 31, 2020 are given in the Note 5(d) of the notes to the financial statements forming part of Annual Report.

13. Auditors

(i) Statutory Auditors

The Company in its 32nd Annual General Meeting held on August 04, 2017 approved the appointment of M/s. Price Waterhouse Chartered Accountants, LLP (FRN 012754N/N500016), as the Statutory Auditors of the Company for a term of 5 years i.e. from the conclusion of 32nd Annual General Meeting till the conclusion of 37th Annual General Meeting of the Company.

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

During the year under review, the Auditors had not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134 (3)(ca) of the Act.

ii) Cost Auditors

In terms of the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the Board of Directors of the Company has on the recommendation of the Audit Committee, approved the appointment of M/s Rakesh Singh & Co., Cost Accountants as Cost Auditors of the Company for the Financial Year 2020-21. M/s Rakesh Singh & Co., have vast experience in the field of cost audit and have conducted the audit of the cost records of the Company for the past several years. A certificate from M/s Rakesh Singh & Co., has been received to the effect that their appointment as Cost Auditors of the Company, if made, would be in accordance with the limits specified under Section 141 of the Companies Act, 2013 and Rules framed thereunder.

Their remuneration as mentioned in the Notice convening 35th Annual General Meeting shall be subject to the approval of the Members.

iii) Secretarial Auditor and Secretarial Audit Report

The Secretarial Audit was carried out by M/s TVA & Co. LLP for the financial year 2019-20.

The Report given by the Secretarial Auditors is annexed as **Annexure - D** and forms an integral part of this Board's Report. There has been no qualification, reservation or adverse remark or disclaimer in their Report.

During the year under review, the Secretarial Auditors had not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134 (3) (ca) of the Act.

In terms of Section 204 of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Audit Committee recommended and the Board of Directors appointed M/s. TVA & Co., LLP, as the Secretarial Auditors of the Company for the financial year ending March 31, 2021. The Company has received their written consent that the appointment is in accordance with the applicable provisions of the Act and rules framed thereunder.

14. Related Party Transactions

In line with the requirements of the Companies Act, 2013 and Listing

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

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations (LODR), 2015 and LODR Amendment Regulations, 2018 prior approval of the Audit Committee/Board has been obtained for all related party transactions. A report on the transactions, specifying the nature, value and terms and conditions of the same, done during the quarter vis-à-vis the approval granted were presented to the Audit Committee on a quarterly basis for its review. The transactions which were likely to cross materiality threshold, as proscribed, were placed before the Members for their approval.

The Related Party Transactions Policy, may be accessed at the Company's website at <https://www.hondasielpower.com>.

15. Details in respect of adequacy of Internal Control Over Financial Reporting

The Company has put in place the process of Internal Control Over Financial Reporting (ICOFR) framework, commensurate with the size, scale and complexity of its operations. The framework has been designed to provide reasonable assurance with respect to recording and providing reliable financial and operational information, complying with applicable laws, safeguarding assets from unauthorized use and embezzlement, executing transactions with proper authorization and ensuring compliance with corporate policies while maintaining appropriate segregation of duties in all the transactions at the recording level. Furthermore, this process is reviewed during the year to be in sync with the changing business environment, regulatory developments and economic conditions.

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

The controls, based on the prevailing business conditions and processes have been tested during the year and no reportable material weakness in the design or effectiveness was observed. The frame work on ICOFR has been reviewed by the internal and statutory auditors.

16. Corporate Social Responsibility initiatives

In compliance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, the Company has established Corporate Social Responsibility (CSR) Committee and statutory disclosures with respect to the CSR

Committee and an Annual Report on CSR Activities forms part of this Report as **Annexure-E**.

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

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

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

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

The Policy on 'Criteria for appointment of Directors' and 'Remuneration to be paid to Directors, Key Managerial Personnel (KMP) and other employees etc.' may be accessed on the Company's website at the link <https://www.hondasielpower.com>.

18. Criteria of Board independence

Based on the assessment of the Nomination and Remuneration Committee and the confirmation/disclosures received from the Directors as stipulated in Section 149(6) of the Companies Act, 2013 and on evaluation of the relationships disclosed by the Directors, the following Non-Executive Directors are Independent:

- 1) Mr. Manoj Arora
- 2) Ms. Alka M. Bharucha
- 3) Mr. Ravi Prakash Mehrotra.

In the opinion of the Board, the Independent Directors fulfil the conditions specified under the Companies Act, 2013, the Rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and are independent of the management.

Determination of independence is being re-assessed when any new interests or relationships are disclosed by a Director.

20. Directors and Key Managerial Personnel (KMP)

i) Cessation of Directors

- a) Mr. Yoshifumi Iida (DIN 03024621), President, CEO and MD of the Company on completion of his assignment in the Company has resigned from the Board w.e.f. close of business hours on January 31, 2020.

The Board placed on record its appreciation for the efforts and the valuable contributions made by Mr. Yoshifumi Iida under whose dynamic leadership the Company was able to achieve significant growth.

- b) Mr. Siddharth Shriram (DIN 00027750) was appointed as an Independent Director of the Company w.e.f. April 01, 2019 for a term of 5 (Five) years. However, on account of his personal reasons and other commitments, he has stepped down from the position of the Independent Director of the Company and has resigned from his directorship with effect from close of business hours on March 31, 2020. Subsequent to his cessation, Mr. Siddharth Shriram has also ceased to be the Chairperson of the Company.

The Board placed on record its deep appreciation for the services rendered and the guidance provided by him during his tenure as Director and Chairperson of the Board. His contribution has been immense all through and he has been a pillar of strength for the Company. His support, guidance and personality will surely be missed by the Company.

ii) Retirement by Rotation

In accordance with the provisions of the Companies Act, 2013 and applicable Regulations issued by the SEBI, Mr. Vinay Mittal (DIN 05242535), Whole Time Director of the Company will retire by rotation at the forth coming Annual General Meeting ('AGM') and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

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

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

iii) Appointment of Director

The Board of Directors on recommendation of the Nomination and Remuneration Committee has recommended appointment of Directors as per the following details for approval by the Members:-

- Appointment of Mr. Takahiro Ueda as Executive Director of the Company effective February 01, 2020.

- Appointment of Mr. Ravi Prakash Mehrotra as an Independent Director with effect from March 31, 2020.

Necessary declarations in this regard, including confirmation from Mr. Mehrotra that he meets the criteria of independence prescribed under the Act and the Listing Regulations, has been received from the above Directors.

(iv) Revision in remuneration of Whole Time Director

The Board of Directors in its Meeting held on April 23, 2020, on the recommendation of Nomination and Remuneration Committee, approved revision in remuneration of Mr. Vinay Mittal, Whole Time Director of the Company, from 01.04.2020 to 31.03.2021 (both days inclusive).

Revision in remuneration of Mr. Vinay Mittal from 01.04.2020 to 31.03.2021 (both days inclusive), as per the details provided in the Notice convening the Annual General Meeting, is recommended for your approval.

21. Board/ Directors' Evaluation

Pursuant to the applicable provisions of the Act and the Listing Regulations, the Board has carried out an Annual Evaluation of its own performance, performance of the Directors and the working of its Committees on the evaluation criteria defined by the Nomination and Remuneration Committee (NRC) for performance evaluation process of the Board, its Committees and Directors, including Independent Directors.

The Board's functioning was evaluated on various aspects, including inter-alia the structure of the Board, meetings of the Board, functions of the Board, degree of fulfilment of key responsibilities, establishment and delineation of responsibilities to various Committees, effectiveness of Board processes, information and functioning. The Committees of the Board were assessed on the degree of fulfilment of key responsibilities, adequacy of Committee composition and effectiveness of Meetings. The Directors were evaluated on aspects such as attendance, contribution at Board/ Committee Meetings and guidance/support to the Management outside Board/Committee Meetings. The performance evaluation of independent directors was done by the entire Board of Directors excluding Independent Director being evaluated.

The performance assessment of Non-Independent Directors, Board as a whole and the Chairman were evaluated in a separate meeting of Independent Directors. The same was also discussed in the meeting of the Board. Performance evaluation of Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

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

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

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

23. Deposits

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

24. Buy Back of Securities

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

25. Sweat Equity

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

26. Bonus Shares

No Bonus Shares were issued during the year under review.

27. Employees Stock Option Scheme

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

28. Significant and material orders passed by the regulators

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

29. Corporate Governance

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

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

30. Business Responsibility Report

Pursuant to Regulation 34(2)(f) of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 the Board is pleased to present its first Business Responsibility Report in line with the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVEGs). Your Company adheres to the three aspects of sustainability i.e. economic, environmental and social along with ethics and good governance practices. This report gives a brief on the Business Responsibility performance of the Company for the Financial Year 2019-2020 annexed as **Annexure- K** and forms part hereof.

31. Sexual Harassment of Women at Workplace

As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('SHWW Act'), your Company has a robust mechanism in place to redress complaints reported under it. An Internal Complaints Committee (ICC) has also been set up to redress complaints received on sexual harassment. During the financial year 2019-20 no case of sexual harassment was reported in the Company. During the course of the year, several initiatives were undertaken to demonstrate the Company's zero tolerance philosophy against sexual harassment, which included creation of comprehensive and easy to understand training.

32. a. Code of Conduct and Ethics

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

b. Code of Conduct on Insider Trading

The Company has instituted a comprehensive code of conduct in compliance with the SEBI regulations on prevention of insider trading. The code lays down guidelines, which advise on procedures to be followed and disclosures to be made, while

dealing in shares of the Company and cautions on the consequences of non-compliances.

33. Respecting Human Rights

Aspects of human rights such as child labour, forced labour, and non-discrimination are covered by the Code of Conduct, diversity policy and various other applicable policies. The Company promotes respect for human rights by establishing policies and processes to make sure that its activities does not harm others and that the Company conducts business with dignity and respect for human rights.

34. Compliance Management

The Company has a strong focus on zero non-compliance. An electronic legal compliance management system is used to track compliances with applicable regulations. The system has provisions for early warning, checks and balances, reporting and escalation. A report on compliances with the applicable laws/rules/regulations is submitted to the Board on a quarterly basis.

35. Particulars of Employees

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

36. Material changes and commitments affecting the financial position of the Company after 31st March 2020

There were no material changes and commitments affecting the financial position of the Company after 31st March 2020.

Acknowledgements

Your Directors wish to thank and acknowledge with gratitude the co-operation, assistance and support received from the Central Government, State Governments of Uttar Pradesh and all other States where the Company has its presence, Company's Bankers, Shareholders, Dealers, Vendors, Promoter of the Company and other Business Associates in the management of affairs of the Company.

The Directors also wish to place on record their sincere appreciation and gratitude towards the contribution made by each and every associate of the Company.

On behalf of the Board,
For Honda Siel Power Products Limited,

Sd/-
Takahiro Ueda
CMD and President & CEO

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

- The portable generator business has been growing due to an increase in back-up demand caused by a string of natural disasters that have hit the country in recent years. Institutional business opportunities from Government and corporate customers are also being increasingly progressed by your company. The business during the year was helped by power outages consequent to weather disturbances and natural disasters in some parts of the country. These factors helped grow sales over the previous year.

Opportunities

- Improvement in Power scenario has brought focus upon primary applications of Portable Gensets such as outdoor usage and also added to the back-up demand in rural areas. Your company is actively seeking such prospects and promoting its superior and technologically advanced products.
- Focus on Digitization of economy is dramatically changing Government's procurement process with shift towards "e-procurement" through Government. Online Portal "e-GEM" (Govt. Electronic Market Place). Your Company has started to receive business through this portal.

Concerns

- Power deficit has shown a declining trend and the demand for our products in urban areas has reduced.

Outlook

- Growth of generator business is expected to continue, driven by application based sales, inclement weather conditions and the need for uninterrupted and portable power. Further, the rural market offers opportunities for growth.

GENERAL PURPOSE ENGINES AND WATER PUMPING SETS

- Gasoline fueled Engine and Water Pump business continues to perform well and thereby facilitating transition from kerosene-powered products. Water pump sales were encouraging due to increasing acceptance of gasoline-fueled products and support for Agriculture and Horticulture sectors from various State Governments. Our gasoline engines are also making inroads into the Construction segment. Such acceptance has boosted the Company's efforts to gradually shift its line-up from kerosene to gasoline.
- Engine sales to Original Equipment Manufacturers (OEM) was impacted due to uncertain subsidy policy and its disbursement for Agriculture centered products.
- In the Construction segment efforts are focused on promoting engines to power compact and light construction machines. This will lead to efficiency at the user end.
- Engine sales for Marine applications have also been gaining traction and your company has been working tirelessly to develop this application to provide relief to small fishermen by accelerating shift from manual to mechanized rowing.
- In its endeavor to come closer to the end customer, your Company conducted extensive demonstrations in rural areas targeting the farming community. This has helped to build awareness about our products and show case their utility for farm operations.

Opportunities

- Infrastructure growth, farm mechanization, increasing rural incomes, Government support, scarcity of farm labour and environmental concerns are triggers for the increasing demand of our engines and water pumps.
- The gasoline engine fueled based pumping sets and engines are expected to boost demand in areas where kerosene availability is scarce.

Concerns

- Unpredictable monsoon, uncertain subsidy policy and its allocation/ disbursement.

Outlook

- Agriculture and Infrastructure sectors are expected to continue receiving support from the Government.

Considering the competitive cost structure in India, the OEM (Original Equipment Manufacturer) market for agricultural and construction segments is also developing. Your Company is looking at increasing its presence in these segments by working closely with good quality manufacturers.

BRUSH CUTTERS

- Honda Brush cutters have been well accepted as providers of affordable and efficient mechanized solution for farm activities like de-weeding and harvesting. Honda products are endowed with environment friendly, cutting edge "4 Stroke" technology and fuel efficient features.
- The company further strengthened its presence in this category by launching the country's first 4 Stroke Powered, Heavy-duty Brush Cutter with revolutionary GX50 Engine for the Indian farmer. The new model offers unmatched fuel efficiency along with 2ps power for continuous heavy-duty usage.
- Response to this New Model has been encouraging and your Company expects to promote the New Model to many more farmers in this year.

TILLERS

- Honda Tillers are registering promising growth and acceptability across the country.
- Honda Tillers are creating a place for themselves amongst small farmers growing vegetables and cash crops. Tiller business is expected to accelerate due to availability of various Government schemes that promote mechanization amongst small farmers.
- Your company has been providing tiller attachments for multiple applications, helping boost farm productivity. The Company is seeking avenues to provide competitively priced attachments to complement farmer requirement.

EXPORT BUSINESS

- Generator business continues to be the highest amongst all product categories. Business from North American and European markets is encouraging.
- Production transfer of GX mid-size engine from Honda Thailand has considerably added to Company's sales volumes from American market.
- Diversification efforts with Tillers & small Engine have been successful in markets such as Nepal, Indonesia, Vietnam, Taiwan and Korea. With Increasing customer acceptability of our tillers in

terms of usefulness to small farmers and ease of operations in hilly terrains, expect to increase this business further in the future.

Concerns

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

Outlook

- Your Company is making efforts to expand the export mix with gasoline fueled Engines and Water Pumps especially in South West Asian Markets.

RISKS AND AREAS OF CONCERN

The Company's Risk Management framework encompasses practices relating to the identification, analysis, evaluation, treatment, mitigation and monitoring of the strategic, external and operational controls risks to achieving our key business objectives.

The Company has a robust risk mitigation plan to minimize identified risks through continuous monitoring and mitigating actions.

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

INTERNAL CONTROLS AND SYSTEMS

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

An independent internal audit function is an important element of your Company's internal control system. The internal control system is supplemented through an extensive internal audit programme and periodic review by Management and Audit Committee. All these measures facilitate timely detection of any irregularities and early remedial steps.

FINANCIAL PERFORMANCE

During the year 2019-20 sale of products was ₹ 82,748 lakh as against ₹ 80,146 lakh in the previous year. This represents an increase of 3% in terms of value over previous year.

Profit before Tax and Exceptional Items for the year was ₹ 8,606 lakh as against ₹ 8,681 Lakh in 2018-19.

There are no Key financial ratios of the Company which has significant change (i.e. more than 25% change) compared to last year.

Details of Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation thereof are as under:

Return on Net Worth	FY 2019-20	FY 2018-19
	12%	11%

HUMAN RESOURCES

Today's business landscape is exceptionally dynamic. Responsive human capital strategy is the root to content high customer expectation. Your company constantly endeavors to grade and harmonize the working environment resonating the Company's principles. Your Company is committed to strongly challenge the adverse and carve out a self-reliant constitution to be the best place to work.

Working experience is the prime factor for workforce engagement and a key indicator for organizational growth. Positive shift of associates towards highly engaged category in 2019 dipstick survey projects the commitment of your Company towards nurturing the associate working environment.

Availability and retaining of talent is critical to any organization. Your Company is determined to sail through futuristic progression channels to create a niche for performance-orientated culture. It continuously challenges the laid down processes to move towards excellence in culture. Your Company has focussed on transparent and objective Performance Management by emphasizing on two-way communication and continuous feedback system. Your Company is stringently focussed and have worked upon succession planning to ease any prospective void of talent. Career development planning with long-lasting vision of succession is instigated at lower and middle management level and is being driven thoroughly to spark the latent aptitude to take up higher roles in the hierarchy. Job rotation policy has been implemented towards the polishing of leadership potential.

Your Company relentlessly drives the skill enhancement initiatives for comprehensive development of associates. Moving towards the ease in learning, latest technological advancements are appraised. Your Company always endeavours to embrace diversified talent to bring in creativity across. In the coming years your company will be stringently working towards enhancement of diversified environment.

The Company always maintains a conducive and an open environment for any dialogue. Generating more harmony in the process, Works Committee is actively participating in concluding the wages settlement by way of bipartite discussion.

Human capital is the most critical asset to any business. COVID-19 has emerged as the greatest threat to humanity gripping the entire world, causing the unseen socio-economic disaster, challenging the scientific progressions that humans claim. Your Company is taking all permissible measures for the safeguard of the associates.

INFORMATION TECHNOLOGY

Your Company is comprehensively embracing information technology to leverage its potential and sail through the changes. Business continuity is the utmost priority. Your Company has strengthened the network and data security through advance security operations centre, wherein the installation of Advance Antivirus patches and Operating System patches have been automated in the first phase and further multiple level security controls are planned

The Company as on March 31, 2020 had 779 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 affect the Company's operations include significant changes in political and economic environment in India and key markets abroad, tax laws, litigation, labour relations and interest costs.

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

(a) Conservation of energy

(i)	The steps taken for impact on conservation of energy	Following energy conservation measures were taken to reduce the energy consumption: <ol style="list-style-type: none"> 1. Installation of timers and logic modification for stoppage of idle running of Hydraulic Motors in Machine Shop, leading to 2,067 KWH (6.28%) energy saving per year. 2. Installation of new energy efficient raw water pump 2.2 KW in place of 4.0 KW pump, leading to 4,216 KWH (45.0%) energy saving per year. 3. Installation of new energy efficient motor (3.85 KW) for weld shop cooling tower in place of old Motor (5.25KW) leading to 2,873KWH (26.67%) energy saving per year. 4. Installation of LED tube lights in place of conventional tube lights at areas like Assembly, Paint, Weld, QA, Aluminum, PDC & Die Maintenance etc. and LED street lights in place of conventional street lights. Energy saving per year by these activities is 11,855 KWH (50.0%) and 2,610 (58.86%) respectively.
(ii)	The steps taken by the Company for utilizing alternate sources of energy	Hazardous waste (Paint sludge & Effluent Treatment Plant’s sludge) quantity generated per unit production reduced by 9.3% w.r.t last year due to effective drying of sludge by greenhouse effect of natural sunlight received through transparent sheets above roof.
(iii)	The capital investment on energy conservation equipments	Following capital investments were made for energy conservation equipments: <ol style="list-style-type: none"> 1. ₹ 4.2 lakhs : As detailed in (i)(1-3) above 2. ₹ 2.5 lakhs : As detailed in (i) (4) above

(b) Technology Absorption

(i)	The effort made towards technology absorption	<ul style="list-style-type: none"> - The Company has availed the service of technical specialists from the foreign collaboration who impart on the job training and guidance to the Company’s engineers and technicians. - For development of the new technology model and to improve the manufacturing quality of in-plant/out plant parts, new manufacturing facility has been added in the following areas: <ul style="list-style-type: none"> - Adoption of technology to produce General Purpose Engine for USA Market. - Localization and cost reduction of parts of Engines and Generators. - Adoption of global concept for domestic Engines with E10 Gasoline. - Upgrading existing Generator models to continuously meet the regulation of advance countries such as: - <ul style="list-style-type: none"> • EPA CARB and Evaporation for USA Market. • ANSI /PGMA for USA Market. • Meeting RoHS Compliance for UAE Market.
(ii)	The benefits derived like product improvement, cost reduction, product development or import substitution	The benefits derived related to: <ul style="list-style-type: none"> - Meeting customer as well as regulatory requirement in all product ranges like Engine and Generator. - Producing environment friendly product by managing Hazardous Substance. - Cost reduction through indigenization. - Enhancement of the sales feature of the products.
(iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	Following information is furnished in case of imported technology (imported during the last three years reckoned from the beginning of the financial year):
	(a) The details of technology imported	Manufacturing of Portable Inverter Generator, OHV General Purpose Engines, Water Pump Sets and agriculture products such as Tiller, Backpack Sprayer etc.
	(b) The year of Import	Technology is being imported since beginning of the collaboration agreement dated 18.10.1985, as is renewed/revamped from time to time and valid for a period of 5 years till March 31, 2022.
	(c) Whether the technology been fully absorbed	No, this is in the process of being absorbed gradually.
	(d) If not fully absorbed, area where absorption has not taken place and the reasons thereof	Technology is further to be absorbed for localization of high technology engine components and in producing the country specific products / models like: <ul style="list-style-type: none"> - For Engines- OHV Technology- Cost reduction parts. - For Generator – Fuel Injection system technology- Increase the efficiency of parts by Value Engineering. - To increase the value of the product, Bluetooth and CO sensor enabled product development for US. - For Water Pump- high performance self-priming pumps for Indian farmers.
(iv)	The expenditure incurred on Research and Development	NIL

(c) Foreign Exchange Earnings and Outgo

During the year, the total foreign exchange used was ₹ 27,653 lakh and the total foreign exchange earned was ₹ 34,034 lakh.

