



SUSTAINABILITY



DIGITALIZATION



GROWTH



# **HONEYWELL** **AUTOMATION INDIA** **LIMITED**

Annual Report FY 2022-23

**Honeywell**

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## Registrar & Transfer Agent

TSR Consultants Private Limited  
(Previously TSR Darashaw  
Consultants Private Limited)  
C-101, 1<sup>st</sup> Floor, 247 Park,  
Lal Bahadur Shastri Marg,  
Vikhroli West, Mumbai 400083  
Email: [csg-unit@tcplindia.co.in](mailto:csg-unit@tcplindia.co.in)  
Website: <https://www.tcplindia.co.in>

## Registered Office

56 & 57, Hadapsar Industrial Estate,  
Pune – 411 013, Maharashtra  
CIN: L29299PN1984PLC017951  
Tel: +91 20 7114 8888  
Email: [HAIL.InvestorServices@Honeywell.com](mailto:HAIL.InvestorServices@Honeywell.com)  
Website: <https://www.honeywell.com/in/en/hail>

## Auditors

Deloitte Haskins & Sells LLP  
Chartered Accountants

## Bankers

Citibank N. A.

# FROM THE CHAIRMAN'S DESK

## Dear Shareholders,

I am delighted to address you today as the Chairman of your Company and present to you the 39<sup>th</sup> Annual Report for the financial year 2022-23. I am thankful to you for your continued trust and confidence in your Company's capabilities in its continuous journey and growth.

In the last financial year, India has emerged as the most resilient and one of the fastest growing economies in the world despite significant challenges in the global environment – including continuing disruptions of supply chain following the rise in geopolitical tensions, the synchronized tightening of global monetary policies and inflationary pressures. India's economy bounced back after the pandemic in FY 2021-22 with the GDP growing 7.2% in FY 2022-23. The Government of India continues to strengthen key sectors of the Indian economy with capex and policy initiatives to drive long-term sustainable growth. The fundamentals of the Indian economy remain strong.

Your Company is committed to leading energy transition and shaping a sustainable tomorrow. Honeywell Automation India Limited is really dedicated to playing a lead role in the country's transformation to a sustainable future and is well on its way to delivering on its commitment to make all its facilities and operations carbon neutral by 2035.

Another key focus area for your Company is digital transformation. Your Company has a long experience in process control, cybersecurity and managed performance and is geared to cater to the requirement of its stakeholders and help them optimize operations, provide remote visibility and drive safety, reliability and efficiency. Through the integration of sustainability and industrial digitalization into its core business strategy, your Company aims to create long-term value for all shareholders.

Your Company's CSR activities, environmental initiatives and ethical corporate governance are focused on fulfilling our environmental, social and governance (ESG) responsibilities. I am proud of the progress your Company has made so far in providing sustainable solutions for all stakeholders around healthcare, education, infrastructure and community development. Your Company will continue to work further and make further impact to its people, families and the communities it serves.

Your Company has consistently invested in state-of-the-art facilities, cutting-edge technologies and highly skilled personnel. This has enabled it to deliver superior quality products and services to customers, meet international standards and surpass expectations. The industries which your Company serve includes process solutions, building solutions, IoT, global manufacturing and engineering services and the Company is well positioned for continuing global growth.

On behalf of the Management and Board of Directors of Honeywell Automation India Limited, I want to thank you for your trust, confidence and support. We look forward to your continued support as we drive the Company forward for future growth.

## Dr. Ganesh Natarajan

Independent Director and  
Chairman (Non-Executive) – Board



“  
Through the  
integration of  
sustainability  
and industrial  
digitalization  
into its core  
business  
strategy, your  
Company  
aims to create  
long-term  
value for all  
shareholders.  
”

# FROM THE MANAGING DIRECTOR'S DESK

Dear Shareholders,

FY 2022-23 was a strong year for your Company. Together, we posted highest ever revenue from company operations at ₹3,448 crore, registering year-on-year growth of 16.9%. Your Company's profit (after tax) was ₹438 crore, delivering a return of 12.8% on sales as against 11.5% in the previous year.

Most predictions point to a steady GDP growth in India, for a foreseeable future. This growth will demand new energy and infrastructure investments along with higher productivity and industrial efficiency. With a clear future Vision, your Company is determined to achieve the next phase of growth by strategically pursuing key capital investments in energy and infrastructure sectors, industrial digitalization to aid productivity and efficiency, participate in sustainable energy transition and promoting environmental stewardship. In this journey, your Company aims to leverage Honeywell's state-of-the-art technology and innovation and global experience.