EXTRACT OF ANNUAL RETURN

as on the financial year ended 31st March, 2020

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

I. REGISTRATION AND OTHER DETAILS:

i) CIN:	L40103DL2004PLC203950
ii) Registration Date:	19/09/1985
iii) Name of the Company:	Honda Siel Power Products Limited
iv) Category / Sub-Category of the Company:	Public Listed Company
v) Address of the Registered Office and contact details:	409, Tower B, DLF Commercial Complex, Jasola, New Delhi – 110025, Tel. +91 011 41082210, 0120 2590211
vi) Whether listed company:	Yes
vii) Name, Address and contact details of Registrar and Transfer Agents (RTA), if any:	Mas Services Limited, T-34, 2 nd Floor, Okhla Industrial Area, Phase-II, New Delhi 110020, Tel. 011-26387281-83

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sl. No.	Name and Description of main Products /Services	NIC Code of the Product/ Service	% to total turnover of the Company
1.	Generators	27101	62
2.	Engines	28110	15
3.	Water Pumps	28132	10
4.	Tillers/Back Pack Sprayer	28212/ 28231	1

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1.	Honda Motor Co. Ltd.	N. A.	Holding	66.67	2(46)

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

(i) Category-wise Share Holding

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

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institution									
(a) Mutual Funds	6,41,135	20	6,41,155	6.32	9,05,645	20	9,05,665	8.93	2.61
(b) Alternate Investment Funds	1,50,000	0	1,50,000	1.48	1,26,241	0	1,26,241	1.24	(0.24)
(c) Foreign Portfolio Investors	34,450	0	34,450	0.34	35,899	0	35,899	0.35	0.01
(d) Banks / FI	6,803	200	7,003	0.07	7780	200	7980	0.08	0.01
(e) Central Govt.	0	0	0	0	0	0	0	0	0
(f) State Govt(s)	0	0	0	0	0	0	0	0	0
(g) Venture Capital Funds	0	0	0	0	0	0	0	0	0
(h) Insurance Companies	0	0	0	0	0	0	0	0	0
(i) FIs	0	0	0	0	0	0	0	0	0
(j) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
(k) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1)	8,32,388	220	8,32,608	8.21	10,75,565	220	10,75,785	10.61	2.40
2. Non-Institutions									
(a) Bodies Corporate									
(i) Indian	1,23,251	322	1,23,573	1.22	91,132	322	91,454	0.90	(0.32)
(ii) Overseas	0	0	0	0	0	0	0	0	0
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹ 2 lakh	19,03,424	1,26,099	20,29,523	20.01	17,25,717	113741	18,39,458	18.14	1.87
(ii) Individual Shareholders holding nominal share capital in excess of ₹ 2 lakh	81,000	0	81,000	0.80	75,000	0	75,000	0.74	(0.06)
(iii) NBFC registered with RBI	4,620	0	4,620	0.05	900	0	900	0.01	(0.04)
(c) Others (specify)									
Clearing member	20,581	0	20,581	0.20	20,771	0	20,771	0.20	0
NRI	1,22,778	19,634	1,42,412	1.40	1,11,871	19,134	1,31,005	1.29	(0.11)
Trust	5,080	0	5,080	0.05	1,518	0	1,518	0.01	(0.04)
Unclaimed Suspense A/c/ IEPF	40,241	0	40,241	0.40	43,747	0	43,747	0.43	0.03
Sub-total (B)(2):-	23,00,975	1,46,055	24,47,030	24.13	20,70,656	1,33,197	22,03,853	21.73	(2.4)
Total Public Shareholding (B)=(B)(1)+(B)(2)	31,33,363	1,46,275	32,79,638	32.33	31,46,221	1,33,417	32,79,638	32.33	0.00
C. Shares held by Custodian for GDRs & ADRs									
NOT APPLICABLE									
Grand Total (A+B+C)	99,96,796	1,46,275	1,01,43,071	100	1,00,09,654	1,33,417	1,01,43,071	100	0

(ii) Shareholding of Promoters

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Honda Motor Co., Ltd., Japan	67,62,000	66.67	NIL	67,62,000	66.67	NIL	NIL
2.	Usha International Limited	1,01,433	1.00	NIL	1,01,433	1.00	NIL	NIL

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

There were no changes in promoter shareholding during the financial year 2019-20.

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

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Reason of Change in shareholding (No. of Shares)			Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	Date of Initial holding/ Buy/Sell	Buy	Sell	No. of shares	% of total shares of the Company
1	Reliance Capital Trustee Co. Ltd.- Nippon India	6,28,609	6.20	30-03-2019	-	-	8,35,378	8.24
				17-05-2019	399	-		
				24-05-2019	2,000	-		
				31-05-2019	1,000	-		
				14-06-2019	1,000	-		
				21-06-2019	5,000	-		
				28-06-2019	22,200	-		
				26-07-2019	2,981	-		
				31-07-2019	1,462	-		
				02-08-2019	3,622	-		
				09-08-2019	16,663	-		
				23-08-2019	9,915	-		
				30-08-2019	150	-		
				20-09-2019	3,844	-		
				27-09-2019	4,813	-		
				30-09-2019	1,684	-		
				04-10-2019	2,970	-		
				11-10-2019	6,030	-		
				18-10-2019	13,576	-		
				25-10-2019	5,000	-		
				01-11-2019	2,000	-		
				08-11-2019	2,724	-		
				15-11-2019	16,298	-		
				22-11-2019	13,453	-		
				29-11-2019	3,040	-		
				06-12-2019	4,508	-		
				13-12-2019	1,400	-		
20-12-2019	5,000	-						
27-12-2019	1,460	-						
24-01-2020	5,591	-						
31-01-2020	4,706	-						
27-02-2020	4,592	-						
14-02-2020	14,503	-						
21-02-2020	7,937	-						
28-02-2020	5,000	-						
06-03-2020	3,395	-						
13-03-2020	779	-						
20-03-2020	4,684	-						
27-03-2020	1,390	-						
	Total				2,06,769	-		
2	IIFL RE Organize India Equity Fund	1,50,000	1.48	30-03-2019	-	-	1,26,241	1.25
				21-06-2019	-	1,663		
				28-06-2019	-	2,502		
				12-07-2019	-	771		
				19-07-2019	-	2,322		
				09-08-2019	-	4,304		
				16-08-2019	-	1,170		
				23-08-2019	-	4,076		
				30-08-2019	-	1,332		
				06-09-2019	-	1,319		
				03-01-2020	-	4,300		
	Total				-	23,759		

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Reason of Change in shareholding (No. of Shares)			Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	Date of Initial holding/ Buy/Sell	Buy	Sell	No. of shares	% of total shares of the Company
3	Tata /mutual Fund	50,000	0.5	28-02-2020	-	-		
				06-03-2020	2,600	-		
				13-03-2020	10,500	-		
				20-03-2020	617	-		
				27-03-2020	6,550	-		
				Total	20,267	-	70,267	0.69
4	Laxmichand Kunverji Kenia	30,000	0.30	-	-	-	30,000	0.30
5	Parag P Parekh HUF	17,500	0.17	30-03-2019	-	-		
				19-07-2019	1,500	-		
				09-08-2019	750	-		
				27-09-2019	250	-		
				18-10-2019	1,000	-		
				15-11-2019	2,000	-		
				22-11-2019	1,000	-		
				Total	6,500	-	24,000	0.24
6	Amit Jasani	21,000	0.21	-	-	-	21,000	0.21
7	Pulkit.N.Sekhsaria	20,000	0.20	-	-	-	20,000	0.20
8	Panna Bankim	19,000	0.19	-	-	-	19,000	0.19
9	F L Dadabhoy	19,200	0.19	30-03-2019	-	-		
				04-10-2019	-	600		
				Total	-	600	18,600	0.18
10	The Emerging Markets	16,776	0.17	-	-	-	16,776	0.17
	TOTAL	9,72,085	9.58	-	2,33,536	24,359	11,81,262	11.65

Movement of Shareholders holding position in top ten shareholders as on March 31, 2020 in comparison to shareholding as on March 31, 2019

11	Jayantilal Premji Shah	30,000	0.30	30-03-2019	-	-		
				14-06-2019	-	30,000	-	-
				Total	-	-	NIL	NIL

(v) Shareholding of Directors and Key Managerial Personnel:

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

V. INDEBTEDNESS

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

The Company had no indebtedness with respect to secured or unsecured loans of deposits during the financial year 2019-20.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors

Sl. No.	Particulars of Remuneration	Name of MD/WTD				Total Amount (₹)
		Yoshifumi Iida*	Takahiro Ueda**	H. Sugimizu	Vinay Mittal	
1.	Gross salary (₹)					
	(a) Salary as per provisions u/s section 17(1) of the Income-tax Act, 1961	1,02,15,406	1,3,42,135	1,21,82,892	62,26,694	2,99,67,127
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	57,93,074	4,33,633	9,49,792	10,03,602	81,80,101
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	1,07,85,165	5,63,302	87,97,091	73,65,701	2,75,11,259
2.	Stock Option	0	0	0	0	0
3.	Sweat Equity	0	0	0	0	0
4.	Commission - as % of profit - others	0	0	0	0	0
5.	Others (Exempted Benefits) (₹)	48,584	3,93,827	6,72,819	2,11,991	13,27,221
	Total (A)	2,68,42,229	27,32,897	2,26,02,594	1,48,07,988	6,69,85,708
	Ceiling as per the Act	The remuneration paid is well within the limits prescribed under Companies Act, 2013.				

* Ceased to be Director with effect from close of business hours on January, 31, 2020.

**Appointed as President, CEO & MD with effect from February 01, 2020. Re-designated as CMD & President & CEO of the company effective April 01, 2020.

B. Remuneration to other directors:

Particulars of Remuneration	Name of Directors (1)			Total Amount (₹)
	Manoj Arora	Alka M. Bharucha	Sidharth Shriram	
Independent Directors				
Fee for attending Board Meeting	3,00,000	3,00,000	2,40,000	8,40,000
Audit Committee	2,40,000	2,40,000	1,80,000	6,60,000
Stakeholders Relationship Committee	-	-	1,00,000	1,00,000
Nomination and Remuneration Committee	1,50,000	1,50,000	1,00,000	4,00,000
Board Committee on Financial Matters	-	-	-	-
CSR Committee	-	-	50,000	50,000
Independent Director's Meeting	50,000	50,000	50,000	1,50,000
Commission	NIL	NIL	NIL	NIL
Total (B)	7,40,000	7,40,000	7,20,000	22,00,000
Total Managerial Remuneration	A + B* 6,91,85,708			
Overall Ceiling as per the Act	In terms of the provisions of the Companies Act, 2013, the remuneration payable to Directors other than Executive Directors Shall not exceed 1% of the net profits of the Company. The remuneration paid is well within the said limits.			

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

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

Sl. No.	Particulars of Remuneration	Key Managerial Person
1	Gross salary (₹)	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6,83,742
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	7,76,460
2	Stock Option	NIL
3	Sweat Equity	NIL
4	Commission - as % of profit - others	NIL
5	Others : Exempted Benefits (₹)	1,82,281
	Total (₹)	16,42,483

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties/punishments/compounding of offences for breach of any Section of the Companies Act, 2013 against the Company or its Directors or other Officers in default, if any, during the year 2019-20.

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2020**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder;
- (iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with the client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - (h) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018; and
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (vi) **We further report that**, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with following Acts, Laws and Regulations applicable specifically to the Company:-
 - (a) The Explosives Act, 1884 and Rules made thereunder;
 - (b) The Boilers Act, 1923 and Rules made thereunder;
 - (c) The Petroleum Act, 1934 and Rules made thereunder;
 - (d) Legal Metrology Act, 2009 and Rules thereunder
 - (e) The Electricity Act, 2003 and Rules made thereunder; andWe have also examined compliance with the applicable clauses of the following:
 - (i) Secretarial Standards issued by the Institute of Company Secretaries of India.
 - (ii) The Listing Agreements entered into by the Company with BSE Ltd. and National Stock Exchange of India Ltd. (NSE).
 - (iii) Codes and Policies adopted by the Company.

We report that during the period under review the following Regulations and Guidelines were not applicable to the Company:

- (I) Rules and Regulations prescribed by the Reserve Bank of India under Foreign Exchange Management Act, 1999 with respect to the Overseas Direct Investment and External Commercial Borrowing;
- (ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (iii) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (iv) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (v) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (vi) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018

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

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

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

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

We further report that during the audit period there were following event/action in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc, having a major bearing on the Company's affairs.

Change in management

During the period under review, Mr. Ravi Prakash Mehrotra was appointed as an Independent Director of the Company with effect from the start of working hours on March 31, 2020, subject to the approval of shareholders.

Mr. Siddharth Shriram was appointed as an Independent Director of the Company w.e.f April 1, 2019 for a term of 5 (Five) years. Further, he has stepped down from the position of the Independent Director of the Company and has resigned from the directorship with effect from the closing hours of March 31, 2020. Subsequent to his cessation, Mr. Siddharth Shriram has also ceased to be the Chairperson of the Company.

Mr. Yoshifumi Iida, designated as President, CEO & Managing Director, has ceased to be the Director of the Company with effect from the close of working hours on January 31, 2020 and Mr. Takahiro Ueda has appointed as an Additional Director designated as President, CEO & Managing Director with effect from February 01, 2020 subject to the approval of shareholders.

Further, the shareholders, at the Annual General Meeting of the Company held on August 07, 2019, have approved the re-appointments of Mr. Manoj Arora and Ms. Alka Marezban Bharucha as Independent Directors for a second term of 5 (Five) years with effect from March 01, 2019 and September 15, 2019 respectively and Mr. Hiroyoshi Sugimizu as Whole Time Director for a further term of 5 (Five) years with effect from April 01, 2019.

**For TVA & Co. LLP
Company Secretaries**

Delhi, June 18, 2020

**sd/-
Tanuj Vohra
Partner
M. No.: F5621, C.P. No.: 5253
UDIN: F005621B000352374
PR 708/2020**

Note: This report is to be read with our letter of even date which is annexed as 'Annexure - A' and forms an integral part of our report.

Annexure – A

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

- 1 Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the various compliances but the maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- 2 We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion and the compliance of the provisions of Corporate and other applicable laws, rules and regulations is the responsibility of the management of the Company. Our examination was limited to the verification of procedures on test basis.
- 3 We have not verified the correctness and appropriateness of the financial records and Books of accounts of the Company.
- 4 We have obtained necessary management representation about the compliance of various laws, correctness of information shared and happening of events, wherever required.
- 5 Compliance with respect to the filings of various reports, returns, forms, certificates and documents under the various statutes as mentioned in our report is the responsibility of the management of the Company. Our examination was limited to checking the execution and timeliness of filing and we have not verified the contents of such reports, returns, forms, certificates etc.

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

For TVA & Co. LLP
Company Secretaries

Delhi, June 18, 2020

sd/-
Tanuj Vohra
Partner
M. No.: F5621, C.P. No.: 5253
UDIN: F005621B000352374
PR 708/2020

Annexure – E to Board's Report

Annual Report on CSR Activities of the Company

1.	A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web link to the CSR policy and project or programmes	<p>The Company's CSR Policy has been framed within the objectives prescribed under Schedule VII of the Companies Act, 2013 as per the following vision and Objective:</p> <p>1. Vision: To be an active contributor in raising the country's human development index and fulfill the role of a Socially Responsible Corporate, with environment concerns.</p> <p>2. Objective:</p> <p>2.1. To align and integrate the Honda-CSR activities with the Honda philosophy and make them outcome oriented.</p> <p>2.2. To sustain and continuously improve the quality of life and economic well being of the local populace.</p> <p>2.3. To create a brand image of Honda which society will want to exist as a socially responsible image.</p> <p>CSR activities proposed to be undertaken by the Company shall be in pursuance to Section 135 read with Schedule VII of the Companies Act, 2013.</p> <p>The policy is also posted on the Company's website at www.hondasielpower.com</p>												
2.	The Composition of the CSR Committee (as on the date of Board Report)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;">Name</th> <th colspan="2">Category/Director</th> </tr> </thead> <tbody> <tr> <td>Mr. Takahiro Ueda</td> <td>Executive</td> <td>Chairperson</td> </tr> <tr> <td>Mr. Ravi Prakash Mehrotra</td> <td>Independent</td> <td>Member</td> </tr> <tr> <td>Mr. Vinay Mittal</td> <td>Executive</td> <td>Member</td> </tr> </tbody> </table>	Name	Category/Director		Mr. Takahiro Ueda	Executive	Chairperson	Mr. Ravi Prakash Mehrotra	Independent	Member	Mr. Vinay Mittal	Executive	Member
Name	Category/Director													
Mr. Takahiro Ueda	Executive	Chairperson												
Mr. Ravi Prakash Mehrotra	Independent	Member												
Mr. Vinay Mittal	Executive	Member												
3.	Average net profit of the Company for last three years	₹ 9466.87 Lakh												
4.	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	₹ 190.00 Lakh												
5.	Details of CSR spent during the year													
	1) Amount to be spent for the year	₹ 190.00 Lakh												
	2) Amount Unspent, if any	NIL												
	3) Manner in which the amount spent during the financial year	₹ 190.00 Lakh contribution towards Prime Minister's National Relief Fund.												

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

Sd/
Takahiro Ueda
CMD and President & CEO/Chairman CSR Committee

Sd/
Ravi Prakash Mehrotra
Independent Director

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Code of Governance

Corporate Governance ensures fairness, transparency and integrity of the Management. The Company believes that it is imperative to manage the business and its affairs in the most transparent manner with a firm commitment to our values. Sound Corporate Governance is critical for enhancing and retaining investors trust and thus seeks to ensure that its performance goals are met with integrity. The Company maintains highest level of transparency, accountability and good Management practices through the adoption and monitoring of corporate strategies, goals and procedures to comply with its legal, social and ethical responsibilities. The Company is always working towards building trust with shareholders, employees, customers, suppliers and all other stakeholders based on the principles of good Corporate Governance.

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

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

The Directors fully endorse and support the essentials of Corporate Governance and accordingly herein below give a true and fair report on Corporate Governance.

2. Board of Directors

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

Your Company has established appropriate systems and procedures to ensure that its Board is well informed and well equipped to fulfil its overall responsibilities and to provide Management with the strategic direction needed to create long term shareholders value.

The Board of your Company is broad-based and well diversified, consisting of seven members as on 31st March, 2020, with an ideal composition of three Executive Directors and four Non-Executive Directors, including a woman director. The composition of the Board represents an optimal mix of professionalism, knowledge and experience and enables the Board to discharge its responsibilities and provide effective leadership to the business. Four Non-Executive Directors are Independent i.e. they do not have any material pecuniary relationship or transactions with the Company, its Promoters, its Management or related persons except receiving sitting fees for attending the meetings of the Board, which in the opinion of the Board will not affect the independence of judgement of the said Directors. The Board Members possess the skills, experience and expertise necessary to guide the affairs of the Company.

None of the Independent Directors of your Company serves as an Independent Director in more than seven listed Entities.

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

Board Meetings

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

The notice of Board / Committee Meetings is given well in advance to all the Directors. The Agenda of the Board / Committee Meetings is set by the Company Secretary in consultation with the Management of the Company. The Board Agenda includes an Action Taken Report comprising of actions taken on decisions arrived at the Board Meetings and updates thereof.

During the financial year, five Board Meetings were held on April 01, 2019, May 28, 2019, August 07, 2019, November 06, 2019, and January 28, 2020. The maximum interval between any two Meetings was well within the maximum gap allowed of 120 days. During the year, four resolutions by Circulation were passed by the Board of Directors on May 02, 2019, June 18, 2019, August 22, 2019 and March 30, 2020 respectively. All statutory and other important items/ information were placed before the Board for approval/review.

The number of Directorship(s), Committee Membership(s)/Chairmanship(s) of all Directors is within respective limits prescribed under the Companies Act, 2013 and the Listing Regulations. The composition of the Board of Directors, attendance of the Directors at the Board Meetings and Annual General Meeting, number of Directorships in Indian Public Limited Companies, Name of the listed companies where director is holding directorship, Category of Directorship in other listed companies and Membership of Committee(s) (Audit and Stakeholders Relationship Committee) of the Board of such Companies are as follows:

S. No.	Name of Director/ Member	Category	Attendance at the last AGM	No. of Board Meetings attended	Number of Directorship in other public Companies	Number of Directorship in other listed companies	Name of other listed companies where he/she is a director	Category of Directorship in other listed companies	Number of Committees Membership including (Chairmanship)	Number of shares held
1	Siddharth Shriram	ID/NED	Yes	4	2	NIL	NIL	NA	Nil(2)	50
2	Manoj Arora	ID/NED	Yes	5	1	Nil	NA	NA	2	Nil
3	Alka Marezban Bharucha	ID/NED	Yes	5	8	4	1. Ultratech Cement Ltd. 2. Orient Electric Limited 3. Birlasoft Ltd. 4. Hindalco Industries Ltd.	1. ID 2. ID 3. ID 4. ID	5(3)	Nil
4	Ravi Prakash Mehrotra*	ID/NED	No	Nil	Nil	Nil	Nil	Nil	Nil	200
5	Yoshifumi Iida*	Non-ID/ED	Yes	5	Nil	Nil	NA	NA	2	Nil
6	Hiroyoshi Sugimizu	Non-ID/ED	Yes	5	Nil	Nil	NA	NA	Nil	Nil
7	Vinay Mittal	Non-ID/ED	Yes	5	Nil	Nil	NA	NA	1	Nil
8	Takahiro Ueda*	Non-ID/ED	No	Nil	Nil	Nil	NA	NA	2(Nil)	NIL

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

Note:

- Directorships held by Directors as mentioned above do not include Alternate Directorship, Directorships of Foreign Companies, Section 8 Companies and Private Limited Companies.
- In accordance with Regulation 27 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Membership (Chairmanship) of Audit Committee and Stakeholders Relationship Committee of Public Limited Companies have been considered.
- None of the Directors is a member of more than ten Board Level Committees of Public Limited Companies in which they are Directors nor is Chairman of more than five such Committees.
- There has been no inter-se relationship between or among directors of the Company.

*** Particulars of change in directorship during the year:**

Name of the Director	Category	Date of Appointment/ Cessation	Remarks
Mr. Yoshifumi Iida	Non-ID/ED	February 01, 2020	Ceased to be director from the close of business hours on 31 st January, 2020
Mr. Takahiro Ueda	Non-ID/ED	February 01, 2020	Appointed as President, CEO & MD w.e.f. 1 st February, 2020. Re-designated as CMD and President & CEO of the Company effective April 01, 2020
Mr. Ravi Prakash Mehrotra	ID/NED	March 31, 2020	Appointed as Independent Director from start of working hours on March 31, 2020
Mr. Siddharth Shriram	ID/NED	April 01, 2020	Ceased to be the Director/Chairperson effective April 01, 2020

Mr. Siddharth Shriram, Independent Director, Chairperson of the Audit Committee, Stakeholders Relationship Committee and Mr. Manoj Arora, Independent Director, Chairperson of Nomination and Remuneration Committee attended the Annual General Meeting of the Company.

The Company does not pay any remuneration to its Non-Executive/Independent Directors except ₹ 60,000/- (Rupees Sixty Thousand only) per Meeting as sitting fees for attending Meetings of the Board and Audit Committee Meetings and ₹ 50,000/- (Rupees Fifty Thousand only) per Meeting as sitting fees for attending meetings of its other 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.

Key Board Skills, Expertise and Competencies:

The Board comprises qualified members who bring in the required skills, competence and expertise to enable them to effectively contribute in deliberations at Board and Committee meetings. The below matrix summarizes a mix of skills, expertise and competencies expected to be possessed by our individual directors, which are key to corporate governance and board effectiveness:

	Mr. Manoj Arora	Ms. Alka M. Bharucha	Mr. Ravi P Mehrotra	Mr. Takahiro Ueda	Mr. Hiroyoshi Sugimizu	Mr. Vinay Mittal
General						
Board efficiency and effectiveness	✓	✓	✓	✓	✓	✓
General management	-	-	✓	✓	✓	✓
Global/Emerging Markets management experience	-	-	-	✓	✓	✓
Governance						
Understanding of legal, ethical and fiduciary duties	✓	✓	✓	✓	✓	✓
Risk management	✓	✓	✓	✓	✓	✓
Technical						
Health and Safety	-	-	-	✓	✓	✓
Supply Chain	-	-	✓	✓	✓	✓
Marketing, Sales and Customer Service – in relation to power products industry	-	-	✓	✓		✓
Financial	✓	✓	✓	✓	✓	✓
Manufacturing / Engineering acumen	-	-	-	✓	✓	-
Industry Experience						
Manufacturing	-	-	-	✓	✓	-
Logistics / Distribution / Supply Chain	-	-	-	✓	✓	✓
International Trade	-	-	✓	✓		-
Diversity						
Optimal mix of skills, expertise and experience	✓	✓	✓	✓	✓	✓

In the opinion of the Board, the Independent Directors fulfil the conditions as specified in the Regulations and are Independent from Management.

Mr. Siddharth Shriram, Independent Director and Chairperson of the Company due to his personal reasons and other commitments resigned, before the expiry of his tenure, from the Board with effect from close of business hours on March 31, 2020.

One-third of the Directors who are liable to retire by rotation, retire every year and are eligible for re-election as prescribed under the Companies Act, 2013 (the Act) and in terms of the Articles of Association of the Company.

Familiarization Programme for Independent Directors

All new Independent Directors are familiarized about the nature of the industry in which the Company operates, business model of the Company, roles / rights / responsibilities of Independent Directors when they join the Board of your Company.

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

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

Meeting of Independent Directors

During the year, the Independent Directors (IDs) met once on November 6, 2019, without the presence of Non-Independent Directors and members of the Management. At this meeting, the IDs inter-alia evaluated the performance of the Non-Independent Directors and the Board of Directors as a whole, evaluated the performance of the Chairperson of the Board and discussed aspects relating to the quality, quantity and timeliness of the flow of information between the Company, the Management and the Board.

A certificate from a Company Secretary in Practice as annexed in **Annexure -G** has been taken that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as director of the Companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

Committees of the Board

The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas / activities as mandated by applicable regulation; which concern the Company and need a closer review.

During the year, all recommendations of the Committees of the Board which were mandatorily required have been accepted by the Board.

The Board has established the following statutory and non-statutory Committees:

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

Each of these Committees function within the defined terms of reference and the minutes of the Committee Meetings are put up to the Board for noting at its Meeting held subsequent to the date of such meetings. The role and composition of these Committees, including the number of meetings held during the financial year and the attendance of its members are provided below:

i. Audit Committee

The primary objective of the Committee is to monitor and provide an effective supervision of the Management's financial reporting process, to ensure accurate and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting. The Committee is also responsible for evaluation of internal financial control system, risk management, performance of statutory and internal auditors and internal audit functions.

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

The Chief Financial Officer, Statutory Auditors, Internal Auditors and Cost Auditors attend the meetings of Audit Committee. Company Secretary acts as the Secretary to the Committee.

During the Financial Year 2019-20, Audit Committee met four times on May 28, 2019, August 07, 2019, November 06, 2019 and January 28, 2020. In each of these meetings at least two independent directors were present. The Board accepted all the recommendations made by the Audit committee. Constitution of the Committee and attendance of the members at the meetings were as under:

Name of the Member	Status	Number of Meetings Attended
Siddharth Shriram	Chairman	3
Mr. Yoshifumi Iida*	Member	4
Mr. Manoj Arora	Member	4
Ms. Alka Marezban Bharucha	Member	4
Mr. Takahiro Ueda**	Member	0

*Resigned as the President, CEO & MD with effect from close of business hours on January 31, 2020.

**Appointed as President, CEO & MD w.e.f. February 01, 2020. Re-designated as CMD and President & CEO of the Company effective April 01, 2020.

ii. Nomination and Remuneration Committee

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

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

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

In compliance with requirements of the Act, the Constitution, terms of reference, role and scope of Committee are in line with those prescribed by the Act and Regulation 19 of Regulations and are available on the Company's website at www.hondasielpower.com. The Committee comprises of three Non-Executive Directors, all three are Independent Directors. The Chairman of the Committee is an Independent director.

The Company Secretary acts as the Secretary to the Committee.

During the year under review, the Committee met on April 01, 2019, May 28, 2019 and January 28, 2020. A resolution by circulation was passed on March 30, 2020 by the Committee which are noted and confirmed in the subsequent Committee Meeting.

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

Name of the Member	Status	No. of meetings attended
Mr. Manoj Arora	Chairperson	3
Mr. Siddharth Shriram	Member	2
Ms. Alka Marezban Bharucha	Member	3

Performance Evaluation Criteria

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

In accordance with the evaluation framework laid down by the Nomination and Remuneration Committee, the Board of Directors undertook the evaluation of its own performance, its Committees and all the individual Directors, including Independent Directors. The evaluation of the performance of each Director was based on level of participation in meetings, understanding the roles and responsibilities, understanding the strategic issues and challenges in the Company.

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

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

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

Details of remuneration paid to Directors for the year 2019-20

A. Executive Directors

The details of the remuneration paid to the Whole Time Director(s) during the year 2019-20 are as under:

(Amount in ₹)

Name	Salary	Benefits	Bonus	Stock Options	Fixed Components	Variable Pay	Service Contract
Yoshifumi Iida	7,50,000	1,43,75,856	-	-	1,01,13,602	-	01.04.2015 to 31.03.2020
Hiro Yoshi Sugimizu	9,00,000	1,30,97,594	-	-	86,05,000	-	01.04.2019 to 31.03.2024
Vinay Mittal	49,58,580	18,48,581	-	-	71,79,072	8,21,755	01.04.2017 to 31.03.2022
Takahiro Ueda	1,06,034	20,70,161	-	-	5,56,702	-	01.02.2020 to 31.01.2025

*Resigned as the President, CEO & MD with effect from close of business hours on January 31, 2020

**Appointed as President, CEO & MD w.e.f. February 01, 2020. Re-designated as CMD and President & CEO of the Company effective April 01, 2020

B. Non-Executive Directors

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

Details of sitting fees paid during the year 2019-20 for attending the Meetings of Board of Directors and of its Committees were as under:

(Amount in ₹)

Name of the Director	Board	Audit Committee	Stakeholders Relationship Committee	Nomination and Remuneration Committee	CSR Committee	Independent Directors Meeting	Total
Mr. Siddharth Shriram	2,40,000	1,80,000	1,00,000	1,00,000	50,000	50,000	7,20,000
Mr. Manoj Arora	3,00,000	2,40,000	-	1,50,000	-	50,000	7,40,000
Ms. Alka Marezban Bharucha	3,00,000	2,40,000	-	1,50,000	-	50,000	7,40,000

There are no pecuniary relationships or transactions of the non-executive Directors vis-à-vis the Company.

iii. Stakeholders Relationship Committee

The remit of the Committee as prescribed under Regulation 20 of the Regulations & SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2018 (Amendment Regulations) is to consider various aspects of interest of the security holders of the Company, including resolving complaints relating to transfer of shares, consolidation, splitting, transmission (except for cases of transmission where the heirs of the deceased shareholder do not produce full documentary evidence of their title to shares), re-materialization of shares, endorsement on Fully Paid share certificates which have further been sub-delegated by the Committee to the Company Secretary of the Company.

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

During the Financial Year 2019-20, the Committee met twice on August 07, 2019 and January 28, 2020. In each of the meetings of the Committee at least one independent director was present. Composition of the Committee and attendance of the members at the meetings were as follows:

Name of the Member	Status	No. of Meetings attended
Mr. Siddharth Shriram	Chairman	2
Mr. Yoshifumi Iida*	Member	2
Mr. Vinay Mittal	Member	2
Mr. Takahiro Ueda**	Member	0

*Resigned as the President, CEO & MD with effect from close of business hours on January 31, 2020.

**Appointed as President, CEO & MD w.e.f. February 01, 2020. Re-designated as CMD and President & CEO of the Company effective April 01, 2020.

The Company Secretary acts as the Secretary to the Committee.

Resolutions by Circulation were passed on May 09, 2019, June 21, 2019, August 05, 2019, September 26, 2019 and January 23, 2020.

Compliance Officer

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

Investor Grievance Redressal

As on March 31, 2020, your Company had 15,403 investors. During the year under review, the status of complaints was as follows:

Number of investor Complaints pending at the beginning of the year	Number of investor complaints received during the year	Number of investor complaints disposed off during the year	Number of investor complaints not redressed upto the satisfaction of shareholders during the year	Number of investor complaints pending at the end of the year.
1	13	14	0	0

iv. Corporate Social Responsibility Committee

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

During the year under review, Corporate Social Responsibility Committee met once on January 28, 2020.

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

Name of the Member	Status	No. of Meetings Attended
Mr. Siddharth Shriram	Chairman	1
Mr. Yoshifumi Iida*	Member	1
Mr. Vinay Mittal	Member	1
Mr. Takahiro Ueda**	Member	0

*Resigned from the post of President, CEO & MD w.e.f. January 31, 2020.

**Appointed as President, CEO & MD w.e.f. February 01, 2020. Re-designated as CMD and President & CEO of the Company effective April 01, 2020.

The Company Secretary acts as the Secretary to the Committee.

v. Board Committee on Financial Matters

The terms of reference inter-alia include opening and closing of bank accounts, investment of surplus funds, authorization to Company's personnel for operation of Bank accounts etc.

The Board Committee on Financial Matters met three times during the year on April 29, 2019, July 01, 2019, and February 18, 2020. Attendance of the Members at the meeting was as follows:

Name of the Member	Status	No. of Meetings attended
Mr. Yoshifumi Iida*	Chairman	2
Mr. Takahiro Ueda**	Chairman	1
Mr. Vinay Mittal	Member	3
Mr. Hiroyoshi Sugimizu	Member	3

*Resigned as President, CEO & MD w.e.f. January 31, 2020.

**Appointed as President, CEO & MD w.e.f. February 01, 2020. Re-designated as CMD and President & CEO of the Company effective April 01, 2020.

The Company Secretary acts as the Secretary to the Committee.

vi. Risk Management Committee

The Company has constituted Risk Management Committee including a Non-Board member for ensuring better Corporate Governance practices. The roles and responsibilities of the Committee are as prescribed under Regulation 21 of the Regulations and Amendment Regulations, 2018 which include monitoring and reviewing of risk management plan covering cyber security and reporting the same to the Board of Directors periodically as it may deem fit. The Risk Management plan is being monitored by the Committee of the Company. The Board of Directors review the Risk Management Plan annually.

The Committee met once during the year on March 06, 2020.

Constitution of the Committee and attendance of the members at the meeting was as follows:

Name of the Member	Status	No. of meetings attended
Mr. Yoshifumi Iida*, President & CEO	Chairman	0
Mr. Takahiro Ueda**, President, CEO & MD	Chairman	1
Mr. Vinay Mittal, Whole Time Director & CFO	Member	1
Mr. Nitin Jain, Assistant General Manager	Member	1

*Resigned as the President, CEO & MD w.e.f. January 31, 2020.

**Appointed as President, CEO & MD w.e.f. February 01, 2020. Re-designated as CMD and President & CEO of the Company effective April 01, 2020

3. Code of Conduct

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

Further, in compliance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company's Board has laid down a code of conduct for all Board members and designated senior management of the Company. The code of conduct is available on the website of the Company www.hondasielpower.com. All Board members and senior management personnel have affirmed compliance with the code of conduct. A declaration signed by the Chief Executive Officer to this effect is attached to this report.

In terms of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and further amendments/modifications thereof, the Company has formulated a Code of Conduct to Regulate, Monitor, and Report trading by Insiders to deter the Insider trading in the securities of the Company based on the unpublished price sensitive information. The Code envisages procedures to be followed and disclosures to be made while dealing in the securities of the Company. During the year under review there has been due compliance with the provisions of the aforementioned Code which is available on website of the Company www.hondasielpower.com.

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
2018-19	August 07, 2019	1100 hours	Kamani Auditorium No. 1, Copernicus Marg, New Delhi-110001	1. Re-appointment of Mr. Manoj Arora as an Independent Director (DIN 00844279) 2. Re-appointment of Ms. Alka Marezban Bharucha as an Independent Director (DIN 00114067) 3. Appointment of Mr. Siddharth Shriram as an Independent Director (DIN 00027750) 4. Re-appointment and fixing of remuneration of Mr. Hiroyoshi Sugimizu as Whole Time Director of the Company (DIN 06848213) 5. Revision in remuneration of Mr. Vinay Mittal, Whole Time Director (DIN 05242535)
2017-18	August 13, 2018	1100 hours		No special resolution was passed
2016-17	August 04, 2017	1100 hours		No special resolution was passed

No resolution was passed through Postal Ballot during the year 2019-20. The resolutions to approve the change of name of the Company and for re-classification of Promoter and Promoter Group category to (Public) category are envisaged to be passed through postal ballot as on the date of this report.

5. Means of Communication

- The quarterly, half-yearly and annual results of the Company are published in leading newspapers in India, which include Financial Express, JanSatta and Business Standard. The Company has sent financial results to the Stock Exchanges within thirty minutes of closure of the meeting in which these were approved by the Board of Directors of the Company.
- The results of the Company are displayed on the Company's website www.hondasielpower.com and website of National Stock Exchange of India Ltd. (www.nseindia.com), BSE Limited (www.bseindia.com). The Company's website also displays the official news releases.
- The Company made no presentation to the Analysts during the Financial year 2019-20.
- Annual Report containing inter-alia, Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to Members and others entitled thereto. The Management Discussion & Analysis Report forms part of the Annual Report and is provided elsewhere in this Annual Report.

6. General Shareholders' Information

i. 35th Annual General Meeting

Day, Date & Time	:	Monday, September 21, 2020, 1100 hours
Venue /Means	:	Video Conferencing /Other Audio Visual Means (VC/OAVM)
Financial Year	:	Year ended March 31, 2020
Book Closure	:	September 15, 2020 to September 21, 2020 (both days inclusive)
Dividend Payment Date:		October 19, 2020

ii. Tentative Financial Calendar 2020-21

In view of the current lockdown situation due to COVID-19, no tentative dates for approval of Unaudited / Audited Financial Results for 2020 - 21 could be fixed.

iii. Dividend Details

Unclaimed dividends up to financial year 1995-96 have been transferred to the General Revenue Account of the Central Government and for the financial years 1996-97 to 2011-12 to Investor Education and Protection Fund constituted by the Central Government. Details of unclaimed dividend as on March 31, 2020 are given hereunder:

Period	Rate (%)	Date of declaration	Date of payment	Unclaimed dividend (₹)
2012-13	40	05-08-2013	02.09.2013	3,78,496.00
2013-14	40	05-08-2014	02.09.2014	3,91,316.00
2014-15	60	12-08-2015	08-09-2015	5,54,802.00
2015-16	60	11-08-2016	07-09-2016	5,61,240.00
2016-17	75	04-08-2017	01-09-2017	7,36,883.00
2017-18	90	13-08-2018	10-09-2018	6,74,550.00
2018-19	100	07-08-2019	04-09-2019	5,80,380.00

iv. Listing on Stock Exchanges and Stock Codes

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

Name & Address of the Stock Exchange	Stock Code
BSE Limited (BSE) Phiroze Jeejeebhoy Towers, 25 th Floor, Dalal Street, Fort, Mumbai – 400 001.	522064
The National Stock Exchange of India Ltd. (NSE) 5 th Floor, Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051	HONDAPOWER

Listing fees for the year 2020 – 2021 has been paid to BSE and to NSE respectively.

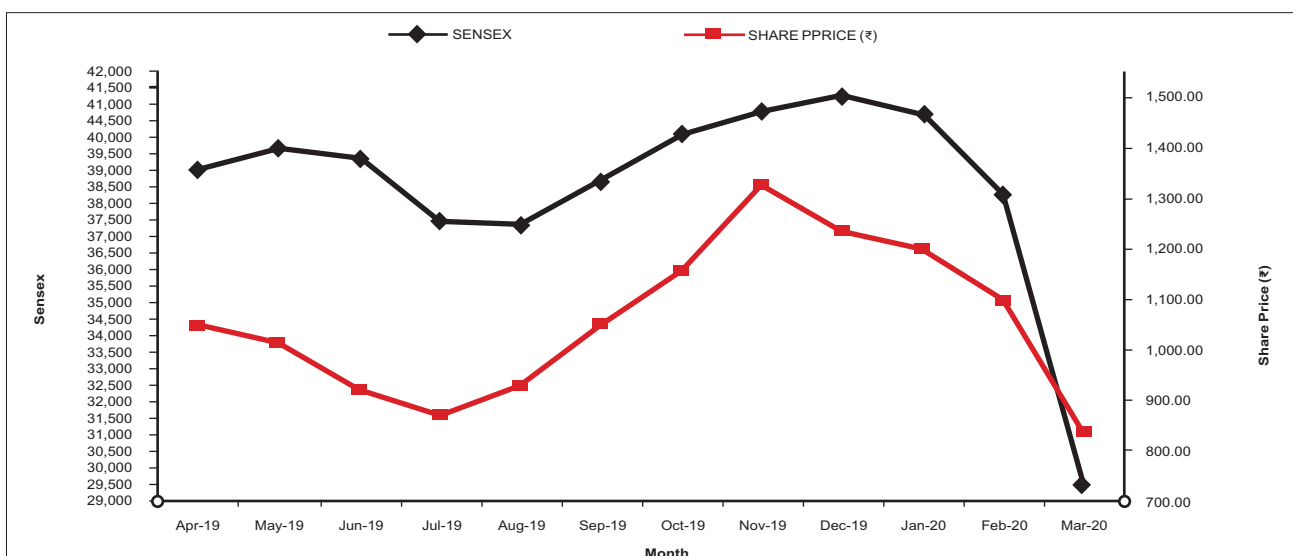
v. Stock Market Data

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

(Amount in ₹/Share)

Month(s)	BSE			NSE		
	High	Low	Volume(Nos.)	High	Low	Volume(Nos.)
April-19	1,179.70	1,035.00	3,424	1,176.7	1,045.1	31,396
May-19	1,142.95	1,000.00	4,239	1,080.00	990.1	43,812
June-19	1,016.00	870.00	29,117	1,024.7	865.00	60,112
July-19	945.35	820.00	3,913	942.85	812.95	65,994
August-19	961.95	819.00	9,348	959.85	817.85	1,14,829
September-19	1,114.40	923.55	5,150	1,125.00	917.00	56,999
October-19	1,203.95	1,030.10	5,169	1,200.00	1,040.05	85,083
November-19	1,359.95	1,112.00	19,601	1,358.9	1,101.6	1,93,861
December-19	1,338.40	1,200.00	7,269	1,358.00	1,195.1	75,942
January-20	1,307.40	1,170.00	8,130	1,310.00	1,168.00	1,09,602
February-20	1,292.00	1,084.00	59,822	1,260.00	1,080.00	99,972
March-20	1125.00	701.60	10522	1,154.90	726.00	1,19,161

vi. Performance comparison: BSE Sensex Vs. Honda Siel Power Products' Share Price



vii. Registrar and Share Transfer Agents

The Company has appointed M/s Mas Services Ltd. as its Registrar and Share Transfer Agent (RTA). Share transfer in physical form, in case of request received for transmission or transposition of securities, and other communications regarding shares, dividends, change in address, etc. may be addressed to:

Mr. Narender Rastogi
Mas Services Limited
 Unit: Honda Siel Power Products Limited
 T-34, 2nd Floor, Okhla Industrial Area, Phase - II,
 New Delhi - 110 020
 Ph:- 011-26387281/82/83, Fax:- 011-26387384
 email:- info@masserv.com, website : www.masserv.com

viii. Investors' Service and Share Transfer System

The Company has a system of attending to and redressing all investors' related grievances/correspondences within a period of 7 to 15 days from the date of receipt of the same. The investors can personally contact or send their grievance/correspondence either to RTA at their address or to the Secretarial Department of the Company at the following address:

Honda Siel Power Products Limited,
 Secretarial & Legal Department,
 Plot No. 5, Sector 41 (Kasna), Greater Noida Industrial Development Area,
 Distt. Gautam Budh Nagar, U.P. -201 310.
 Phone Nos: 0120-2590211, 2341055-59; Email : ho.legal@hspp.com

The shares for transfer received in physical mode by the Company/RTA, are transferred expeditiously, provided that the documents are complete and ownership of shares under transfer is not under dispute. The share certificates duly endorsed are returned immediately. Confirmation in respect of the request for dematerialization of shares is sent to the respective depositories, NSDL/CDSL within 15 days. The Company obtains a certificate of compliance with the share transfer formalities as required under Regulation 40(9) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 on half yearly basis from a Company Secretary in practice and files a copy of the certificate with the Stock Exchanges.

ix. Distribution of shareholdings as on March 31, 2020

No. of Shareholders	% to Total	Shareholding of Nominal Value of ₹	No. of Shares	Amount in ₹	% to Total
14,720	95.566	1 TO 5,000	9,97,105	99,71,050	9.830
394	2.558	5,001 TO 10,000	2,92,935	29,29,350	2.888
161	1.045	10,001 TO 20000	2,35,332	23,53,320	2.320
45	0.292	20,001 TO 30,000	1,08,788	10,87,880	1.073
26	0.169	30,001 TO 40,000	91,160	9,11,600	0.899
13	0.084	40,001 TO 50,000	60,268	6,02,680	0.594
22	0.143	50,001 TO 1,00,000	1,59,129	15,91,290	1.569
22	0.143	1,00,001 AND ABOVE	81,98,354	8,19,83,540	80.827
15,403	100.000	TOTAL	1,01,43,071	10,14,30,710	100.000

x. Pattern of shareholding as on March 31, 2020

Categories	No. of Shares	Shareholding (%)
Promoters	68,63,433	67.67
Mutual Funds	9,05,665	8.93
Alternate Investment Funds	1,26,241	1.24
Foreign Portfolio Investors	35,899	0.35
Financial Institutions / Banks	7,980	0.08
Individuals	19,14,458	18.88
NBFC Registered with RBI	900	0.01
Bodies Corporate	91,454	0.90
NRIs, FIIs, OCBs etc.	1,31,005	1.29
IEPF	43,747	0.43
Others (Clearing Members & Trust)	22,289	0.21
Total	1,01,43,071	100.00

xi. Dematerialization of shares and liquidity

98.68% of total equity capital is held in dematerialised form with NSDL and CDSL as on March 31, 2020. During the year, (i.e. from 01-04-2019 to 31-03-2020) 267 share certificates involving 12858 shares were dematerialized (including 55 share certificate consisting of 3653 shares transferred to IEPF) by the shareholders representing 0.13% of the total share capital of the Company.