Your Company is focused on creating measurable value for its customers and is committed to the highest standard of quality. The Company has delivered multiple projects in the areas of buildings, smart city infrastructure, and complex process industries. Your Company has a strong opportunity pipeline and a healthy orders' backlog. With a clear focus on sectors like oil and gas, oil refining and petrochemicals, fertilizers and agrochemicals / specialty chemicals, life sciences and pharma, alternate and new energy, metals and mining, pulp and paper, airports, tunnels, hospitals, data centers, and other infrastructure projects – the Company is excited about the future. With the country's strong focus on energy transition, your Company is well placed to become the automation and digitalization partner that addresses needs of renewable energy projects. Your Company's world-class automation and digitalization solutions will enable the upcoming giga-factories to be globally competitive, productive and efficient. Pharmaceutical and life sciences provide an attractive opportunity for your Company to meet their goals of operational excellence, productivity, safety, regulatory compliance and data driven decision making. Your Company's wide and rich portfolio of products, solutions, digital-software and services positions us well to participate in multiple opportunities, thereby managing the risks that may emerge from a few sectors growing slower than the others.

The two mega-vectors that your Company will ride on are – rapid Industrial Digitalization and Climate Change forcing the Sustainable Energy Transition. Digitalization brings the required agility, efficiency, productivity, and compliance management. Sustainable Energy Transition offers harnessing and shifting to new energy sources that are addressing the urgent need to stop climate change. For our nation, this transition also holds a significant potential to not only achieve energy security, but possibly a mega hub for supply to the other regions in the world.

While focusing on the above, your Company is resolute on its CSR programs. With a strong belief in equitable growth, we shall continue to fulfill our duties to drive CSR programs that benefit the society at large.

In conclusion, I am proud of the achievements and progress your Company has made throughout the last five years. Our unwavering commitment to excellence, innovation and customer satisfaction has been the driving force behind our success. I take this opportunity to extend my deepest gratitude to our committed employees – *#thefutureshapers*, our valued business partners and customers, and you – our loyal shareholders – for the unwavering support and trust. With your support, we have navigated unprecedented challenges, built a better resilience, embraced new opportunities and continued to push our boundaries to shape a better future. As we move forward, we remain steadfast in our pursuit of growth, sustainability and making a positive impact on the industries we serve. This is an exciting time for your Company, and in my humble opinion, the best is yet to come!

**Ashish Gaikwad**  
Managing Director



“  
Your Company is determined to achieve the next phase of growth by strategically pursuing industrial digitalization, sustainable energy transition, promoting environmental stewardship, and further advancing technological innovation.  
”



# OUR BOARD OF DIRECTORS



**DR. GANESH NATARAJAN**

Independent Director and  
Chairman (Non-Executive) -  
Board



**NEERA SAGGI**

Independent Director



**ASHISH GAIKWAD**

Managing Director



**ASHISH MODI**

Non-Executive Director,  
President Honeywell India



**ATUL PAI**

Non-Executive Director



**NISHA GUPTA**

Non-Executive Director

# OUR KEY MANAGERIAL PERSONNEL



**ASHISH GAIKWAD**  
Managing Director



**PULKIT GOYAL**  
Chief Financial Officer



**INDU DARYANI**  
Company Secretary

# OUR MANAGEMENT TEAM



**ANANT  
TEWARI**  
Building  
Solutions



**DIPANKAR  
ROUTRAY**  
Global Engineering  
Services



**SAURABH  
GUPTA**  
Global Contract  
Manufacturing



**ANAND  
PANDEY**  
Safety Sensing  
Technologies



**MAHESH  
JOSHI**  
Human  
Resources



**SHREEHARSHA  
KARVE**  
Procurement



**DEEPAK  
GOYAL**  
Information  
Technology



**MADHAVI  
BHALERAO**  
Internal Audit



**ANINDYA  
MAJUMDAR**  
Legal

# OUR ESG HIGHLIGHTS

At Honeywell Automation India Limited (HAIL) we believe that a holistic approach to growth is essential to the long-term success of the Company. HAIL is committed to achieving carbon-neutral operations by 2035. Additionally, we have undertaken various social initiatives in support of the communities we operate in. This report outlines our journey so far in carbon emission reduction, progressive governance, water conservation, and social responsibility.

We have made substantial progress in reducing our carbon emissions across different scopes. Here are some of our key achievements in the last five years (unless specified otherwise)



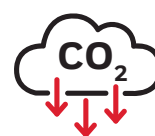
**SCOPE 1**  
**139.7 tons**  
**carbon reduction**



**SCOPE 2**  
**4,386 tons**  
**carbon reduction**



**TOTAL ENERGY SAVINGS**  
**FOR FY 2022-23**  
**6,79,905 kWh**



**TOTAL CARBON REDUCTION**  
**FOR FY 2022-23**  
**636.5 MT**

## ENVIRONMENTAL

**Chiller plant optimization Project - Replacement of inefficient chiller and its auxiliaries at HAIL Hadapsar:**

- Energy savings: 239965 kWh.
- Carbon emission reduction: 194.37 MT.

**Installation of 400 Occupancy Sensors to Optimize Lighting Use at HAIL Hadapsar:**

- A total of Cost savings: 15%.
- Energy savings: 35,570 kWh.
- Carbon emission reduction: 28.81 MT.

**Replacement of 176 R22 with efficient and ozone friendly R32 refrigerant AC units at HAIL Hadapsar:**

- Cost savings: 38.5 %.
- Energy savings: 3,15,385 kWh.
- Carbon emission reduction: 255.46 MT.

**Upgradation of 4 Conventional UPS to Energy Efficient Modular UPS Systems:**

- Cost savings: 8.0 %.
- Energy savings: 88,985 kWh.
- Carbon emission reduction: 72.08 MT.

**HAIL Fulgaon plant received 110 IREC for 2022:**

- Offsetting 85.8 MT in CO2 emissions.

**Water conservation: All HAIL sites are Zero Discharge facilities**

- Water recycling at HAIL Fulgaon and Hadapsar - 13,267 KL sewage water recycled.
- Water aerator for washbasin taps - 130 KL water saved/Year.
- Water saved by replacing chiller plant - 1,500KL/year.

## SOCIAL

**Community Honeywell Center for Advancing Girls in STEM:**

- 371 girl children from underserved communities provided high-quality education in residential set up, with special emphasis STEM subjects.
- 815 public school children impacted through the innovative STEM based Avasara Young Scientists' camps.

**Honeywell 'Adarsh Gaon' Project:**

- 199 villages and 20,513 rural lives in Nashik district of Maharashtra - impacted through initiatives in Drinking Water, Solar Electrification, WaSH activities, and Sustainable Livelihood.
- 1.5 million rural lives impacted through 47 Primary Health Centers and Community Health Centers, equipped with advanced equipment, in Haryana and Maharashtra.

**Honeywell 'Plant the Future' Campaign - One Million Tree Afforestation Project:**

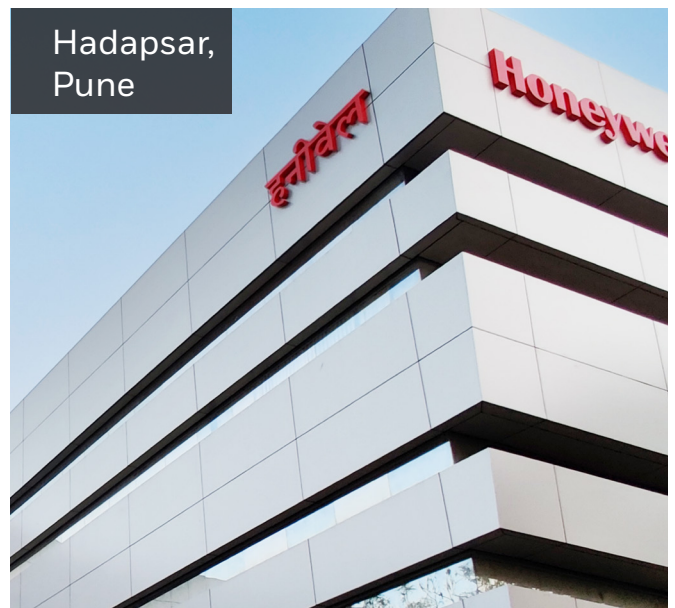
Honeywell 'Plant the Future' is a decade-long campaign which was kicked off in Oct, 2022 and the Company and its employees are part of this campaign to contribute towards target of planting 1 million+ saplings in India by 2032. This initiative is to create micro forests and green patches in urban areas and promote crop diversification for income augmentation among farmers through orchard and multi-layer farming in rural areas.