Demat ISIN in NSDL and CDSL : INE634A01018

xii. The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments in the past and hence as on March 31, 2020, the Company does not have any outstanding GDRs/ADRs/Warrants or any convertible instruments.

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

xiv. Plant location

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

7. Disclosures

- (i) Related parties and transactions with them as required under Accounting Standard 18 and Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, are furnished under Note No. 30 of 'Notes to Financial Statement' for the year ended March 31, 2020.
 - (ii) The above transactions have no potential conflict with the interest of the Company.
 - (iii) There has not been any non-compliance, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any other statutory authority, on any matter related to capital markets, during the last three years.
 - (iv) The Company promotes ethical behavior in all its business activities and has a whistle blower/vigil mechanism, in the name of Vigil Mechanism/Business Ethics Proposal Line (BEPL) in place. All the employees of the Company through this mechanism are free to report violation of laws, rules, regulations or unethical conduct of any employee of the Company.
 - (v) The Company has complied with all mandatory requirements as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
 - (vi) The Company does not have any subsidiary Company.
 - (vii) The policy framed for the dealing with Related Party Transactions is displayed on the website of the Company at: www.hondasielpower.com.
 - (viii) The Company, during the Financial Year 2019-2020, has not issued any debt instruments or has not taken Fixed Deposits or has not mobilized funds under any scheme or proposal. Hence, no credit ratings were obtained.
 - (ix) During the Financial Year 2019-2020, no funds were raised through preferential allotment or on allotment of securities to qualified Institutions Placement as specified under Regulation 32(7A).
 - (x) During the year, the Board has accepted all such proposals as recommended by the Audit Committee of the Board.
 - (xi) During the Financial Year 2019-2020, the Company has paid a total fees of ₹ 47.60 lakhs to M/s Price Waterhouse Chartered Accountants, LLP, towards the audit fees and other services.
8. The status of adoption of the non-mandatory requirements as prescribed in Regulation 27(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is as under:

Audit Qualification

The Company is in the regime of unqualified financial statements.

Separate Posts of Chairperson and CEO

The Company has appointed separate persons to the post of Chairperson and of Managing Director/CEO for the financial year 2019-2020.

Reporting of Internal Auditor

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

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

10. Quarterly Compliance Report

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

11. Compliance with Code of Conduct

A declaration by the President & CEO that all Directors and Senior Management personnel have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management for the year ended March 31, 2020 is annexed as **Annexure-H**.

12. CEO/CFO Certification

In terms of Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors have reviewed the certificate submitted by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of the Company certifying various covenants about financial/ cash flow statements, internal controls, financial reporting, etc. The certificate is annexed as **Annexure-I**.

13. Compliance Certificate of Practicing Company Secretary

The Company has obtained a Certificate from Practicing Company Secretary regarding compliance of conditions of Corporate Governance as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Certificate is annexed as **Annexure-J**.

ANNEXURE-G

**T.V. NARAYANASWAMY,
COMPANY SECRETARY.**

CERTIFICATE

On the basis of the declarations made by the respective directors on the 31st March, 2020 which declarations were taken note of by the Board of Directors of Honda Siel Power Products Limited (L40103 DL2004PLC203950) on the 1st April, 2020, I certify that none of the directors on the Board of the company have been debarred or disqualified from being appointed or continuing as directors of the said company.

Sd/-
(T V NARAYANASWAMY)
COMPANY SECRETARY
CP No: 203
F000121B000263725

ANNEXURE-H

CERTIFICATE AND DECLARATION

I, Takahiro Ueda, in my capacity as CMD and President & CEO of Honda Siel Power Products Limited do hereby confirm and declare that as stipulated under Regulation 34(3) read with Schedule V(D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the best of my knowledge and belief, Members of the Board of Directors and Senior Management personnel of the Company have affirmed compliance, as on March 31, 2020, with the provisions of Code of Conduct as adopted by the Company.

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

For **Honda Siel Power Products Limited**

Date: June 15, 2020

Sd/-
Takahiro Ueda
CMD and President & CEO

CERTIFICATE

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

- A. That we have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. these statements together present a true and fair view of the company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- B. That there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- C. That we accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. That we have indicated to the Auditors and the Audit Committee:
1. significant changes in internal control over financial reporting during the year;
 2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 3. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

This certificate has been issued in compliance with the provisions of Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For **Honda Siel Power Products Limited**,

June 15, 2020

Sd/-
Vinay Mittal
Whole Time Director &
Chief Financial Officer

Sd/-
Takahiro Ueda
CMD and President & CEO

ANNEXURE-J

T.V. NARAYANASWAMY,
COMPANY SECRETARY.
(CP 203)

CERTIFICATE

To the Members of Honda Siel Power Products Limited,

I have examined the compliance of conditions of Corporate Governance by Honda Siel Power Products Limited for the year ended March 31, 2020 as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

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

New Delhi
June 18, 2020.

Sd/-
(T V NARAYANASWAMY)
COMPANY SECRETARY
F000121B000354453

Business Responsibility Report for the Financial Year 2019-2020

[Pursuant to Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Honda Siel Power Products Limited (the Company) recognizes its role as a corporate citizen and endeavors to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its customers, government and others. Over all, the Company strives for holistic growth of its business, welfare and prosperity of all of its stakeholders. The Company strives to achieve all three aspects of sustainability i.e. economic, environmental and social along with ethics and good governance practices.

Your Company takes pride in presenting its first Business Responsibility Report (BRR), in line with the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVEGs) and the BRR requirement of the Listing Regulations. This report gives a brief on the Business Responsibility performance of the Company for the Financial Year 2019-2020.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Sl. No.	Particulars	Company Information
1.	Corporate Identity Number (CIN) of the Company	L40103DL2004PLC203950
2.	Name of the Company	Honda Siel Power Products Limited
3.	Registered address	409, DLF Tower B Jasola Commercial Complex New Delhi - 110025.
4.	Website	www.hondasielpower.com
5.	E-mail id	ho.legal@hspp.com
6.	Financial Year	2019-2020
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Manufacturing of Electrical equipment, General Purpose and Special Purpose Machinery & equipment, Transport equipment (C 10).
8.	List three key products/services that the Company manufactures/ provides (as in balance sheet)	Portable Generators, General Purpose Engines & Water Pumps.
9.	Total number of locations where business activity is undertaken by the Company Number of International Locations : Number of National Locations :	35 18
10.	Markets served by the Company – Local/State/National/International	The Company serves the Local, State, National & International markets.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

Sl. No.	Particulars	Company Information
1.	Paid up Capital as on March 31, 2020	₹ 1,01,43,071
2.	Total Turnover	₹ 84,864 lakhs
3.	Total profit after taxes	₹ 6,473 lakhs
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Company spent 190 Lakhs on CSR activity during Financial Year 2019-20. This was 2.06% of the average net profits of the Company for last three Financial Years.
5.	List of activities in which expenditure in 4 above has been incurred	Contribution to Prime Minister's National Relief Fund

SECTION C: OTHER DETAILS

Sl. No.	Particulars	Company Information
1.	Does the Company have any Subsidiary Company/ Companies?	No
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	N.A.
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities?	Company's suppliers and distributors are not involved in our BR initiatives.

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

The Corporate Social Responsibility (CSR) Committee is responsible for BR activities of the Company. The composition of CSR Committee is mentioned below:

Sl. No.	Name	Designation	DIN
1.	Mr. Takahiro Ueda	CMD and President & CEO	08685990
2.	Mr. Ravi Prakash Mehrotra	Independent Director	06823899
3.	Mr. Vinay Mittal	Senior VP, Whole Time Director & CFO	05242535

List of Principles

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

Principle 2 : Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

Principle 3: Businesses should promote the well-being of all employees

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

Principle 5: Businesses should respect and promote human rights.

Principle 6: Business should respect, protect, and make efforts to restore the environment

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

Principle 8: Businesses should support inclusive growth and equitable development

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

2. Principle-wise (as per NVGs) BR Policy/Policies

Principles to assess compliance with Social, Environmental and Economic Responsibilities of the Company

P1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

- Code of Conduct for Directors and Employees
- Whistle Blower Policy
- Business Ethics Policy/ Anti-Bribery Policy
- Policy for Determining Materiality of Events and Information
- Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Code of Conduct for Regulating, Monitoring, and Reporting trading by Insider
- Terms of Appointment of Independent Directors
- Policy for evaluation of Independent Directors, Board of Directors and Committees thereof.

P2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

- Environmental Policy
- Quality Policy

P3: Businesses should promote the well-being of all employees

- Safety Policy
- Employee Welfare Policy
- Prevention of Sexual Harassment
- Honda Code of Conduct

P4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

- Corporate Social Responsibility Policy

P5: Businesses should respect and promote human rights

- Diversity Policy
- Prevention of Sexual Harassment

P6: Business should respect, protect, and make efforts to restore the environment

- Environmental Policy

P7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

- Code of Conduct
- Whistle Blower Policy
- Business Ethics Policy/ Anti-Bribery Policy

P8: Businesses should support inclusive growth and equitable development

- Corporate Social Responsibility Policy
- Diversity Policy

P9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

Your Company has an extensive programme for engaging with its customer, handling customer grievance and improving customer experience through customer satisfaction survey.

(a) Details of compliance

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy been approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online? The aforesaid policies can be accessed at the link https://www.hondaindiapower.com/policies . However, policies described for principal 2, 5, 6 and 9 above, are published on the intranet of the company and are available for viewing to all the employees of the company.									
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances	Y	Y	Y	Y	Y	Y	Y	Y	Note 1
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

Note 1: Company has an extensive programme for engaging with its customer, handling customer grievance and improving customer experience through customer satisfaction surveys.

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why:

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the Principles	-	-	-	-	-	-	-	-	-
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3.	The company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6.	Any other reason	-	-	-	-	-	-	-	-	-

(c) Governance related to BR

Sl. No.	Particulars	Information
1.	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company.	The Board of Directors and the Senior Management of the Company shall review the BR performance annually.
2.	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	BRR is applicable to the Company w.e.f. December 26, 2019, BRR for the F.Y. 2019-2020 shall form an integral part of the Annual Report and would be published from forthcoming financial years. The report is accessible at www.hondasielpower.com .

SECTION E: PRINCIPLE-WISE PERFORMANCE

PRINCIPLE 1: BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY

1. Does the policy relating to ethics, bribery and corruption cover only the company? Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs /Others?

Policy relating to ethics, bribery and corruption covers, the Company, all Suppliers, Contractors and Vendors.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof.

During the Financial Year 2019-20, Company received 13 complaints from investors and all these were resolved.

During the period under review, no complaint was received by the Internal Complaints Committee.

Under the Whistle Blower Policy/Vigil Mechanism/Business Ethics Proposal Line of the Company, one complaint was received in 2019-20 and the same was closed after following the due process.

PRINCIPLE 2: BUSINESSES SHOULD PROVIDE GOODS AND SERVICES THAT ARE SAFE AND CONTRIBUTE TO SUSTAINABILITY THROUGHOUT THEIR LIFECYCLE

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

Environmental and social concerns are an integral part of the Company's product development policy. Aspects like raw material, energy, water and waste are taken into consideration during the product design and manufacturing process. As required, following are the three products whose design has incorporated environmental concerns:

- a. Portable Generators
- b. Water Pumps
- c. General Purpose Engines

The Company has a Safety & Environmental Policy which assures the safety and environmental sustainability of the products, the material used in production as well as the manufacturing process deployed. All the products of the Company meet the environmental norms specified by the concerned Authorities wherever Company conducts its business.

2. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?

Your Company adopts SMQCD procedure for selection of vendors and service providers. This ensures that all the services/inputs used by the Company for converting raw material into finished products is sourced from responsible third parties. Products which are made from recycled or remanufactured materials are preferred by your Company. Raw materials and other ancillary goods are procured by sustainable sourcing method only. Your Company has sourced around 90% of raw material by way of sustainable sourcing during the year.

3. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Your Company focuses on indigenization of components and local sourcing. A predominant section of the supplier base is located within a 100-kilometer radius of our manufacturing sites. The Company adheres to MSME Act, 2006 while dealing with MSMEs. This helps in optimizing cost and reducing environmental footprint associated with logistics. It also creates employment opportunities for the local communities.

4. Does the company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste?

Your Company have put processes in place to minimise the generation of hazardous waste and its proper management and disposal. Plant operated by the Company has a closed-loop water recycling design to ensure minimal discharge of water. Aluminium and steel scrap generated during manufacturing process is recycled in clean and efficient manner and energy generated from recycling is utilised for internal air conditioning process inside the factory.

Your Company is dedicated towards reducing its energy footprint, with energy saving initiatives being regularly undertaken at manufacturing site.

Your Company had established a New Supplier Assessment process in FY 2018-19, for assessing suppliers based on select social indicators amongst other standard criteria. In FY 2019-20, several suppliers were assessed for their social impacts. There is only 0.33% increase in energy consumption per equated production, 5.15% increase in water consumption per equated production, 9.39% reduction in hazardous waste generation per equated production and 6.89% reduction in general waste per equated production.

PRINCIPLE 3: BUSINESSES SHOULD PROMOTE THE WELL-BEING OF ALL EMPLOYEES

1. Please indicate the Total number of employees, employees hired on temporary/contractual/casual basis, Number of permanent women employees and number of permanent employees with disabilities.

A committed and productive workforce is the backbone of the Company. As on March 31, 2020, the total workforce with the Company was 1398. Out of this, we have 693 employees hired on temporary/contractual/casual basis, 46 permanent women employees, and 01 permanent employee with disabilities.

2. Do you have an employee association that is recognized by management? What percentage of your permanent employees is member of this recognized employee association?

Your Company do not have any employee association. We strive to maintain our stance as a Company committed to practicing fairness and sincerity with respect to rights of its Associates. Your Company follows all statutory requirements and communicate regularly with all its employees.

3. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1.	Child labour/forced labour/involuntary labour	0	0
2.	Sexual harassment	0	0
3.	Discriminatory employment	0	0

4. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

- a. Permanent Employees
- b. Permanent Women Employees
- c. Casual/Temporary/Contractual Employees
- d. Employees with Disabilities

The Company provides regular trainings to its employees for the upgradation of their skills and knowledge, and safety related issues. Training is provided by in-house experts and external agencies according to an annual calendar. During the year, 100% of the permanent employees and 100% of women employees received training on the above-mentioned aspects. We also trained our contractual and temporary employees on safety and other relevant aspects.

PRINCIPLE 4: BUSINESSES SHOULD RESPECT THE INTERESTS OF, AND BE RESPONSIVE TOWARDS ALL STAKEHOLDERS, ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE AND MARGINALISED

1. Has the company mapped its internal and external stakeholders?

The Company has identified internal and external stakeholders and they are classified into six broad categories:

- 1. Employees and their families,
- 2. Shareholders and Investors,
- 3. Local Community and Society,
- 4. Environment and Regulatory Authorities,
- 5. Dealer, Suppliers and other business partners and
- 6. Customers

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.

Your Company has identified following two categories of stakeholders as disadvantaged, vulnerable and marginalized:

- 1. Certain sections of local Community around our areas of operation and
- 2. Socio-economically disadvantaged sections of the society.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof,

In line with our CSR policy, we have identified broad areas of intervention for the local communities. These include road safety, environmental sustainability, children's education, healthcare, local area development, and livelihood development. Your Company also initiated road safety week to raise awareness about traffic rules and to reduce the number of road accidents. To have the larger impact of the Company's initiatives towards this direction the Company is making donations to Prime Minister's National Relief Fund which ensures that the financial assistance can be provided to the most needy person in the country who genuinely needs such assistance.

PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

1. Does the policy of the company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

Your Company fully adheres to globally recognized principles of human rights. In addition to this, Code of Conduct of the Company upholds the principles of human rights and fair treatment. The principles of human rights are followed in the same spirit within as well as outside the organization when engaging with business partners.

In line with our commitment, we have laid down policies/codes like Code of Conduct for Directors and Senior Management, Policy on Prevention of Sexual Harassment, Employee Welfare Policies, CSR Policy, etc.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

During the Financial Year 2019-20, Company received 13 complaints from investors and all these were resolved.

During the period under review, no complaint was received by the Internal Complaints Committee.

Under the Whistle Blower Policy/Vigil Mechanism/Business Ethics Proposal Line of the Company, one complaint was received in 2019-20 and the same was closed after following the due process.

PRINCIPLE 6: BUSINESSES SHOULD RESPECT, PROTECT AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others?

Company's Environment Policy showcases our commitment to implement initiatives related to resource efficiency, cleaner production, and waste reduction and management; awareness generation; and training of employees on environmental issues. We encourage all our stakeholders to implement robust environmental practices across their operations.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? If yes, please give hyperlink for webpage.

Efforts to lower energy consumption in manufacturing units and shop floors were made to the extent possible. Through our energy saving measures, there is only 0.33% increase in energy consumption per equated production, 5.15% increase in water consumption per equated production, 9.39% reduction in hazardous waste generation per equated production and 6.89% reduction in general waste per equated production. Water from the Sewage Treatment Plant (STP) is also used for gardening, air-handling units (AHU), boilers, cooling towers, and in toilets.

3. Does the Company identify and assess potential environmental risks?

The potential environmental risks are identified internally and mitigation measures are undertaken.

4. Does the company have any project related to Clean Development Mechanism? If Yes, whether any environmental compliance report is filed?

The Company undertook various initiatives to make sure that all the processes of the Company are clean and does not impact the environment negatively. The Company has laid down procedures to ensure statutory compliance with the Central Pollution Control Board/ State Pollution Control Board on emissions, air and noise quality, and waste generation. We also ensure proper segregation, recycling and disposal of hazardous and non-hazardous waste generated at the plant of your Company.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.? If yes, please give hyperlink for web page etc.

Your Company has internally adopted clean energy and waste recycling initiative and regularly determines the techniques to improve the efficiency and effectiveness of the initiative. Under the ambit of this initiative, waste generated during the manufacturing operations is recycled in safe and responsible manner and energy generated during such activity is utilized in cooling mechanism in the plant of your Company. Information regarding such activity is not disseminated on public domain to maintain confidentiality.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

During the year, all emissions and waste generated by your Company were within the permissible limits prescribed by CPCB and UP Pollution Control Board (UPPCB).

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending as on end of Financial Year.

During the year Company has not received any show cause/ legal notices received from CPCB/SPCB. However, during the year 2018-19 one Show Cause Notice was received by the Company which is being contested by the Company in Hon'ble Supreme Court.

PRINCIPLE 7: BUSINESSES, WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER

1. Is your company a member of any Trade and Chamber or Association?

Your Company is a member of the Confederation of Indian Industry (CII). We aim to contribute to the development of policies and regulations, implementation plans, etc. through regular engagement with the Associations.

2. Have you advocated/lobbied through above Associations for the advancement or improvement of public good?

Your Company's approach to advocacy is guided by its Code of Conduct. The Code of Conduct provide that any contact by the Company or its business associates with government, legislators, regulators or NGOs must be done within the limits of applicable laws.