## GOVERNANCE

HAIL is committed to maintaining strong governance practices that uphold the highest standards of ethics, transparency, and accountability. We have implemented robust governance policies and procedures to guide our decision-making processes and ensure compliance with applicable laws and regulations. Our Board of Directors oversees the Company's strategic direction, risk management, and corporate governance practices, with a focus on long-term value creation for our shareholders.

We have established clear codes of conduct and business ethics that govern the behavior of our employees, promoting integrity, fairness, and respect in all our interactions. We regularly review and update our governance policies to adapt to evolving best practices and regulatory requirements. At Honeywell, we believe that strong governance is vital to maintaining the trust of our shareholders, customers, employees, and communities we serve.



At HAIL, we have made substantial progress in reducing our carbon emissions through targeted initiatives, energy-efficient technologies, and renewable energy certificates. Additionally, our efforts in water conservation and social initiatives demonstrate our commitment to sustainable practices and community development. We remain dedicated to making a positive impact on the environment and society as we strive towards a more sustainable future.





# OUR CORNERSTONES



## SUSTAINABILITY

As custodians of the fragile complexity of our planet, our commitment to sustainability is expressed through the renewable and efficient use of energy, as well as innovating towards circularity in the use of resources.



## DIGITALIZATION

Technology democratizes access to services, opportunities, and information. Our emphasis on Digitalization is driven by its transformative impact on livelihoods, industries, and societies.



## GROWTH

We remain steadfast in our pursuit of growth by strategically pursuing key capital investments in energy and infrastructure sectors, industrial digitalization to aid productivity and efficiency, participate in sustainable energy transition and promoting environmental stewardship.

## NOTICE OF AGM

NOTICE is hereby given that the Thirty-Ninth Annual General Meeting of Honeywell Automation India Limited will be held on **Thursday, August 10, 2023 at 4.00 p.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 financial year ended March 31, 2023, together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare a final dividend of ₹95/- (Rupees Ninety Five Only) per equity share for the financial year 2022-23.
3. To appoint a Director in place of Mr. Ashish Gaikwad (DIN: 07585079), who retires by rotation and being eligible, offers himself for re-appointment.

### Special Business:

#### 4. To ratify remuneration of Cost Auditors.

To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 148 (3) and other applicable provisions, if any, of the Companies Act, 2013 [including any statutory modification(s) or re-enactment(s) thereof for the time being in force] read with the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Company hereby ratifies the remuneration of ₹7,00,000/- (Rupees Seven Lakhs Only) plus applicable taxes and re-imbursalment of out-of-pocket expenses payable to M/s C S Adawadkar & Co., Cost Accountants (Firm Registration No. 100401) who are appointed by the Board of Directors as the Cost Auditors of the Company to conduct the audit of the cost records maintained by the Company pertaining to various products covered under cost audit for financial year ending March 31, 2024.”

### Notes:

1. MCA has *vide* its General Circulars No. (i) 14/2020 dated April 8, 2020, (ii) 17/2020 dated April 13, 2020, (iii) 20/2020 dated May 5, 2020, (iv) 21/2021 dated December 14, 2021, (v) 2/2022 dated May 5, 2022 and (vi) 10/2022 dated December 28, 2022 (“MCA Circulars”) and SEBI *vide* its circulars No. (i) SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020; (ii) SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 and (iii) SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023 (“SEBI Circulars”) permitted the holding of the Annual General Meeting through VC/ OAVM, without the physical presence of a Members at a common venue. In compliance with the provisions of Act,

the SEBI Listing Regulations, the MCA Circulars and the SEBI Circulars, the 39<sup>th</sup> AGM of the Company is being held through VC/OAVM on Thursday, August 10, 2023 at 4:00 p.m. IST. The deemed venue for the AGM will be the Registered Office of the Company.