PRINCIPLE 8: BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT**1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8?**

Your Company has a clearly articulated CSR policy in line with the Companies Act, 2013 and the Rules made there under. Our broad areas of intervention and details on initiatives implemented in FY 2019-20 are described under Principle 4.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

In FY 2019-20, the Company spent INR 190 Lakhs on CSR activities by contributing the same to Prime Minister's National Relief Fund (PMNRF). The resources of the PMNRF are utilized primarily to render immediate relief to families of those killed in natural calamities like floods, cyclones and earthquakes, etc. and to the victims of the major accidents and riots. Assistance from PMNRF is also rendered, to partially defray the expenses for medical treatment like heart surgeries, kidney transplantation, cancer treatment and acid attack etc.

3. Have you done any impact assessment of your initiative?

Assessment of the progress and impacts of the CSR contribution is not practically feasible, since the entire contribution becomes the part of the PMNRF corpus and any disbursement amount from such fund is at sole discretion of Government of India. Hence the Company cannot foresee progress and impact during the disbursement of such fund.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken? Have you taken steps to ensure that this community development initiative is successfully adopted by the community?

During the year 2019-20 Company has not contributed directly to any Community development initiative.

PRINCIPLE 9: BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER**1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?**

Your Company has a formal and well-defined process in place for addressing customer grievances. Complaints filed by customers through online platform or other service channels are thoroughly analysed to provide timely resolutions till customer's satisfaction. Your Company uses a combination of channels, which includes product labels, websites, customer care phone numbers and/or consumer leaflets to communicate openly with its consumers. During the year 2019-20, 2548 complaints were received, out of which 2306 complaints were duly resolved.

2. Does the company display product information on the product label, over and above what is mandated as per local laws?

All the product literature, including safety information is disclosed to the customers through owner manuals and Company's website. The dealers also orient the customers on products' features and performance during pre-sales interactions and product delivery.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year?

During the last five financial years no case of unfair trade practices was received by the Company.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

Your Company/its dealers regularly undertake customer satisfaction surveys at different locations throughout India. Target Customer Satisfaction Level (CML) is defined by the Company and we ensure that CSL score is well above the targeted level. In case of low satisfaction scores, we take corrective actions and resolve them within 15 days.

On behalf of the Board

Sd/-
Takahiro Ueda
CMD and President & CEO
(DIN: 08685990)

Date: June 23, 2020
Place: New Delhi

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

1	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year;	CEO	15x
		Director	12x
		CFO	8x
		CS	1x
2	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the financial year;	CEO	Japanese expats, salary not increased
		Director	Japanese expats, salary not increased
		CFO	9%
		CS	11%
3	The percentage increase in the median remuneration of the employees in the Financial Year	The median remuneration of the employees in the financial year was increased by 8.5%. The calculation of percentage increase in median remuneration is done based on the comparable employees. For this we have excluded employees who were not eligible for any increment.	
4	The number of permanent employees on the rolls of the Company	The number of employees on the rolls of the Company, including Japanese expats were 779.	
5	Average percentile increase already made in the salaries of employees other than managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average percentage increase made in the salaries of Employees other than managerial personnel, in the financial year was 8%. Increase in salaries of managerial personnel was also made at the same percentage. The average increase every year is an outcome of the performance of Company and Company's reward philosophy.	
6	Affirmation that remuneration is as per the remuneration policy of the Company	It is affirmed that remuneration is as per the remuneration policy of the Company	

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HONDA SIEL POWER PRODUCTS LIMITED
Report on the audit of the financial statements**

Opinion

1. We have audited the accompanying financial statements of Honda Siel Power Products Limited ("the Company"), which comprise the balance sheet as at March 31, 2020 and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020 and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>First-time adoption of Ind AS 116 – Leases (Refer note 4(a) to the Financial Statements)</p> <p>'Ind AS 116 – Leases' becomes effective from reporting periods beginning April 1, 2019. Ind AS 116 introduces a new lease accounting model, where lessees are required to recognize a right-of-use (ROU) asset and a lease liability arising from a lease on its balance sheet.</p> <p>The Company applied Ind AS 116 on April 1, 2019 using the modified retrospective approach and comparative information is not restated. The application of the new standard gives rise to a right of use asset of ₹ 496 lakhs and a corresponding increase in lease liabilities of ₹ 119 lakhs as at March 31, 2020.</p> <p>We considered the first time application of Ind AS 116 as a key audit matter due to the nature of those leases and the significance of the management's judgements in determining these contracts to be excluded/covered under the lease standards, technical and financial assumptions determined to assess the assets covered under Ind AS 116.</p>	<p>Our testing of lease transactions was designed to cover certain lease contracts on a sample basis. Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Understanding, evaluating of the process followed by the management and testing of the design and operating effectiveness of key controls around accounting for leases. • Understanding the Company's process in identifying lease contracts, or contracts which contained leases; • Reviewing the accounting policy adopted by the Company and the options chosen on transition from Ind AS 17 to Ind AS 116. • Evaluating a sample of contracts to assess whether leases have been appropriately identified; • Obtaining the Company's quantification and testing for a sample of leases, the Right Of Use assets and lease liabilities by agreeing the inputs used for determining assets and liabilities related to lease contracts with underlying contractual data; • Assessing the management assumptions, specifically on the assumptions underlying determination of the discount rate and assessment of renewal options; • Recalculating on sample basis to test the accuracy of Ind AS 116 adjustment; • Assessing the adequacy and completeness presentation and disclosures given in the financial statements as per the requirement of Ind AS 116; <p>Based on the above procedures performed, we observed the management's assessment related to right of use asset, lease liability and the underlying adjustments and disclosures made on first time adoption of Ind AS 116 are reasonable.</p>

Other Information

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

6. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.
9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
12. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

13. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
14. As required by Section 143(3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 31 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020; and
 - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020
15. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754/N500016
Chartered Accountants

Abhishek Rara
Partner
Membership Number 077779
UDIN : 20077779AAAAAU3235

Place : Gurugram
Date : June 23, 2020

Annexure A to Independent Auditors' Report

Referred to in paragraph 14 (f) of the Independent Auditors' Report of even date to the members of Honda Siel Power Products India Limited on the financial statements for the year ended March 31, 2020

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of Honda Siel Power Products Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754/N500016
Chartered Accountants

Abhishek Rara
Partner
Membership Number 077779

Place: Gurugram
Date: June 23, 2020

Annexure B to Independent Auditors' Report

Referred to in paragraph 13 of the Independent Auditors' Report of even date to the members of Honda Siel Power Products Limited on the financial statements as of and for the year ended March 31, 2020

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of property, plant and equipment and intangible assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) The title deeds of immovable properties, as disclosed in Note 3 on fixed assets to the financial statements, are held in the name of the Company.
- ii. The physical verification of inventory including stocks with third parties have been conducted at reasonable intervals by the Management during the year. Also, physical verification of inventory has been carried out by the management subsequent to the year-end due to the lockdown restrictions imposed by the Government of India for which roll back procedures have been performed to determine the existence and condition of inventory as at the year-end. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been appropriately dealt with in the books of accounts.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it. The Company has not granted any loans under section 185 of the Companies Act, 2013.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, except for dues in respect of provident fund, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities. The extent of the arrears of statutory dues outstanding as at March 31, 2019, for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of dues	Amount (₹ in lakhs)	Period to which the amount relates	Due date	Date of Payment
Employees' Provident Funds & Miscellaneous Provisions Act, 1952	Provident Fund	4.8	FY 2018-19	April 15, 2019	Not Paid

Also refer note 31 (v) to the financial statements regarding management's assessment on certain matters relating to provident fund.

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of goods and services tax which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, service tax, duty of customs, duty of excise, as at March 31, 2020 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in Lakhs)	Amount Deposited Under protest (₹ in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Customs Act, 1962	Customs duty	49.67	49.67	2011-2014	Customs Excise & Service Tax Appellate Tribunal, Chennai
Customs Act, 1962	Customs duty	7.11	7.11	2012-2014	Commissioner Of Customs (Appeals), Mumbai
Customs Act, 1962	Customs duty	22.76	22.76	2014-2015	Customs Excise & Service Tax Appellate Tribunal, Chennai
Customs Act, 1962	Customs duty	1.36	1.36	2015-2016	Commissioner Of Customs (Appeals), Chennai
Central Excise Act, 1944	Excise duty	115.57	115.57*	2015-16	Commissioner, Noida
Central Excise Act, 1944	Excise duty	90.39	90.39*	2016-17	Commissioner, Noida
Central Excise Act, 1944	Excise duty	8.05	8.05*	2017-18	Commissioner, Noida
Central Excise Act, 1944	Excise duty	72.66	-	April 02-Dec 02	High Court, Uttaranchal
Various Sales Tax Acts	Sales tax	0.72	0.72	1995-1996	Assistant Commissioner, Delhi
Various Sales Tax Acts	Sales tax	0.27	0.27	2005-2006	Joint Commissioner (Appeals), Noida

Name of the statute	Nature of dues	Amount (₹ in lakhs)	Amount Deposited Under protest (₹ In Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Various Sales Tax Acts	Sales tax	3.55	0.89	1999-2000	High Court, Uttaranchal
Various Sales Tax Acts	Sales tax	21.12	-	2000-2001	WBCT Appellate & revision board
Various Sales Tax Acts	Sales tax	5.23	1.57	2000-2001	Sales Tax Tribunal, Patna
Various Sales Tax Acts	Sales tax	1.74	0.43	2001-2002	Sales Tax Tribunal, Patna
Various Sales Tax Acts	Sales tax	1.19	-	2003-2004	Deputy Commissioner (Appeals), Bhopal
Various Sales Tax Acts	Sales tax	5.96	-	2004-2005	Joint Commissioner (Appeals), Rudrapur
Various Sales Tax Acts	Sales tax	4.67	1.48	2007-2008	Deputy Commissioner (Appeal), Earnakulam
Various Sales Tax Acts	Sales tax	1.78	0.18	2007-2008	Sales Tax Appellate Authority, Bhopal
Various Sales Tax Acts	Sales tax	1.93	0.71	2008-2009	Deputy Commissioner (Appeals), Earnakulam
Various Sales Tax Acts	Sales tax	22.83	-	2009-2010	Deputy Commissioner (Appeals), Earnakulam
Various Sales Tax Acts	Sales tax	0.74	-	2012-2013	Deputy Commissioner (Appeals)
Various Sales Tax Acts	Sales tax	63.49	20.32	2011-12	Deputy Commissioner (Appeals), Raipur
Various Sales Tax Acts	Sales tax	22.43	7.19	2012-13	Deputy Commissioner (Appeals), Raipur
Various Sales Tax Acts	Sales tax	5.66	-	2013-14	Deputy Commissioner (Appeals, Jammu)
Various Sales Tax Acts	Sales tax	15.05	-	2015-16 & 2016-17	Deputy Commissioner, Ranchi
Various Sales Tax Acts	Sales tax	22.38	15.05	2015-16	Deputy Commissioner, Ranchi
Various Sales Tax Acts	Sales tax	46.60	-	2016-17	Deputy Commissioner, Ranchi
Various Sales Tax Acts	Sales Tax	3.36	0.22	2013-15	Deputy Commissioner, Bhubaneswar
Various Sales Tax Acts	Sales tax	4.42	1.11	2015-16	Deputy Commissioner, Patna
Various Sales Tax Acts	Sales tax	15.43	6.79	2010-11 & 2011-12	Deputy Commissioner, Assam
Various Sales Tax Acts	Sales tax	60.14	15.85	2015-16	Commissioner (Appeals), Noida
Income-tax Act , 1961	Income tax	56.89	20	1995-1996	Commissioner of Income Tax (Appeals)
Income-tax Act , 1961	Income tax	30.9	-	2004-2005	Commissioner of Income Tax (Appeals)
Income-tax Act , 1961	Income tax	1,683	612	2011-2012	Income Tax Appellate Tribunal
Income-tax Act , 1961	Income tax	1,999	400	2014-15	Commissioner of Income Tax (Appeals)
Income-tax Act , 1961	Income tax	635	127	2015-16	Commissioner of Income Tax (Appeals)
Income-tax Act , 1961	Income tax	1,697	327	2016-17	Commissioner of Income Tax (Appeals)

* Amount already deposited, dispute regarding refund on provisional assessment

- viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act. Also refer paragraph 15 of our main audit report.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements (refer to Note 30 to the financial statements) as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754/N500016
Chartered Accountants

Abhishek Rara
Partner
Membership Number 077779
UDIN: 20077779AAAAU3235

Place: Gurugram
Date: June 23, 2020

Balance sheet as at March 31, 2020

(All amounts in INR lakhs, unless otherwise stated)

	Notes	March 31, 2020	March 31, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3	9,192	9,258
Right-of-use assets	4(a)	496	-
Capital work-in-progress	3	189	344
Intangible assets	4	73	197
Financial assets			
i. Loans and advances	5(d)	100	84
ii. Other financial assets	5(e)	6	1,108
Deferred tax assets (net)	6	531	363
Non-current tax assets (net)	7	4,401	3,920
Other non-current assets	8	907	1,008
Total non-current assets		15,895	16,282
Current assets			
Inventories	9	21,105	11,168
Financial assets			
i. Trade receivables	5(a)	4,953	6,369
ii. Cash and cash equivalents	5(b)	3,463	1,796
iii. Other bank balances	5(c)	85	4,300
iv. Loans and advances	5(d)	16,068	16,068
v. Other financial assets	5(e)	155	371
Other current assets	10	9,806	9,194
Total current assets		55,635	49,266
Total assets		71,530	65,548
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11(a)	1,014	1,014
Other equity			
Reserve & Surplus	11(b)	55,947	50,696
Total equity		56,961	51,710
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Lease Liability	4(a)	117	-
Provisions	14	39	52
Total non-current liabilities		156	52
Current liabilities			
Financial liabilities			
i. Trade payables	12(a)		
-Total outstanding dues to micro and small enterprises		623	261
-Total outstanding dues to other than micro and small enterprises		8,116	8,053
ii. Lease Liability	4(a)	2	-
iii. Other financial liabilities	12(b)	1,609	1,708
Contract Liabilities	13	917	1,101
Provisions	14	1,544	1,088
Other current liabilities	15	1,602	1,575
Total current liabilities		14,413	13,786
Total liabilities		14,569	13,838
Total equity and liabilities		71,530	65,548

The above balance sheet should be read in conjunction with the accompanying notes.
This is the balance sheet referred to in our report of even date.

For **Price Waterhouse Chartered Accountants LLP**

Firm Registration No. 012754N/ N500016

Chartered Accountants

Abhishek Rara

Partner

Membership No. 077779

Sunita Ganjoo

Company Secretary

Place : Gurugram

Date : June 23, 2020

For and on behalf of the Board of Directors of

Honda Siel Power Products Limited

Takahiro Ueda

CMD and President & CEO

Manoj Arora

Director

Alka M. Bharucha

Director

Ravi Prakash Mehrotra

Director

H. Sugimizu

Whole time director

Vinay Mittal

Whole time director & CFO

Place : New Delhi

Date : June 23, 2020

Statement of profit and loss for the year ended March 31, 2020

(All amounts in INR lakhs, unless otherwise stated)

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operations	16	84,864	81,588
Other income	17	1,576	1,766
Total income		86,440	83,354
Expenses			
Cost of materials consumed	18	52,275	44,173
Purchases of stock in trade		7,118	7,116
Changes in inventories of finished goods, work in progress and stock-in-trade	19	(9,162)	(1,208)
Employee benefits expense	20	11,436	9,846
Finance costs	21	30	12
Depreciation and amortisation expense	22	2,208	2,113
Other expenses	23	13,929	12,621
Total expenses		77,834	74,673
Profit before exceptional items & tax		8,606	8,681
Exceptional Items	36	437	(350)
Profit after exceptional items before tax		9,043	8,331
Tax expense	24		
- Current tax		2,499	3,067
- Deferred tax		(108)	(151)
Total tax expense		2,391	2,916
Profit for the year		6,652	5,415
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of post-employment benefit obligations	25	(239)	(76)
Income tax relating to this item		60	27
Other comprehensive income for the year, net of tax		(179)	(49)
Total comprehensive income for the year		6,473	5,366
Earnings per equity share			
Basic	34	65.58	53.39
Diluted		65.58	53.39

The above Statement of profit and loss should be read in conjunction with the accompanying notes.

This is the Statement of profit and loss referred to in our report of even date.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. 012754N/ N500016
Chartered Accountants

Abhishek Rara
Partner
Membership No. 077779

Sunita Ganjoo
Company Secretary

Place : Gurugram
Date : June 23, 2020

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

Takahiro Ueda
Manoj Arora
Alka M. Bharucha
Ravi Prakash Mehrotra
H. Sugimizu
Vinay Mittal

CMD and President & CEO
Director
Director
Director
Whole time director
Whole time director & CFO

Place : New Delhi
Date : June 23, 2020

Statement of changes in equity for the year ended March 31, 2020

(All amounts in INR lakhs, unless otherwise stated)

A. Equity share capital

	Notes	Amount
As at April 1, 2018		1,014
Changes in equity share capital	11	-
As at March 31, 2019		1,014
Changes in equity share capital	11	-
As at March 31, 2020		1,014

B. Other equity

	Reserves & surplus			Total
	Securities premium reserve	General reserve	Retained earnings	
Balance at April 1, 2018	396	12,087	33,948	46,431
Profit for the year	-	-	5,415	5,415
Other comprehensive income	-	-	(49)	(49)
Total comprehensive income for the year	-	-	5,366	5,366
Transactions with owners in their capacity as owners:				
Dividend paid	-	-	(913)	(913)
Dividend distribution tax on dividend paid on equity shares	-	-	(188)	(188)
	-	-	(1,101)	(1,101)
Balance at March 31, 2019	396	12,087	38,213	50,696
Balance at April 1, 2019	396	12,087	38,213	50,696
Profit for the year	-	-	6,652	6,652
Other comprehensive income	-	-	(179)	(179)
Total comprehensive income for the year	-	-	6,473	6,473
Transactions with owners in their capacity as owners:				
Dividend paid	-	-	(1,014)	(1,014)
Dividend distribution tax on dividend paid on equity shares	-	-	(208)	(208)
	-	-	(1,222)	(1,222)
Balance at March 31, 2020	396	12,087	43,464	55,947

The above statement of changes in equity should be read in conjunction with the accompanying notes.

This is the statement of changes in equity referred to in our report of even date.

For Price Waterhouse Chartered Accountants LLP

Firm Registration No. 012754N/ N500016

Chartered Accountants

Abhishek Rara

Partner

Membership No. 077779

Sunita Ganjoo

Company Secretary

Place : Gurugram

Date : June 23, 2020

For and on behalf of the Board of Directors of

Honda Siel Power Products Limited

Takahiro Ueda

Manoj Arora

Alka M. Bharucha

Ravi Prakash Mehrotra

H. Sugimizu

Vinay Mittal

CMD and President & CEO

Director

Director

Director

Whole time director

Whole time director & CFO

Place : New Delhi

Date : June 23, 2020

Statement of cash flows for the year ended March 31, 2020

(All amounts in INR lakhs, unless otherwise stated)

	Year ended March 31, 2020	Year ended March 31, 2019
A. Cash flow from operating activities		
Profit before exceptional items & tax	8,606	8,681
Adjustments for:		
Depreciation and amortisation expense	2,208	2,113
Net (gain)/loss on disposal of property, plant and equipment and intangible assets	(48)	(50)
Interest income on bank deposits and loan	(1,341)	(1,480)
Interest income on income tax refund	-	(110)
Finance costs	30	12
Net unrealised exchange differences	44	110
Provisions / liabilities written back to the extent no longer required	(87)	(45)
Bad Debts Written Off	-	5
Allowance for doubtful advances	-	11
Provision for slow moving inventory	64	53
Advances written off	2	28
Operating profit before working capital changes	9,478	9,328
(Increase)/Decrease in trade receivables	1,373	(122)
(Increase)/Decrease in inventories	(10,001)	(2,145)
Increase/(Decrease) in trade payables	496	753
(Increase)/Decrease in financial assets	(17)	9
(Increase)/Decrease in other non current assets	(24)	(77)
(Increase)/Decrease in other current assets	(611)	(2,445)
Increase/(Decrease) in provisions	203	(57)
Increase/(Decrease) in other financial liabilities	41	205
Increase/(Decrease) in contract liabilities	(184)	1,101
Increase/(Decrease) in other current liabilities	27	(600)
Cash generated from/ (used in) operations	781	5,950
Income taxes paid including interest (net of refunds and interest received on Income tax refund)	(2,980)	(3,541)
Exceptional Items	437	(350)
Net cash inflow/ (outflow) from operating activities - Total (A)	(1,762)	2,059
B. Cash flows from investing activities		
Payments for property, plant and equipment	(2,217)	(1,820)
Payments for intangibles	(5)	(15)
Proceeds from sale of property, plant and equipment	76	71
Loan to fellow subsidiary	-	(16,000)
Investment in fixed deposits	(5,322)	(23,272)
Proceeds from maturity of fixed deposits	10,635	37,988
Interest received on loans and fixed deposits	1,557	1,785
Net cash inflow/ (outflow) from investing activities - Total (B)	4,724	(1,263)
C. Cash flows from financing activities		
Dividend paid to company's shareholders	(1,014)	(913)
Dividend distribution tax	(208)	(188)
Interest Cost	(13)	(12)
Interest element of lease payments	(17)	-
Principal element of lease payments	(59)	-
Net cash inflow/ (outflow) from financing activities - Total (C)	(1,311)	(1,113)
D. Net increase/ (decrease) in cash and cash equivalents (A)+(B)+(C)	1,651	(317)
Cash and cash equivalents at the beginning of the year	1,796	2,116
Effects of exchange rate changes on cash and cash equivalents	16	(3)
Cash and cash equivalents at the end of the year	3,463	1,796
E. Non-cash financing and investing activities		
- Acquisition of right-of-use assets [Refer note 4(a)]	565	-
Reconciliation of cash and cash equivalents as per the cash flow statement		
Cash and cash equivalents as per above comprise of the following [Refer note 5(b)]		
Balances with banks	3,450	769
Deposits with maturity of less than three months	-	801
Cheques on hand	4	221
Cash on hand	9	5
Balances per statement of cash flows	3,463	1,796

The above statement of cash flows should be read in conjunction with the accompanying notes
This is the statement of cash flows referred to in our report of even date.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. 012754N/ N500016
Chartered Accountants

Abhishek Rara
Partner
Membership No. 077779

Sunita Ganjoo
Company Secretary

Place : Gurugram
Date : June 23, 2020

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

Takahiro Ueda
Manoj Arora
Alka M. Bharucha
Ravi Prakash Mehrotra
H. Sugimizu
Vinay Mittal

CMD and President & CEO
Director
Director
Director
Whole time director
Whole time director & CFO

Place : New Delhi
Date : June 23, 2020

Notes to the financial statements for the year ended March 31, 2020**1. Company overview**

Honda SIEL Power Products Limited is a public company domiciled and headquartered in India. Its shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The Company is primarily engaged in manufacturing and marketing the portable gensets, water pumps, general purpose engines, lawn mowers, brush cutters and tillers. The Company caters to both domestic and international markets. The registered office of the Company is 409, DLF Tower B, Jasola Commercial Complex, New Delhi-110025 and Company Identification Number of the Company is L40103DL2004PLC203950. Pursuant to approval of the members by way of postal ballot name of the Company was approved to be changed to 'Honda India Power Products Limited'.