2. As per the provisions of clause 3.A.II. of the General Circular No. 20/2020 dated May 5, 2020 issued by the MCA, the matters of Special Business as appearing at Item No. 4 of the accompanying Notice, is considered to be unavoidable by the Board and hence, form part of this Notice.
3. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts in respect of Special Business under Item No. 4 is annexed hereto.
4. As required under Regulation 36 of the SEBI Listing Regulations and SS-2, relevant details of Director seeking re-appointment at the AGM are given in Annexure-1 of the Notice. Requisite declarations have been received from the Director seeking re-appointment.
5. **PURSUANT TO THE PROVISIONS OF THE ACT, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. 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 THIS AGM AND HENCE THE PROXY FORM, ATTENDANCE SLIP AND ROUTE MAP OF AGM ARE NOT ANNEXED TO THIS NOTICE.**
6. 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/Authority letter etc., authorising its representative(s) to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting and e-voting at AGM. The said Resolution/Authority letter shall be sent to the Scrutiniser by email through its registered email address to [amruta@bokilandpunde.in](mailto:amruta@bokilandpunde.in) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
7. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act and the Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Act and relevant documents referred to in the Notice of this AGM and explanatory statement, will be available electronically for inspection by the Members during the AGM. Members who wish to inspect such documents can send their requests to the

## NOTICE OF AGM

- Company at [HAIL.InvestorServices@honeywell.com](mailto:HAIL.InvestorServices@honeywell.com) by mentioning their Name and Folio Number / DP ID and Client ID.
8. Non-resident Indian shareholders are requested to inform immediately about the following to the Company or its Share Transfer Agent or the concerned Depository Participant, as the case may be:
    - a. The change in the residential status on return to India for permanent settlement.
    - b. The particulars of the NRE Account with a Bank in India, if not furnished earlier.
  9. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote during the AGM.
  10. Members are requested to note that dividends not encashed or remaining unclaimed for a period of 7 (seven) years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 of the Companies Act, 2013, be transferred to the Investor Education and Protection Fund. Members who have not encashed the dividend warrant(s) so far for the period ended March 31, 2016 or any subsequent financial years are requested to make their claim to the Office of the RTA. It shall be noted that once the dividend is transferred to the Investor Education and Protection Fund as above, no claim shall lie with the Company in respect of such amount. The details of the unclaimed dividend lying in the Unpaid Dividend Account is available on Company's website at the following link:  
<https://www.honeywell.com/in/en/hail>
  11. Pursuant to Regulation 42 of the SEBI Listing Regulations, the Register of Members and Share Transfer Books of the Company will be closed from Friday, August 4, 2023 to Thursday, August 10, 2023 (both days inclusive). The Record Date for determining the names of member eligible for final dividend on equity shares for the financial year 2022-23, if approved by the members at the AGM is Thursday, August 3, 2023. The payment of such dividend subject to deduction of tax at source will be made on Friday, August 25, 2023.
  12. Members holding shares in dematerialized form are requested to update/intimate all changes, if any pertaining to their bank details such as name of the bank and branch address, bank account number, MICR Code, IFSC Code, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS) mandates, Permanent Account Number (PAN), nominations, power of attorney, change of address, change of name, email address, contact numbers, mobile number, etc., to their Depository Participant (DP). Members holding shares in physical form are requested to intimate such changes to the Company's Registrar and Transfer Agents, TSR Consultants Pvt. Ltd. (previously TSR Darashaw Consultants Pvt. Ltd.).
  13. 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, Regulation 44 of the SEBI Listing Regulations and the Circulars issued by the MCA dated April 08, 2020, April 13, 2020 and May 05, 2020, the Company has provided a facility to the Members to exercise their vote through electronic means. The facility of casting the votes using an electronic voting system ("remote e-voting") will be provided by NSDL. 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. The instructions for remote e-voting and e-voting at AGM are annexed at Annexure-2 of the Notice.
  14. The Members can join the AGM in the VC/OAVM mode 15 minutes before and upto 15 minutes 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 atleast 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, Stakeholders Relationship Committee, Risk Management Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
  15. As per Regulation 40 of the Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from April 1, 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 and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialised form. Members can contact the Company or Company's Registrar and Transfer Agents, TSR Consultants Pvt. Ltd. (previously TSR Darashaw Consultants Pvt. Ltd).
  16. MCA on October 16, 2017 had notified the amendment to Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Second Amendment Rules, 2017 ("the IEPF Rules") wherein the Company was required to transfer to Investor Education and Protection Fund (IEPF), all the shares whose dividend is lying in the "Unpaid Dividend Account" of the Company as unpaid or unclaimed for a period of seven consecutive years from the date of its transfer to the said Unpaid Dividend Account. The relevant details are given in the Board's Report which forms a part of this Annual Report.
- The Company has uploaded information of Unclaimed Dividends, on the websites of IEPF [www.iepf.gov.in](http://www.iepf.gov.in)



and on the Company's website at the following link:  
<https://www.honeywell.com/in/en/hail>

17. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the **cut-off date i.e., Thursday, August 3, 2023** only shall be entitled to avail the facility of remote e-voting as well as e-voting at the AGM. **The remote e-voting period commences from Monday, August 7, 2023 (9.00 a.m. IST) and ends on Wednesday, August 9, 2023 (5.00 p.m. IST).** During this period, Members holding shares either in physical form or in dematerialised form, as on Thursday, August 3, 2023 i.e., cut-off date, may cast their vote electronically. The remote e-voting module shall be disabled by NSDL for voting thereafter. 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. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date.
18. CS Amruta Rajarshi of Bokil Punde & Associates, Company Secretaries, has been appointed as the Scrutiniser to scrutinise the e-voting during the AGM and remote e-voting process in a fair and transparent manner. 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. The scrutiniser shall close the voting facility after expiry of 15 minutes from the conclusion of voting at the AGM. The scrutiniser shall first count the votes cast electronically at the meeting and there after unblock the votes cast through remote e-voting and shall make, not later than two working days of the conclusion of the AGM, a consolidated scrutinisers' 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 and declare the result of the voting forthwith.
19. The results declared along with the report of the Scrutiniser shall be placed on the website of the Company at <https://www.honeywell.com/in/en/hail> and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorised by him in writing. The results shall also be immediately forwarded to the BSE and NSE where the shares of the Company are listed.
20. In compliance with the MCA Circulars and the SEBI Circulars, Notice of the AGM along with the Annual Report for FY 2022-23 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ DP, unless any Member has requested for a physical copy of the same. The Company shall send a physical copy of the Annual Report FY 2022-23 to those Members who request the same at

[HAIL.InvestorServices@Honeywell.com](mailto:HAIL.InvestorServices@Honeywell.com) mentioning their Folio No./DP ID and Client ID. Members may note that the Notice and Annual Report 2022-23 will also be available on the Company's website <https://www.honeywell.com/in/en/hail>, websites of the Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of NSDL at <https://www.evoting.nsdl.com/>

21. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
22. **Process for registering e-mail addresses to receive this Notice electronically and cast votes electronically:**

The Company has made special arrangements with TCPL for registration of email addresses of those Members (holding shares either in electronic or physical form) who wish to receive this Notice electronically and cast votes electronically. Eligible Members whose email addresses are not registered with the Company/DPs are required to provide the same to TCPL on or before 5.00 p.m. (IST) on Thursday, August 3, 2023 by following the process for registering e-mail address as mentioned below:

- a) Visit the link:  
[https://tcplinkintime.co.in/EmailReg/Email\\_Register.html](https://tcplinkintime.co.in/EmailReg/Email_Register.html)
- b) Select the name of the Company from the dropdown list: Honeywell Automation India Limited.
- c) Enter the Folio No./DP ID, Client ID, Shareholder Name, PAN details, Mobile no. and e-mail address. Members holding shares in physical form are additionally required to enter one of their share certificate numbers and upload a self-attested copy of the PAN Card and address proof viz. Aadhaar Card or Passport and front and backside of their share certificate.
- d) The system will send OTP on the Mobile no. and e-mail address.
- e) Enter OTP received on Mobile no. and e-mail address.
- f) The system will then confirm the e-mail address for the limited purpose of service of Notice of AGM along with the Annual Report FY 2022-23 and e-Voting credentials.

The above system also provides a facility to the Members holding shares in physical form to upload a self-attested copy of their PAN Card, if the PAN details are not updated in accordance with the requirements prescribed by SEBI.

After successful submission of the e-mail address, NSDL will email a copy of the Notice and the Annual Report for FY 2022-23. In case of any queries,

## NOTICE OF AGM

Members may write to [csg-unit@tcplindia.co.in](mailto:csg-unit@tcplindia.co.in) or [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

However, Members holding shares in electronic form will have to once again register their email address and mobile number with their DPs, to permanently update the said information.