Fresh certificate of Incorporation in this regard is awaited from the Ministry of Corporate Affairs

2. Significant accounting policies**i) Basis of preparation of financial statements**

(i) Compliance with Indian Accounting Standards

The financial statements comply in all material aspects with the Indian Accounting Standards (Ind AS) notified Under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities that are measured at fair value; and
- defined benefit plans - plan assets measured at fair value

(iii) New and amended standards adopted by the Company

- Ind AS 116, Leases
- Uncertainty over Income Tax Treatments — Appendix C to Ind AS 12, Income Taxes
- Amendment to Ind AS 12, Income Taxes

The Company had to change its accounting policies as a result of adopting Ind AS 116. This is disclosed in note 4(a). The other amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

ii) Current – non-current classification

All assets and liabilities are classified into current and non-current as per the Company's normal operating cycle and other criteria as set out in the Schedule III to the Companies Act, 2013.

Assets

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

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

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

All other assets are classified as non-current.

Liabilities

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

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

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

All other liabilities are classified as non-current.

Operating cycle

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

iii) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are carried at cost of acquisition or construction less

Notes to the financial statements for the year ended March 31, 2020

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Property, plant and equipment under construction are disclosed as capital work-in-progress.

Depreciation methods estimated useful lives and residual value.

Depreciation on Property, plant and equipment is provided on the straight-line method based on the estimated useful life of each asset as determined by the management. Depreciation for assets purchased/sold during the period is proportionately charged.

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

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

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

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

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

The assets useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Losses arising from retirement or gains or losses arising from disposal of assets are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss within other income.

iv) Intangible assets

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

Amortisation methods and periods:

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

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

The amortization rates are as follows:

Block of Asset	Estimated life (Years)
Technical knowhow – Model fees	5 Years
Computer software	3 Years

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

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

v) Impairment of non-financial assets

Property, plant and equipment and Intangible 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 for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Impairment losses are recognised in the

Notes to the financial statements for the year ended March 31, 2020

Statement of Profit and Loss. An impairment loss are reviewed for possible reversal at the end of each reporting period. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortization, if no impairment loss had been recognised.

vi) Inventories

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

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

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

Goods in transit are valued at purchase cost.

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

The proportionate amount of additional duty of customs paid on finished goods imported for trading and lying unsold as at the year-end has been included in the value of the finished goods stock.

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

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

vii) Employee benefits

Short term employee benefits

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

Post-employment benefits

The Company operates the following post-employment schemes:

- (a) defined contribution plans such as superannuation fund; and
- (b) defined benefit plans such as gratuity, provident fund

Defined contribution plans

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

- (i) Superannuation fund

Under the superannuation scheme, a defined contribution plan, the Company pays fixed contributions into a separate trust and has no obligation to pay further amounts. The trust has taken up a policy with the Life Insurance Corporation of India. Benefits are paid by Life Insurance Corporation of India to the vesting employees on retirement, death, incapacitation or termination of employment. Contributions paid by the Company to the superannuation trust are charged to the Statement of Profit and Loss.

- (ii) Employee's state insurance scheme

The Company's contribution paid / payable to State plans namely Employees State Insurance fund and Employees' Pension Scheme is recognized as an expense in the statement of profit and loss every year.

Defined benefit plans

- (i) Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service. The Company makes annual contributions to gratuity fund established as trust which has taken up a group policy with the 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. The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Notes to the financial statements for the year ended March 31, 2020

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(ii) Provident Fund

The eligible employees of the Company are entitled to receive benefits under the provident fund set up as an irrevocable trust. Both the employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. The interest rate payable by the trust to the beneficiaries every year is notified by the appropriate authorities. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

The annual contributions paid by the Company to the provident fund are charged off to the Statement of Profit and Loss. In addition, the Company provides for the interest shortfall, if any and is determined annually based on an independent actuarial valuation report. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise.

Other long-term employee benefit obligations - Compensated Absences

The employees can carry-forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured based on independent actuarial valuation using the projected unit credit method. The benefits are discounted using the appropriate market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

viii) Revenue recognition – Revenue from Contracts with Customers

Sale of goods

The Company manufactures and sells a range of power products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customers. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted these standard products in accordance with the sales contract, or the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The timing of transfers of control varies depending on the terms of sale. For sale of goods to domestic customers, such transfer occurs when the products are delivered to dealers and for export sales when delivered to a carrier at the port of the seller.

Receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Measurement of revenue: Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed, as revenue are exclusive goods and services tax (GST) and inclusive amounts collected on behalf of third parties. A refund liability (sales incentive payable) is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

The Company accounts for volume discounts and pricing incentives (sales incentive) to customers as a reduction of revenue. The discounts/incentives are assessed based on its estimate of the customer's anticipated annual purchases. The Company recognises changes in the estimated amount of obligations for discounts/incentives in the period in which the change occurs. The discounts/incentives are passed on to the customer as a reduction of payments due from the customer, on actual basis.

The Company's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision, see note 14.

A contract liability is recognised on account of unsettled advances received from /due to customers.

Sale of services

Timing of recognition: Revenue from services is recognised under the proportionate completion method provided the consideration is reliably determinable and no significant uncertainty exists regarding the collection of the consideration. The stage of completion is assessed based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided (percentage of completion method).

Measurement of revenue: The amount recognised as revenue is exclusive of GST and is net of returns, trade discounts and volume rebates.

Sale of goods – service coupons (deferred revenue)

Timing of recognition: In arrangements for sale of goods, the Company provides after-sales service coupons to the end customers which entitle them to avail free of cost maintenance services. When two or more revenue generating activities or deliverables are provided under a single

Notes to the financial statements for the year ended March 31, 2020

arrangement, each deliverable that is considered to be a separate unit of account is accounted for separately. The arrangements generally meet the criteria for considering sale of goods and related services as separately identifiable components. Revenue related to the service coupons is deferred and recognised when the coupons are redeemed or expired whichever is earlier.

Measurement of revenue: The amount of service coupon revenue is based on the number of coupons redeemed or expired relative to the total number of coupons expected to be redeemed or expired.

A contract liability is recognised on account of unexpired service coupons.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Consequently, the Company does not adjust any of the transaction prices for the time value of money.

Other income

Interest income is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

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

ix) Financial assets**Classification**

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of profit and loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the asset's cash flow represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income. Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income and impairment expenses in other expenses.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other income in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

Notes to the financial statements for the year ended March 31, 2020

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit loss associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 27 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Derecognition of financial assets

A financial asset is derecognised only when:

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

x) Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

xi) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

xii) Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing component, when they are recognized at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method, less loss allowance.

xiii) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

Transaction and balances

Transactions in foreign currency are translated into the functional currency using the exchange rates 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 on a net basis.

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

xiv) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be estimated reliably.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Notes to the financial statements for the year ended March 31, 2020**Warranty costs**

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

xv) Contingent liabilities and contingent assets

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

xvi) Income Taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses, if any.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of reporting period in India where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation. It establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

xvii) Leases**Till March 31, 2019****As a Lessee**

Leases of property, plant and equipment where the Company, as lessee, had substantially all the risks and rewards of ownership were classified as finance leases. Finance leases were capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, were included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases was depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Company as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

Lease income from operating leases where the Company is a lessor was recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

With effect from 1 April 2019:

As a lessee

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Notes to the financial statements for the year ended March 31, 2020

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. For leases with reasonably similar characteristics, the Company may adopt the incremental borrowing rate for the entire portfolio of leases.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any re measurement of the lease liability. The right-of-use asset is depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Company did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

xviii) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

xix) Segment reporting

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker. The Chief Executive Officer has been identified as being the chief operating decision maker assess the financial performance and position of the Company and make strategic decisions. The Company is primarily engaged in the business of "manufacturing and marketing of portable gensets, water pumps, general purpose engines, lawn mower's, brush cutters and tillers". However, in the context of Indian Accounting Standard 108 – Operating Segments, these are considered to constitute single reportable segment.

xx) Earnings per share

Basic earnings per share are calculated by dividing the profit for the year attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in determination of basic earnings per share to consider:

The after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares, except where the results would be anti-dilutive.

xxi) Contributed equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Notes to the financial statements for the year ended March 31, 2020**xxii) Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

xxiii) Royalty

The Company pays / accrues for royalty in accordance with the relevant licence agreement.

xxiv) Rounding of amounts

All amounts in Indian Rupees disclosed in the financial statements and notes thereof have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Critical estimates and judgements

The areas involving critical estimates or judgements concerning the future, and other sources of estimation uncertainty, besides impact of COVID-19, at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in future are:

- Estimated useful life of property, plant and equipment and intangible asset – The annual depreciation and amortisation charge is sensitive to the estimated lives allocated to each type of asset. Assets lives are assessed annually and changed where necessary to reflect current circumstances considering technological change and physical conditions of the assets concerned.
- Revenue recognition - In revenue arrangements where more than one good or service is provided to the customer, customer consideration is allocated between the goods and services using fair value principles. The fair values determined for deliverables may impact the timing of the recognition of revenue. The Company generally determines the fair value of individual elements based on a cost plus a reasonable margin. Revision to the estimates of these fair values may significantly affect the allocation of total arrangement consideration among the individual elements.
- The Company determines the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The discount rate is generally based on the incremental borrowing rate, to determine the incremental borrowing rate, the Company uses recent third-party financing options received by the Company, adjusted to lease term etc., specific to the lease being evaluated.
- Estimation of defined benefit obligation – Note 25
- Estimation of provision for warranty claims – Note 14
- Estimation of provision for inventory obsolescence – Note 9

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

Notes to the financial statements for the year ended March 31, 2020

(All amounts in INR lakhs, unless otherwise stated)

Note 3: Property, plant and equipment

	Freehold land	Leasehold land	Buildings	Plant and equipments	Furniture and fixtures	Vehicles	Office equipments	Computers	Total	Capital work-in-progress (CWIP)
Year ended March 31, 2019										
Gross carrying amount										
Opening gross carrying amount	117	404	3,513	8,613	95	480	94	159	13,475	94
Additions (including transfers from CWIP)	-	-	49	960	14	306	70	102	1,501	1,308
Disposals (including transfers out of CWIP)	-	-	-	(793)	(7)	(150)	(7)	(9)	(966)	(1,058)
Closing gross carrying amount	117	404	3,562	8,780	102	636	157	252	14,010	344
Accumulated depreciation										
Opening accumulated depreciation	-	12	279	3,273	44	81	31	46	3,766	-
Depreciation charge during the year	-	6	141	1,507	20	171	24	62	1,931	-
Disposals	-	-	-	(790)	(5)	(135)	(7)	(8)	(945)	-
Closing accumulated depreciation	-	18	420	3,990	59	117	48	100	4,752	-
	117	386	3,142	4,790	43	519	109	152	9,258	344
Year ended March 31, 2020										
Gross carrying amount										
Opening gross carrying amount	117	404	3,562	8,780	102	636	157	252	14,010	344
Additions (including transfers from CWIP)	-	-	180	1,997	5	105	25	47	2,359	2,029
Reclassified on account of adoption of Ind AS 116	-	(404)	-	-	-	-	-	-	(404)	-
Disposals (including transfers out of CWIP)	-	-	-	(220)	(3)	(211)	(4)	(65)	(503)	(2,184)
Closing gross carrying amount	117	-	3,742	10,557	104	530	178	234	15,462	189
Accumulated depreciation										
Opening accumulated depreciation	-	18	420	3,990	59	117	48	100	4,752	-
Depreciation charge during the year	-	-	147	1,557	13	174	33	86	2,010	-
Reclassified on account of adoption of Ind AS 116	-	(18)	-	-	-	-	-	-	(18)	-
Disposals	-	-	-	(217)	(2)	(187)	(3)	(65)	(474)	-
Closing accumulated depreciation	-	-	567	5,330	70	104	78	121	6,270	-
Net carrying amount	117	-	3,175	5,227	34	426	100	113	9,192	189

(i) Contractual obligations

Refer to note 32 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

Note 4: Intangible assets

	Technical knowhow Model fees	Software	Total
Year ended March 31, 2019			
Gross carrying amount			
Opening gross carrying amount	327	487	814
Additions (including transfers from intangible assets under development)	-	15	15
Disposals (including transfer out of intangible assets under development)	-	-	-
Closing gross carrying amount	327	502	829
Accumulated amortisation			
Opening accumulated amortisation	220	230	450
Amortisation charge for the year	50	132	182
Disposals	-	-	-
Closing accumulated amortisation	270	362	632
Closing net carrying amount	57	140	197
Year ended March 31, 2020			
Gross carrying amount			
Opening gross carrying amount	327	502	829
Additions (including transfer from intangible assets under development)	-	5	5
Disposals	-	-	-
Closing gross carrying amount	327	507	834

Notes to the financial statements for the year ended March 31, 2020

(All amounts in INR lakhs, unless otherwise stated)

	Technical knowhow Model fees	Software	Total
Accumulated amortisation			
Opening accumulated amortisation	270	362	632
Amortisation charge for the year	34	95	129
Disposals	-	-	-
Closing accumulated amortisation	304	457	761
Closing net carrying amount	23	50	73

Note 4(a): Disclosure on adoption of Ind AS 116 Leases

Transitional disclosures

	April 1, 2019
Transitional impact as at April 1, 2019	
Recognition of lease liability (included in 'Other financial liabilities')	99
Recognition of right-of-use asset (Includes ₹ 386 lakhs reclassified from leasehold land)	485

Statement of profit and loss for the year ended March 31, 2020

	March 31, 2020
Decrease in rent expense (included in 'Other expenses')	76
Increase in finance cost	(17)
Increase in depreciation and amortisation expense	(63)
Net (decrease)/increase in profit before tax	(4)

Weighted average lessee's incremental borrowing rate applied to lease liabilities at the time of initial application is 11%.

Carrying amount of right-of-use assets at the end of the reporting period by class of underlying asset:

	March 31, 2020	March 31, 2019
Buildings	116	-
Leasehold land	380	-
Total Right-of use assets	496	-

Carrying amount of lease liability at the end of the reporting period:

	March 31, 2020	March 31, 2019
Lease liability		
Current	2	-
Non Current	117	-
Total lease liabilities	119	-

Amounts recognised in the statement of profit or loss

	March 31, 2020	March 31, 2019
Depreciation charge of right-of-use assets		
Buildings	63	-
Leasehold land	6	-
Interest expense (included in finance cost)	17	-
Expense relating to short-term leases (included in Rent) (refer note 32(b))	323	-
Total cash outflows for leases	340	-

Additions to the right of use assets during the current financial year 565

The Company's leasing activities: The Company has entered into lease agreements for lease of offices, godowns etc., generally for a period of 6 months to 6 years with renewal option and which can be terminated after lock-in-period by serving notice period as per the terms of the agreements.

In applying IndAS 116 for the first time, the Company has used the following practical expedients:

- (i) Applying a single discount rate to a portfolio of leases with reasonably similar characteristics.
- (ii) Accounting for operating leases with a remaining lease term of less than 12 months as at April 1, 2019 as short-term leases.
- (iii) Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application.

Notes to the financial statements for the year ended March 31, 2020

(All amounts in INR lakhs, unless otherwise stated)

Note 5: Financial assets

5(a) Trade receivables

	March 31, 2020	March 31, 2019
Unsecured, considered good##		
Receivables from others	2,100	3,208
Receivables from related parties (refer note 30)	2,853	3,161
Total receivables	4,953	6,369

includes debts amounting to INR 677 lakhs as at March 31, 2020 (March 31, 2019: 760 lakhs) considered good in respect of which the Company holds guarantees from the bank.

* includes amount due from Honda Cars India Limited as at March 31, 2020 INR 67 lakhs (March 31, 2019: 79 lakhs), being a fellow subsidiary Company having common directors.

5(b) Cash and cash equivalents

	March 31, 2020	March 31, 2019
Balances with banks		
- In current accounts	2,024	158
- In EEFC accounts	1,426	611
Deposits with maturity of less than three months	-	801
Cheques on hand	4	221
Cash on hand	9	5
Total cash and cash equivalents	3,463	1,796

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

5(c) Other bank balances

	March 31, 2020	March 31, 2019
Bank deposits with maturity more than 3 months but less than 12 months	46	4,258
Unpaid dividend accounts*	39	42
Total other bank balances	85	4,300

*The balances in these accounts are not available for the Company's use. Further, there are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of Companies Act, 2013 as at the year end.

5(d) Loans and advances

	March 31, 2020		March 31, 2019	
	Current	Non-current	Current	Non-current
Unsecured, considered good				
Security deposits	68	100	68	84
Loan to fellow subsidiary (refer note 30)*	16,000	-	16,000	-
Unsecured, considered doubtful				
Security deposits	9	-	9	-
Less: Provision for doubtful security deposits	(9)	-	(9)	-
Total loans	16,068	100	16,068	84

* The loan has been given for a period of 12 months and interest is to be charged at a rate of 6.30% w.e.f. January 31, 2020 (earlier 7.4% since January 29, 2019) per annum.

The loan is repayable on demand by the Company (Lender).

5(e) Other financial assets

	March 31, 2020		March 31, 2019	
	Current	Non-current	Current	Non-current
Unsecured, considered good, unless otherwise stated				
Long-term deposits with banks with remaining maturity period more than 12 months	-	5	-	1,106
Interest accrued on bank deposits and loans*	155	1	371	2
Total other financial assets	155	6	371	1,108

* Includes amount accrued on loan to a fellow subsidiary as at March 31, 2020 INR 151 lakhs (March 31, 2019: 175 lakhs)

Notes to the financial statements for the year ended March 31, 2020

(All amounts in INR lakhs, unless otherwise stated)

Note 6: Deferred tax assets (net)

The balance comprises temporary differences attributable to:

	March 31, 2020	March 31, 2019
Expenditure covered by section 43B of Income-tax Act, 1961	330	311
Set-off of deferred tax liabilities pursuant to set-off provisions		
Property, plant and equipment and intangible assets	67	-
<i>Other items</i>		
Provision for slow moving inventory and discontinued models	89	101
Provision for doubtful advances	66	91
	155	192
Total deferred tax assets	552	503
Set-off of deferred tax liabilities pursuant to set-off provisions		
Property, plant and equipment and intangible assets	-	(100)
<i>Other items</i>		
Deferred revenue	(21)	(40)
	(21)	(140)
Net deferred tax assets	531	363

Movements in deferred tax assets and liabilities

	Expenditure covered by section 43B of Income-tax Act, 1961	Property, plant and equipment and intangible assets	Other items	Total
At April 1, 2018	243	(205)	147	185
(Charged)/credited:				
- to profit or loss	41	105	5	151
- to other comprehensive income	27	-	-	27
At March 31, 2019	311	(100)	152	363
(Charged)/credited:				
- to profit or loss	(41)	167	(18)	108
- to other comprehensive income	60	-	-	60
At March 31, 2020	330	67	134	531

Note 7: Non Current Tax assets (net)

	March 31, 2020	March 31, 2019
Advance income tax		
Opening balance	3,920	3,336
Add: Taxes paid	481	356
Add: Tax refunds/adjustment	-	228
Closing balance*	4,401	3,920

*Includes paid under protest as at March 31, 2020 INR 1,486 lakhs (March 31, 2019 : INR 2180 lakhs).

Note 8: Other non-current assets

	March 31, 2020	March 31, 2019
Unsecured, considered good, unless otherwise stated		
Capital advances	215	339
Recoverable from government authorities*	679	644
Prepaid expenses	13	25
Total	907	1,008
Unsecured, considered doubtful		
Special additional duty recoverable	184	184
Export benefits recoverable	27	27
Others	41	41
Total	252	252
Less: Allowance for doubtful advances	(252)	(252)
Total other non-current assets	907	1,008

* Includes deposit under protest as at March 31, 2020 INR 234 lakhs (March 31, 2019 : INR 214 lakhs)

Notes to the financial statements for the year ended March 31, 2020

(All amounts in INR lakhs, unless otherwise stated)

Note 9: Inventories

	March 31, 2020	March 31, 2019
Raw materials [includes in transit: INR 1,850 lakhs [March 31, 2019: INR 3,301 lakhs]	6,739	5,963
Work-in-progress	773	615
Finished goods [includes in transit: INR 1948 lakhs (March 31, 2019: INR 241 lakhs)]	10,599	3,058
Stock-in-trade [includes in transit: INR 993 lakhs (March 31, 2019: INR 566 lakhs)]	3,092	1,629
Stores and spares	256	193
Less : Provision for slow moving inventory	(354)	(290)
Total inventories	21,105	11,168

Note 10: Other current assets

	March 31, 2020	March 31, 2019
Unsecured, considered good, unless otherwise stated		
Recoverable from related parties (refer note 30)	4	33
Advances for supply of goods	54	51
Prepaid expenses	149	136
Recoverable from government authorities	4	89
CENVAT credit receivable	47	47
GST receivable	8,930	8,597
Special additional duty recoverable	26	38
Export benefits recoverable	484	192
Others**	108	11
Total	9,806	9,194

** includes advances given to director or other officers as a part of the conditions of service extended by the Company to all its employees at March 31, 2020 INR 6 lakhs (March 31, 2019: INR 7 lakhs).

Note 11: Equity share capital and other equity

11(a) Equity share capital

Authorised share capital

	Equity shares	
	Number of shares	Amount
At the beginning of year - As at March 31, 2019	1,50,00,000	1,500
At the end of the year - As at March 31, 2020	1,50,00,000	1,500

Issued, subscribed and paid up share capital

	Number of shares	Amount
Balance at the beginning of year - As at March 31, 2019	1,01,43,071	1,014
Balance at the end of the year - As at March 31, 2020	1,01,43,071	1,014

(i) Movements in equity share capital

	Number of shares	Equity share capital (par value)
Balance at the beginning of year - As at March 31, 2019	1,01,43,071	1,014
Balance at the end of the year - As at March 31, 2020	1,01,43,071	1,014

Terms and rights attached to equity shares

The Company has a single class of equity shares having a par value of ₹ 10 each. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

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

Notes to the financial statements for the year ended March 31, 2020

(All amounts in INR lakhs, unless otherwise stated)

(ii) Shares of the Company held by holding Co.

	March 31, 2020	March 31, 2019
Honda Motor Co. Ltd., Japan	67,62,000	67,62,000

(iii) Details of shareholders holding more than 5% equity shares in the Company

	March 31, 2020		March 31, 2019	
	Number of shares	% holding	Number of shares	% holding
Honda Motor Co. Ltd., Japan	67,62,000	66.67%	67,62,000	66.67%
Reliance Capital Trustee Co. Ltd., India	8,35,378	8.24%	6,28,609	6.20%

11(b) Other equity

Reserve & Surplus

	March 31, 2020	March 31, 2019
Securities premium reserve	396	396
General reserve	12,087	12,087
Retained earnings	43,464	38,213
Total other equity	55,947	50,696

(i) Securities premium reserve

	March 31, 2020	March 31, 2019
Balance at the beginning of year	396	396
Balance at the end of the year	396	396

(ii) General reserve

	March 31, 2020	March 31, 2019
Balance at the beginning of year	12,087	12,087
Balance at the end of the year	12,087	12,087

(iii) Retained earnings

	March 31, 2020	March 31, 2019
Balance at the beginning of year	38,213	33,948
Net profit for the year	6,652	5,415

Items of other comprehensive income recognised directly in retained earnings

- Remeasurements of post-employment benefit obligation, net of tax	(179)	(49)
Dividend on equity shares	(1,014)	(913)
Dividend distribution tax	(208)	(188)
Balance at the end of the year	43,464	38,213

Nature and purpose of other reserves

Securities premium reserve

Securities premium reserve represents the amount received in excess of par value of securities (equity shares). The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

General reserve

The General Reserve is created from time to time on transfer of profits from retained earnings. General reserve is created by transfer from one component of equity to another and is not an item of other comprehensive income, items included in general reserves will not be subsequently reclassified to profit and loss.

Retained earnings

Retained earnings represent the undistributed profits of the Company.

During the year a dividend of ₹ 10 per share, total dividend ₹ 1014 lakhs (Previous Year ₹ 9 per share, total dividend 913 lakhs) was paid to equity shareholders. The board of directors recommended the final dividend of ₹ 12.5 per share (Nominal value of ₹ 10/share) for the financial year 2019-20. The dividend is subject to approval of shareholders in the ensuing Annual General Meeting.

Notes to the financial statements for the year ended March 31, 2020

(All amounts in INR lakhs, unless otherwise stated)

Note 12: Financial liabilities

12(a) Trade payables

	March 31, 2020	March 31, 2019
Total outstanding dues of micro enterprises and small enterprises (refer note 35)	623	261
Total outstanding dues of creditors other than micro enterprises and small enterprises *	8,116	8,053
Total trade payables	8,739	8,314

* Includes amount payable to related parties amounting to INR 4,799 lakhs as at March 31, 2020 (March 31, 2019: INR 2,971 lakhs).(Refer note 30).

12(b) Other financial liabilities

	March 31, 2020	March 31, 2019
Current		
Security deposits from dealers	205	203
Interest accrued and due on security deposits	11	11
Unpaid dividends	39	42
Employee benefits payable	1,173	1,073
Capital creditors	167	304
Other Payables	14	75
Total other current financial liabilities	1,609	1,708

Note 13: Contract liabilities

	March 31, 2020	March 31, 2019
Contract Liabilities - Advance from customers	833	986
Contract Liabilities - Deferred service revenue	84	115
Total Contract liabilities	917	1,101

(i) Significant changes in contract liabilities:

Contract liabilities include advances from customers for which the Company is obliged to transfer goods or services to the customers.

Also refer note 16.

(ii) Revenue recognised that was included in the contract liabilities balance.

	March 31, 2020	March 31, 2019
Revenue recognised*	1,094	679
	1,094	679

*includes ₹ 10 lakhs on account of advances written back.

Note 14: Provisions

	March 31, 2020		March 31, 2019	
	Current	Non - current	Current	Non - current
Provision for employee benefits (refer note 25)				
Compensated absences	1,072	-	812	-
Gratuity	338	-	134	-
Other provisions				
Warranties (refer note (i) below)	134	39	142	52
Total	1,544	39	1,088	52

(i) Information about warranty provisions and significant estimates

Warranties: Provision is made for warranty claims in respect of products sold which are still under warranty at the end of reporting period. The Company offers warranty for a period ranging from one year to two years to domestic and export customers. The warranty provision is expected to be utilised within the normal warranty period. The provision has been created based on management's estimates and past trends of actual claim received.

(ii) Movements in other provisions

Movements in each class of other provisions during the financial year, are set out below:

	Warranties
As at April 1, 2018	216
Provision made during the year	122
Provision utilised during the year	(144)
As at March 31, 2019	194
Provision made during the year	119
Provision utilised during the year	(140)
As at March 31, 2020	173

Notes to the financial statements for the year ended March 31, 2020

(All amounts in INR lakhs, unless otherwise stated)

Note 15: Other current liabilities

	March 31, 2020	March 31, 2019
Statutory tax payables	466	552
Sales incentive payable	1,136	1,023
Total other current liabilities	1,602	1,575

Note 16: Revenue from Operations

	March 31, 2020	March 31, 2019
Revenue from Contracts with Customers		
Sale of products		
Finished goods	73,740	70,466
Stock in trade	6,989	8,017
Spares and components	2,019	1,663
Sale of Services	456	426
Total	83,204	80,572
Other operating revenue		
Scrap sales	155	143
Support service fees	172	178
Export benefit income	1,323	688
Others	10	7
	1,660	1,016
Total revenue from operations	84,864	81,588

Reconciliation of revenue recognised with contract price:

	March 31, 2020	March 31, 2019
Contract Price	85,035	82,603
Sales incentive	(1,747)	(1,916)
Deferred Service Revenue	(84)	(115)
Total revenue from contracts with customers	83,204	80,572

Revenue related to the service coupons is deferred and recognised when the coupons are redeemed or expired whichever is earlier. Management estimates that the entire deferred revenue would be recognised as revenue within next 12 months.

Note 17: Other income

	March 31, 2020	March 31, 2019
Interest income from financial assets at amortised cost - Deposits with Bank	183	1,285
Interest income on loan to fellow subsidiary (refer note 30)	1,158	195
Interest income on income tax refund	-	110
Net gain on sale of property, plant and equipments	48	50
Foreign exchange fluctuation (net)	76	60
Provisions / liabilities written back to the extent no longer required	87	45
Miscellaneous income	24	21
Total other income	1,576	1,766

Note 18: Cost of materials consumed

	March 31, 2020	March 31, 2019
Raw material Inventory at the beginning of the year	5,963	5,078
Add : Purchases	53,051	45,058
Less : Raw material Inventory at the end of the year	6,739	5,963
Total cost of materials consumed	52,275	44,173

Note 19: Changes in inventories of finished goods, work-in-progress and stock-in-trade

	March 31, 2020	March 31, 2019
Inventories at the end of the year:		
Finished goods	10,599	3,058
Stock-in-trade	3,092	1,629
Work-in-progress	773	615
	14,464	5,302
Inventories at the beginning of the year:		
Finished goods	3,058	2,535
Stock-in-trade	1,629	1,087
Work-in-progress	615	472
	5,302	4,094
Total changes in inventories of finished goods, work-in-progress and stock-in-trade	(9,162)	(1,208)

Notes to the financial statements for the year ended March 31, 2020

(All amounts in INR lakhs, unless otherwise stated)

Note 20: Employee benefits expense

	March 31, 2020	March 31, 2019
Salaries, wages and bonus	9,667	8,429
Contribution to provident fund and other funds (refer note 25)	491	407
Gratuity (refer note 25)	153	131
Compensated absences (refer note 25)	364	221
Staff welfare expenses	761	658
Total employee benefits expense	11,436	9,846

Note 21: Finance costs

	March 31, 2020	March 31, 2019
Interest on dealers security deposits	12	12
Interest on lease liabilities	17	-
Interest on others	1	-
Total finance costs	30	12

Note 22: Depreciation and amortisation expense

	March 31, 2020	March 31, 2019
Depreciation of property, plant and equipment (refer note 3)	2,010	1,931
Depreciation of right-of-use assets (refer note 4(a))	69	-
Amortisation of intangible assets (refer note 4)	129	182
Total depreciation and amortisation expense	2,208	2,113

Note 23: Other expenses

	March 31, 2020	March 31, 2019
Consumption of stores and spare parts	478	331
Power and fuel	819	731
Rent (refer note 32(b))	323	293
Repairs		
- Building	51	32
- Machinery	175	137
- Others	107	94
Insurance	89	90
Rates and taxes	26	12
Royalty	3,144	2,976
Technical guidance fees	418	339
Freight, clearing and forwarding	2,536	2,163
Commission on sales	2,691	2,554
Advertisement and sales promotion	465	366
Service expenses	159	187
Travelling expenses	655	599
Legal and professional fees (refer note 23(a))	582	584
Vehicle running expenses	148	136
Bad debts written off	-	5
Provision for slow moving inventory	64	53
Provision for doubtful advances	-	11
Advances written off	2	28
Warranty	119	122
Security expenses	109	97
Bank charges	41	45
Contribution towards corporate social responsibility (Refer note 23(b))	190	185
Miscellaneous expenses	538	451
Total other expenses	13,929	12,621

Note 23(a): Details of payments to auditors

	March 31, 2020	March 31, 2019
Payments to auditors#		
As auditor:		
Audit fee	36	55
Tax audit fee	3	3
Limited reviews fee	9	9
Re-imburement of expenses	7	10
In Other Capacity:		
Certification Fees	1	-
Total payments to auditors	56	77
# excluding GST		

Notes to the financial statements for the year ended March 31, 2020

(All amounts in INR lakhs, unless otherwise stated)

Note 23(b): Corporate social responsibility expenditure

As per Section 135 of the Companies Act 2013, a Corporate Social Responsibility (CSR) committee has been formed by the Company. The Company has contributed INR 190 lakhs (March 2019: 185 lakhs) towards Prime Minister National Relief Fund as specified in Schedule VII of the Companies Act, 2013.

	March 31, 2020	March 31, 2019
Amount required to be spent as per Section 135 of the Act	190	185
Amount spent during the year on		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	190	185

Note 24: Income tax expense

	March 31, 2020	March 31, 2019
(a) Income tax expense		
Current tax		
Current tax on profits for the year	2,499	3,067
Total current tax expense	2,499	3,067
Deferred tax		
Decrease/(increase) in deferred tax assets	11	(155)
(Decrease)/increase in deferred tax liabilities	(119)	4
Total deferred tax expense/(benefit)	(108)	(151)
Income tax expense	2,391	2,916

(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

	March 31, 2020	March 31, 2019
Profit before income tax expense	9,043	8,331
Tax at the India tax rate of 25.168% (2018-2019: 34.944%)	2,276	2,911
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Amortisation of leasehold land	2	2
Other items	113	3
Income tax expense	2,391	2,916

Note 25 : Employee benefits

(i) Leave obligations

The leave obligations cover the Company's liability for earned leave.

The amount of the provision of INR 1072 lakhs (March 31, 2019: INR 812 lakhs) is presented as current since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

	March 31, 2020	March 31, 2019
Leave obligations not expected to be settled within the next 12 months	954	734

(ii) Defined contribution plans

Superannuation Fund

The expense recognised during the period towards defined contribution plan is INR 95 lakhs (March 31, 2019: 82 lakhs).

Employee State Insurance

The expense recognised during the period towards defined contribution plan is INR 24 lakhs (March 31, 2019: 22 lakhs).

(iii) Post-employment obligations

(a) Gratuity

(b) Provident fund

The expenses recognised during the period towards provident fund is INR 372 lakhs (March 31, 2019: INR 303 lakhs) which also includes defined contribution to family pension scheme INR 148 lakhs (March 31, 2019: 116 lakhs).

Notes to the financial statements for the year ended March 31, 2020

(All amounts in INR lakhs, unless otherwise stated)

Balance sheet amounts - Gratuity

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

	Present value of obligation	Fair value of plan assets	Net Amount
April 1, 2018	1,439	(1,237)	202
Current service cost	116	-	116
Interest expense/(income)	111	(96)	15
Total amount recognised in profit or loss	227	(96)	131
<i>Remeasurements</i>			
Return on plan assets, excluding amounts included in interest expense/(income)	-	(6)	(6)
(Gain)/loss from change in financial assumptions	11	-	11
Experience (gains)/losses (experience adjustment)	71	-	71
Total amount recognised in other comprehensive income	82	(6)	76
Employer contributions	-	(275)	(275)
Benefit payments	(114)	114	-
March 31, 2019	1,634	(1,500)	134
April 1, 2019	1,634	(1,500)	134
Current service cost	143	-	143
Interest expense/(income)	124	(114)	10
Total amount recognised in profit or loss	267	(114)	153
<i>Remeasurements</i>			
Return on plan assets, excluding amounts included in interest expense/(income)	-	6	6
(Gain)/loss from change in financial assumptions	135	-	135
Experience (gains)/losses	98	-	98
Total amount recognised in other comprehensive income	233	6	239
Employer contributions	-	(188)	(188)
Benefit payments	(107)	107	-
March 31, 2020	2,027	(1,689)	338

Balance sheet amounts - Provident fund

	Present value of obligation	Fair value of plan assets	Net Amount
April 1, 2018	4,791	(5,101)	(310)
Current service cost	176	-	176
Interest expense/(income)	369	(369)	-
Total amount recognised in profit or loss	545	(369)	176
<i>Remeasurements</i>			
Return on plan assets, excluding amounts included in interest expense/(income)	-	(71)	(71)
(Gain)/loss from change in financial assumptions	-	-	-
Experience (gains)/losses (experience adjustment)	64	-	64
Total amount recognised in other comprehensive income	64	(71)	(7)
Employer contributions	-	(176)	(176)
Contributions by plan participants/employees	490	(490)	-
Benefits paid	(357)	357	-
Settlements/transfer in	20	(20)	-
March 31, 2019*	5,553	(5,870)	(317)
April 1, 2019	5,553	(5,870)	(317)
Current service cost	215	-	215
Interest expense/(income)	479	(479)	-
Total amount recognised in profit or loss	694	(479)	215
<i>Remeasurements</i>			
Return on plan assets, excluding amounts included in interest expense/(income)	-	(20)	(20)
(Gain)/loss from change in financial assumptions	-	-	-
Experience (gains)/losses	(2)	-	(2)
Total amount recognised in other comprehensive income	(2)	(20)	(22)
Employer contributions	-	(215)	(215)
Contributions by plan participants/employees	592	(592)	-
Benefit payments	(452)	452	-
Settlements/transfer in	27	(27)	-
March 31, 2020	6,412	(6,751)	(339)

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

Notes to the financial statements for the year ended March 31, 2020

(All amounts in INR lakhs, unless otherwise stated)

The net liability disclosed above relates to funded and unfunded plan is as follows:

	Gratuity		Provident fund	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Present value of funded obligations	2,027	1,634	6,412	5,553
Fair value of plan assets	(1,689)	(1,500)	(6,751)	(5,870)
Deficit/(surplus) of funded plan	338	134	(339)	(317)
Unfunded plans	-	-	-	-
Deficit/(surplus) of gratuity plan and provident fund*	338	134	(339)	(317)

*Excess of planned assets over defined benefit obligations has not been recognised in the books. The Company is under an obligation to make good the shortfall, if any.

(iv) Post employment benefits

Significant estimates: actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

	Gratuity		Provident fund	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Discount rate	6.80%	7.62%	6.80%	7.62%
Salary growth rate	8.00%	8.00%	-	-
Expected statutory interest rate on the ledger balance	-	-	8.50%	8.65%
Expected short fall in interest earnings on the fund	-	-	0.05%	0.05%
Retirement age	58 years	58 years	58 years	58 years
Mortality rate	100% of IALM (2006-08)	100% of IALM (2006-08)	100% of IALM (2006-08)	100% of IALM (2006-08)
Withdrawal rate				
Ages:				
Upto 30 years	3%	3%	3%	3%
From 31 to 44 years	2%	2%	2%	2%
Above 44 years	1%	1%	1%	1%

(v) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the principal assumptions is:

(i) Changes in defined benefit obligation of Gratuity plan due to change in discount rate

	March 31, 2020	March 31, 2019
a) Defined benefit obligation	2,027	1,634
b) Impact on defined benefit obligation at 0.5% increase in discount rate	(89)	(64)
c) Impact on defined benefit obligation at 0.5% decrease in discount rate	88	70

(ii) Changes in defined benefit obligation of Gratuity plan due to change in salary growth rate

	March 31, 2020	March 31, 2019
a) Defined benefit obligation	2,027	1,634
b) Impact on defined benefit obligation at 0.5% increase in salary growth rate	87	69
c) Impact on defined benefit obligation at 0.5% decrease in salary growth rate	(89)	(65)

(iii) Changes in defined benefit obligation of Provident Fund plan due to change in discount rate

	March 31, 2020	March 31, 2019
a) Defined benefit obligation	6,412	5,553
b) Impact on defined benefit obligation at 0.5% increase in discount rate	(1)	(1)
c) Impact on defined benefit obligation at 0.5% decrease in discount rate	1	1

(iv) Changes in defined benefit obligation of Gratuity plan due to changes in mortality rate, is negligible.

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumption the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Notes to the financial statements for the year ended March 31, 2020

(All amounts in INR lakhs, unless otherwise stated)

(vi) The major categories of plan assets are as follows:

Gratuity

	March 31, 2020		March 31, 2019	
	Unquoted	in %	Unquoted	in %
Investment funds				
Funds managed by insurer	1,689	100%	1,500	100%
Total	1,689	100%	1,500	100%

Provident fund

	March 31, 2020		March 31, 2019	
	Unquoted	in %	Unquoted	in %
Investment funds				
Government securities	3,376	50%	2,935	50%
Public sector unit bonds	3,038	45%	2,642	45%
Mutual funds	337	5%	293	5%
Total	6,751	100%	5,870	100%

(vii) Risk exposure

Through its defined benefit plan, the Company is exposed to a number of risks, the most significant of which are defined below:

Investment risk	If plan is funded then assets and liabilities mismatch and actual investment return on assets is lower than the discount rate assumed at the last valuation date can impact the liability.
Discount rate	Reduction in discount rate in subsequent valuations can increase the plan's liability.
Mortality and disability	Actual deaths and disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
Salary increases	Actual salary increases will increase the plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
Withdrawals	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact plan's liability.

(viii) Defined benefit liability and employer contributions

Expected contribution to post-employment benefit plan for the year ended March 31, 2021 is INR 174 lakhs.

The weighted average duration of the defined benefit obligation of Gratuity plan as at March 31, 2020 is 16.77 years (March 31, 2019: 16.73 years). The expected maturity analysis of gratuity is as follows:

	Less than a years	Between 1-2 years	Between 2-5 years	Over 5 years	Total
March 31, 2020					
Defined benefit obligation	333	185	460	1,049	2,027
Total	333	185	460	1,049	2,027
March 31, 2019					
Defined benefit obligation	201	30	173	1,230	1,634
Total	201	30	173	1,230	1,634

Notes to the financial statements for the year ended March 31, 2020

(All amounts in INR lakhs, unless otherwise stated)

Note 26: Fair value measurements

Financial instruments by category

	Notes	March 31, 2020 Amortised cost	March 31, 2019 Amortised cost
Financial assets			
Trade receivables	5(a)	4,953	6,369
Loans & Security Deposits	5(d)	16,168	16,152
Cash and cash equivalents	5(b)	3,463	1,796
Other bank balances	5(c)	85	4,300
Long-term deposits with banks with remaining maturity period more than 12 months	5(e)	5	1,106
Interest accrued on bank deposits	5(e)	156	373
Total financial assets		24,830	30,096
Financial liabilities			
Trade payables	12(a)	8,739	8,314
Lease Liability	4(a)	119	-
Security deposits	12(b)	205	203
Interest accrued and due on security deposits	12(b)	11	11
Unpaid dividends	12(b)	39	42
Employee benefits payable	12(b)	1,173	1,073
Other Payables	12(b)	14	75
Capital creditors	12(b)	167	304
Total financial liabilities		10,467	10,022

(i) Fair value hierarchy

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices (for example, listed equity instruments, traded bonds and mutual funds that have quoted price). There are no financial instruments measured using Level 1 valuation technique.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

(a) The management assessed that the cash and cash equivalents, trade receivables, trade payables, other bank balances, loans, security deposits, fixed deposits with banks and its interest accrued and other financial assets and liabilities approximate the carrying value due to the short term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in forced or liquidation sale.

(iii) Valuation processes

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the Chief Financial Officer (CFO). Discussions of valuation processes and results are held between the CFO and the valuation team at least once every three months, in line with the Company's quarterly reporting periods.

(iv) Fair value of financial assets and liabilities measured at amortised cost

The following summarises the financial instruments at fair value and classification of financial instruments into the three levels prescribed under the Accounting Standards:

There are no financial assets and financial liabilities in a category measured at fair value-recurring fair value measurements.

The carrying amounts of trade receivables, cash and cash equivalents, other bank balances, trade payables, employee benefits payables, interest accrued, unpaid dividends, capital creditors, deferred service revenue and security deposits received are considered to be the same as their fair values, due to their short-term nature.

The fair values for security deposits given and long - term deposits with banks with remaining maturity period more than 12 months were calculated based on cash flows discounted using a current lending rate. Security deposits is classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs, including counterparty credit risk and long term deposits with banks with remaining maturity period more than 12 months is classified as level 2 for values in the fair value hierarchy due to the inclusion of observable inputs including current market lending rate. The carrying amount is considered to approximate the same to fair value as at the reporting date.

Notes to the financial statements for the year ended March 31, 2020

(All amounts in INR lakhs, unless otherwise stated)

Note 27: Financial risk management

The Company's activities expose it to market risk, liquidity risk and credit risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize the potential adverse effects on the Company's financial performance. This note explains the sources of risk which the entity is exposed to and how the entity manages such risk.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Ageing analysis	Diversification of bank deposits, credit limits, letter of credit and periodic monitoring of realisable value
Liquidity risk	Other liabilities	Rolling cash flow forecasts	Availability of sufficient internally generated operating cash flows
Market risk - foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting Sensitivity analysis	Cash flow forecasting

The Company's senior management oversees the management of these risks. The Company's risk management policies are established to identify and analyse the risks faced by the Company to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

(A) Credit risk

Credit risk arises from cash and cash equivalents, financial assets carried at amortised cost and deposits with banks, as well as credit exposures to customers, including outstanding receivables.

(i) Credit risk management

Trade receivables and other financial assets

A default is when the counterparty fails to make contractual payments within 30 days of when they fall due in case of trade receivables and for other financial assets as prescribed by relevant terms of the contract. This definition of default is determined considering the business environment in which the Company operates and other macro-economic factors. Assets are written-off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company. Where financial assets have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in the statement of profit and loss.

The Company extends credit to the customers considering factors such as credit track record in the market and past dealing with the Company. The Company monitors the payment track record of the customers. The Company's third party export customers are secured through letter of credit and majority of the Company's export trade receivables are outstanding but not due with its related entities, which mitigates the risk to an extent.

Cash and cash equivalents and deposits with banks

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits accounts in different banks across the Country.

Loan to a fellow subsidiary

This loan is considered to be at low credit risk. Management considers the loan to be low credit risk when it has a low risk of default and the borrower has a strong capacity to meet its contractual cash flow obligations in the near term. The loan is with the Company's related entity which is repayable on demand of the Company which mitigates the risk to an extent.

(ii) Provision for expected credit losses

The company provides for expected credit loss based on the following:

(a) Financial assets for which loss allowance is measured using 12 month expected credit losses

The 12-month expected credit loss is a portion of the lifetime expected credit losses which results from default events that are possible within 12 months after the reporting date. At initial recognition, financial assets are considered as having negligible credit risk. The Company monitors whether there is any significant increase in credit risk since initial recognition.

(b) Financial assets for which loss allowance is measured using life time expected credit losses

Lifetime expected credit loss are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. Management believes that the unimpaired amounts that are 6 months past due date are still collectible in full. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Considering the above factors the trade receivables continue to have a negligible credit risk on initial recognition and thereafter on each reporting date.

Notes to the financial statements for the year ended March 31, 2020

(All amounts in INR lakhs, unless otherwise stated)

Significant estimates and judgments

Impairment of financial assets

The impairment provisions for financial assets disclosed above are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(B) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash. The Company's approach to managing liquidity is to ensure, that it will have sufficient liquidity to meet its liabilities when they are due. The Company aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash outflows on financial liabilities.

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities: The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	Less than one year	Total
March 31, 2020		
Trade payables	8,739	8,739
Lease Liabilities	2	2
Security deposits	205	205
Employee benefits payables	1,173	1,173
Other financial liabilities	231	231
March 31, 2019		
Trade payables	8,314	8,314
Lease Liabilities	-	-
Security deposits	203	203
Employee benefits payables	1,073	1,073
Other financial liabilities	432	432

(C) Market risk

(i) Foreign currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD, JPY and THB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows.

(a) Foreign currency risk exposure

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

	March 31, 2020					
	USD	JPY	THB	EURO	AUD	CAD
Financial assets						
Trade receivables*	2,716	-	-	-	-	-
Cash balance**	1	-	-	-	-	-
Bank balance in EEFC accounts	1,426	-	-	-	-	-
Exposure to foreign currency risk (assets)	4,143	-	-	-	-	-
Financial liabilities						
Trade payables	2,781	402	154	-	-	-
Exposure to foreign currency risk (liabilities)	2,781	402	154	-	-	-

* includes INR 0.12 lakhs (for FC JPY)

**includes INR 0.13 lakhs (for FC THB) & 0.19 (for FC YEN)

	March 31, 2019					
	USD	JPY	THB	EURO	AUD	CAD
Financial assets						
Trade receivables*	3,042	-	-	-	-	-
Cash balance**	0	-	-	-	-	-
Bank balance in EEFC accounts	611	-	-	-	-	-
Exposure to foreign currency risk (assets)	3,653	-	-	-	-	-
Financial liabilities						
Trade payables***	1,891	540	317	4	-	-
Exposure to foreign currency risk (liabilities)	1,891	540	317	4	-	-*

*includes INR 0.43 lakhs (for FC JPY)

**includes INR 0.10 lakhs (for FC THB)

***includes INR 0.10 lakhs (for FC GBP)

Notes to the financial statements for the year ended March 31, 2020

(All amounts in INR lakhs, unless otherwise stated)

(b) Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments

	Increase/(Decrease) in profit before tax	
	March 31, 2020	March 31, 2019
USD sensitivity		
Increase by 5% (March 31, 2019: 5%)*	68.1	88.1
Decrease by 5% (March 31, 2019: 5%)*	(68.1)	(88.1)
JPY sensitivity		
Increase by 5% (March 31, 2019: 5%)*	(20.1)	(27.0)
Decrease by 5% (March 31, 2019: 5%)*	20.1	27.0
THB sensitivity		
Increase by 5% (March 31, 2019: 5%)*	(7.7)	(15.9)
Decrease by 5% (March 31, 2019: 5%)*	7.7	15.9

* holding all other variables constant.

Note 28: Capital management

(a) Risk management

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders.

The Company does not have any debt in its financial statements. The Company is dependent on the capital contribution and cash flows generated from operations for the funding. The Company is not subject to any externally imposed capital requirements.

There is no change in the Company's capital structure since the previous year.

(b) Dividends

	March 31, 2020	March 31, 2019
(i) Equity shares		
Final dividend for the year ended March 31, 2019 of INR 10.00 (March 31, 2018: INR 9.00) per fully paid share.	1,014	913
(ii) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of INR 12.5 (March 31, 2019: INR 10) per fully paid up equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	1,268	1,014

Note 29: Segment information

The Company is primarily engaged in the business of "Power Products". The Chief Executive Officer is the Company's Chief Operating Decision Maker (CODM) within the meaning of Ind AS 108 'Operating Segments'. CODM examines the Company's performance, reviews internal management reports, allocates resources based on analysis of various performance indicator of the Company as a single unit. Therefore, there is no reportable segment for the Company as per the requirements of Ind AS 108 "Operating Segment".

Geographical information

The Company is domiciled in India. The amount of its revenue from external customers attributable to the entity's country of domicile and attributable to all foreign countries in total from which the entity derives revenue is shown in the table below:

Particulars	March 31, 2020	March 31, 2019
India	50,096	48,744
Foreign countries	34,768	32,844
Total	84,864	81,588

Revenue from transactions with external customers amounting to 10% or more of an entity's revenue is INR 25,254 lakhs (March 31, 2019: INR 22,915 lakhs).

The total of non-current assets other than deferred tax assets broken down by location of the assets is shown below:

Particulars	March 31, 2020	March 31, 2019
India	15,364	15,919
Foreign countries	-	-
Total	15,364	15,919

Notes to the financial statements for the year ended March 31, 2020

(All amounts in INR lakhs, unless otherwise stated)

Note 30: Related party transactions

(a) Parent entity

The Company is controlled by the following entity:

Name	Type	Place of incorporation	Ownership interest	
			March 31, 2020	March 31, 2019
Honda Motor Co. Ltd., Japan	Holding and ultimate holding company	Japan	66.67%	66.67%

(b) Other related parties

Type	Name	Place of incorporation
Fellow subsidiaries with whom transactions have been undertaken	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
	Moto Honda da Amazonia Ltd.	Brazil
	Honda Trading (South China) Co. Limited	Hong Kong
	Honda R & D Co. Limited	Japan
	Honda R & D (India) Private Limited	India
	Honda Motor de Argentina S.A.	Argentina
	Shanghai Honda Trading Co. Limited	China
	PT. Honda Trading Indonesia	Indonesia
	Honda Trading Brasil Ltd.	Brasil
	Honda Canada Inc.	Canada
	American Honda Motor Co. Inc.	USA
	Honda Trading De Argentina S.A.	Argentina
	Honda Trading Corporation India Private Limited	India
	Honda Gulf FZE	UAE
	Honda Taiwan Co Ltd	Taiwan
	Thai Honda Manufacturing Co Ltd	Thailand
	Honda Access India Private Limited	India
	Honda Kaihatsu Co. Ltd.	Japan
	Honda Trading Europe Ltd.	Belgium
	Honda Motor Europe Limited	UK
	Honda Cars India Limited	India
	Honda Selva Del Peru S.A.	Peru
	Honda Trading Philippines Ecozone Corporation	Philippines
	Honda Trading America Corp.	America
	Honda Motor Southern Africa (Pty.) Limited	South Africa
Honda Motor De Chile S.A.	Chile	
Taiwan Honda Trading Co. Ltd.	Taiwan	
Honda Vietnam Power Products Co. Ltd.	Vietnam	
Rajasthan Prime Steel Processing Center Private Limited	India	
Key management personnel	Mr. Yoshifumi Iida- President and CEO (Resigned w.e.f 1 st February, 2020)	
	Mr. Takahiro Ueda- CMD and President & CEO (Appointed w.e.f 1 st February, 2020)	
	Mr. Hiroyoshi Sugimizu- Senior Vice President and Whole time director	
	Mr. Vinay Mittal- Senior Vice President, Whole time director and CFO	
	Mr. Siddharth Shriram, Chairman (Resigned w.e.f 1 st April, 2020)	
	Mr. D.V. Kapur, Director (Retired on 31 st March, 2019)	
	Mr. Ravi.V.Gupta, Director (Retired on 31 st March, 2019)	
	Mr. Manoj Arora, Director	
Mr. Ravi Prakash Mehrotra, Director (Appointed w.e.f 31 st March, 2020)		
Ms. Alka M. Bharucha, Director		

Notes to the financial statements for the year ended March 31, 2020

(All amounts in INR lakhs, unless otherwise stated)

(c) Key management personnel (KMP) compensation*

	March 31, 2020	March 31, 2019
Short-term employee benefits		
Mr Yoshifumi Iida	252	241
Mr Hiroyoshi Sugimizu	226	211
Mr Takahiro Ueda	27	-
Mr Vinay Mittal	148	127
Sitting fees		
Mr Siddharth Shriram	7	7
Mr D.V. Kapur	-	9
Mr Ravi V. Gupta	-	6
Mr Manoj Arora	7	7
Ms Alka. M. Bharucha	7	3
Other Recoverable from employees	6	7

*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.

(d) Transactions with related parties

	March 31, 2020	March 31, 2019
Holding Company		
Purchase of goods		
Stock-in-trade	1,242	2,130
Components, raw material, consumables and spares	4,266	4,085
Purchase of capital goods	49	8
Other Expenses		
Technical guidance fee	418	339
Royalty	3,144	2,976
Export commission on sales	2,622	2,521
Sale of products		
Finished goods**	1,244	507
Spares and components	0	1
Dividend paid	676	609
Reimbursement of expenses		
Paid	900	866
Received	22	46
Fellow subsidiaries with whom transaction exceeds 10% of the total class of transaction		
Purchase of stock-in-trade		
Asian Honda Motor Co. Limited, Thailand	5,341	4,536
Others	3	-
Purchase of components, raw material, consumables and spares		
Asian Honda Motor Co. Limited, Thailand	2,721	1,642
Honda Trading Asia Co. Ltd., Thailand	1,052	354
Honda Trading Corporation, Japan	813	680
Rajasthan Prime Steel Processing Center Privale Limited, India	692	458
Shanghai Honda Trading Co. Ltd., China	587	488
Honda Trading Corp. India Pvt. Ltd., India	574	329
Others	118	104
Purchase of capital goods		
Honda Trading Corporation, Japan	65	5
Others	0	5
Sale of finished goods		
American Honda Motor Co. Inc, USA	25,254	22,915
Honda Australia M. and P.E. PTY Ltd., Australia	1,307	1,638
Honda Canada Inc., Canada	3,196	3,065
Honda Motor Europe Ltd, United Kingdom	1,627	1,786
Others	956	1,263

Notes to the financial statements for the year ended March 31, 2020

(All amounts in INR lakhs, unless otherwise stated)

	March 31, 2020	March 31, 2019
Sale of spares and components		
Honda Cars India Ltd., India	408	359
Honda Motorcycle and Scooter India Pvt. Ltd., India	1,497	944
Others	10	258
Fee for infrastructure support services		
Honda R&D (India) Pvt. Ltd., India	17	16
Support service fees		
Honda Cars India Ltd., India	172	178
Loan to fellow subsidiary		
Honda Cars India Ltd., India	-	16,000
Interest Income on Loan		
Honda Cars India Ltd., India	1,158	195
Reimbursement of expenses paid		
American Honda Motor Co. Inc, USA	94	109
Honda Canada Inc., Canada	37	39
Others	116	98
Reimbursement of expenses received		
Honda Cars India Ltd., India	6	9
Honda R&D (India) Pvt. Ltd., India	10	10
Others	4	2

** The Company is proposing to get the excess amount of ₹ 44 lakhs ratified from the shareholders in the ensuing Annual General Meeting.

(e) Outstanding balances arising from sales/purchases of goods and services, purchase of assets and other transactions

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	March 31, 2020	March 31, 2019
Holding Company		
Trade Payable	3,539	2,264
Trade Receivable	-	43
Other Recoverable	2	30
Fellow subsidiaries		
Trade Payable		
Asian Honda Motor Co. Ltd., Thailand	855	500
Others	405	207
Trade Receivable		
American Honda Motor Co. Inc, USA	2,479	1,995
Honda Australia M. and P.E. PTY Ltd., Australia	126	124
Honda Canada Inc., Canada	-	399
Honda Motor Europe Ltd, United Kingdom	-	121
Honda Motorcycle and Scooter India Pvt. Ltd., India	69	192
HONDA GULF FZE	-	124
Others	179	163
Loan to fellow subsidiary		
Honda Cars India Limited, India	16,000	16,000
Interest accrued on loan to fellow subsidiary		
Honda Cars India Limited, India	151	175
Other Recoverable		
Honda R&D (India) Pvt. Limited, India	1	1
Others	1	2
Advance from customers		
Thai Honda Manufacturing Co Ltd	-	22
Others	1	0

There is no impairment allowance recognised in respect of receivables due from related parties.

Notes forming part of financial statements for the year ended March 31, 2020

(All amounts in INR lakhs, unless otherwise stated)

(f) Terms and conditions

Transactions relating to dividends were on the same terms and conditions that applied to other shareholders.

Goods and services were sold to the related parties during the year based on the price lists in force / other appropriate basis, as applicable, and terms that would be available to third parties.

All other transactions were made on normal commercial terms and conditions and at market rates. All outstanding balances are unsecured and settled in cash.

Note 31: Contingent liabilities

The Company had contingent liabilities at the year end in respect of:

	March 31, 2020	March 31, 2019
Claims against the Company not acknowledged as debts		
Income tax matters	6,652	7,626
Excise and customs matters	366	2,695
Service tax matters	-	6
Sales tax matters	331	873
Other matters	11	11

Notes

- In respect of the matters above, the amount represents the demands received under the respective demand/ show cause notices/ legal claims, wherever applicable.
- Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgements/decisions pending with various forums/authorities.
- The Company does not expect any reimbursements in respect of the above contingent liabilities.
- The Company has received a show cause notice dated May 30, 2018 from Regional Commissioner - Noida under section 7A of the Employees' Provident Fund and Miscellaneous Provisions Act 1952 challenging the salary structure used for determining the liability under the act in case of International workers. Presently the proceedings subsequent to the notice are in data collection stage and no demand has been raised on the Company. The Company has filed a writ petition against the show cause notice and proceedings thereto, in Allahabad High court, wherein the Hon'able High court in their order dated April 30, 2019 directed that any final order passed by the Provident Fund authorities will be subject to the disposal of the present writ petition. Based on the opinion obtained from external legal expert's, the management has assessed that the Company has a good case in the said matter.
- The Company will continue to assess the impact of further developments relating to retrospective application of Supreme Court Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-1/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation on non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management which is supported by legal advice, the aforesaid matter is not likely to have a significant impact and accordingly, no provision has been made in these Financial Statements.

Note 32: Commitments

(a) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities (net of advances) is as follows

	March 31, 2020	March 31, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)		
Property, plant and equipment	310	473

(b) Operating leases

a) General description of the Company's operating lease arrangements:

The Company enters into operating lease arrangements for offices, residential premises for its employees and equipment for generating power for captive consumption. Some of the significant terms and conditions of the arrangements are:

- certain agreements for premises may generally be terminated by the lessee or either party by serving one to three month's notice or by paying the notice period rent in lieu thereof.
- the lease arrangements are generally renewable on the expiry of lease period subject to mutual agreement.

b) Rental expense relating to operating lease

	March 31, 2020	March 31, 2019
Minimum lease payments	328	301
	328	301

Notes forming part of financial statements for the year ended March 31, 2020

(All amounts in INR lakhs, unless otherwise stated)

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

	March 31, 2020	March 31, 2019
Within one year	-	15
Later than one year but not later than five years	-	-
	-	15

d) The Company has sub-leased one of its leasehold premises. The sub-lease agreement is cancellable by either party by serving three months notice period. The rent received during the year amounting to INR 5 lakhs (March 31, 2019: INR 8 lakhs) has been netted off with rent expense.

Note 33: Events occurring after the reporting period

Refer to note 28(b) for the final dividend recommended by the directors which is subject to the approval of shareholders in the ensuing annual general meeting.

Note 34: Earnings per share

	March 31, 2020	March 31, 2019
Net profit attributable to the equity holders of the Company	6,652	5,415
Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share	1,01,43,071	1,01,43,071
Basic and diluted earnings per share	65.58	53.39

Note: There are no dilutive instruments

Note 35: Disclosure as required under Micro, Small and Medium Enterprises Development Act, 2006 based on the information

Particulars	March 31, 2020	March 31, 2019
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
-Principals	623	261
-Interest	-	-
The amount of interest paid by the buyer as per the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	-	-
The amounts of the payments made to micro and small supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in the making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	-	-

Note 36: Exceptional items

	March 31, 2020	March 31, 2019
Amount incurred and paid for final settlement in respect of disputed matter related to leasehold land of Company situated at Rudrapur	-	(350)
Amount incurred and paid for Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019 (refer note (1) below)	(1,086)	-
Export incentives under Merchandise Exports from India Scheme (MEIS) on export sales (refer note (2) below)	1523	-
Total exceptional income/(expense)	437	(350)

1) Expense: 2019-20 - Government of India in Finance (No. 2) Bill, 2019 has introduced Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019, which provides an option to settle eligible tax disputes. During the current period the Company has decided to avail this option to settle eligible tax disputes amounting to ₹ 2,196 lakhs and consequently an amount of ₹ 1,086 lakhs has been provided during current year for this purpose.

2) Income: 2019-20 - Till 2018-19 the Company was claiming export incentives under Merchandise Exports from India Scheme (MEIS) on export sales made to a few countries. During the current period based on the export pricing strategy, the Company has decided to claim export incentive on exports made to all countries. The additional export benefits related to the period April 1, 2016 to March 31, 2019 amounting to ₹ 1,523 lakhs (2016-17 - ₹ 436 lakhs, 2017-18 - ₹ 525 lakhs & 2018-19 - ₹ 562 lakhs) have been recognized during the current year as exceptional income.

Notes forming part of financial statements for the year ended March 31, 2020

(All amounts in INR lakhs, unless otherwise stated)

Note 37: The Company's operations were temporarily shut down with effect from March 23, 2020, on account of nationwide lockdown due to outbreak of Pandemic COVID-19. With partial opening of lockdown, the operation resumed on May 12, 2020 after obtaining permission as per State Government Guidelines.

The Company has assessed the possible impact of COVID-19, internal and external, on liquidity position, carrying amount of Property, Plant and Equipment, Inventories, Receivables and Other Current Assets. Based on current economic conditions, the Company expects to recover the carrying amount of these assets.

Accordingly as on date, the management doesn't foresee any material impact on its financial statement.

Note 38: On 20th September 2019, Government of India vide the Taxation Laws (Amendment) Ordinance 2019, inserted Section 115BAA in the Income Tax Act, 1961, which provides domestic companies an option to pay Income Tax at reduced rate effective 1 April 2019, subject to certain conditions. The tax expenses for the year ended March 31, 2020 have been provided for at reduced tax rate. Accordingly, tax expense is lower and profit for the year ended March 31, 2020 is higher by ₹ 853 lakhs.

Note 39: The previous year figures are regrouped and rearranged to conform to the current period presentation.

For **Price Waterhouse Chartered Accountants LLP**

Firm Registration No. 012754N/ N500016
Chartered Accountants

Abhishek Rara

Partner

Membership No. 077779

Sunita Ganjoo

Company Secretary

Place : Gurugram

Date : June 23, 2020

For and on behalf of the Board of Directors of

Honda Siel Power Products Limited

Takahiro Ueda

CMD and President & CEO

Manoj Arora

Director

Alka M. Bharucha

Director

Ravi Prakash Mehrotra

Director

H. Sugimizu

Whole time director

Vinay Mittal

Whole time director & CFO

Place : New Delhi

Date : June 23, 2020

HONDA

Honda India Power Products Limited

(Formerly known as Honda Siel Power Products Limited)

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