**Registration of e-mail address permanently with the Company/DPs:** To support the Green initiative, Members are requested to register their e-mail addresses with their concerned DPs, in respect of electronic holding and with TSR, in respect of physical holding. Further, those Members who have already registered their e-mail addresses are requested to keep their e-mail addresses validated/updated with their DPs/TSR for all future communications.

### 23. Tax on Dividend

Members may note that the "the IT Act" as amended by the Finance Act, 2020, mandates that dividends paid or distributed by a company after April 01, 2020 shall be taxable in the hands of members. The Company shall therefore be required to deduct TDS at the time of making the payment of final dividend. In order to enable us to determine the appropriate TDS rate as applicable, members are requested to submit the following documents in accordance with the provisions of the IT Act.

For resident shareholders, taxes shall be deducted at source under Section 194 of the IT Act as follows:

Members having valid PAN	10% or as notified by the Government of India
Members not having PAN / valid PAN	20% as per Section 206AA

However, no tax shall be deducted on the dividend payable to:

#### i. Resident individual:

If the total dividend to be received by them during Financial Year 2022-23 does not exceed ₹5,000 and also in cases where members provide Form 15G/ Form 15H (applicable to individuals aged 60 years or more) subject to the conditions specified in the IT Act.

#### ii. Resident Non-Individual Shareholder:

- Insurance Companies** - Self-declaration that it qualifies as 'Insurer' as per Section 2(7A) of the Insurance Act, 1938 and has full beneficial interest with respect to the ordinary shares owned by it along with self-attested copy of PAN card and certificate of registration with IRDA/ LIC/ GIC.
- Mutual Funds** - Self-declaration that it is registered with SEBI and is notified under Section 10 (23D) of the IT Act along with self-attested copy of PAN card and certificate of registration with SEBI.

c. **Alternative Investment fund** - Self-declaration that its income is exempt under Section 10 (23FBA) of the IT Act and they are registered with SEBI as Category I or Category II AIF along with self-attested copy of the PAN card and certificate of AIF registration with SEBI.

d. **New Pension Scheme (NPS) Trust** - Self-declaration that it qualifies as NPS trust and income is eligible for exemption under section 10(44) of the IT Act and being regulated by the provisions of the Indian Trusts Act, 1882 along with self-attested copy of the PAN card.

e. **Other Non-Individual Shareholders** - Self-attested copy of documentary evidence supporting the exemption along with self-attested copy of PAN card.

f. Resident shareholders may also submit a lower/ Nil deduction certificate obtained from the respective jurisdictional tax officer u/s 197 of the IT Act, to claim a lower/Nil TDS. PAN is mandatory for members providing Form 15G /15H or any other document as mentioned above.

#### iii. Non-Resident Shareholder:

For non-resident shareholders, taxes are required to be withheld in accordance with the provisions of Section 195 and other applicable sections of the IT Act, at the rates in force. The withholding tax shall be at the rate of 20% (plus applicable surcharge and cess) or as notified by the Government of India on the amount of dividend payable. However, as per Section 90 of the IT Act, non-resident shareholders have the option to be governed by the provisions of the DTAA between India and the country of tax residence of the member, if treaty provisions are more beneficial to them. For this purpose, i.e. to avail the benefits under the DTAA, non-resident shareholders will have to provide the following:

- Copy of the PAN card allotted by the Indian Income Tax authorities.
- Copy of Tax Residency Certificate (TRC) for the FY 2022-23 obtained from the tax authorities of the country of tax residence, duly attested by member.
- Self-declaration in Form 10F.
- Self-declaration by the shareholder of having no permanent establishment in India in accordance with the applicable tax treaty.
- Self-declaration of beneficial ownership by the non-resident shareholder.
- Lower tax deduction certificate obtained from the respective jurisdictional tax officer u/s 197 r.t.w. Section 195 of the IT Act.

#### Section 206AB-High rate for non-filers

TDS to be deducted at higher rate in case of non-filers of Return of Income.

The Finance Act, 2021, has *inter alia* inserted the provisions of section 206AB of the IT Act with effect from July 1, 2021. The provisions of section 206AB of the IT Act require the deductor to deduct tax at higher of the following rates from amount paid / credited to 'specified person':

- a At twice the rate specified in the relevant provision of the Act; or
- b At twice the rates or rates in force; or
- c At the rate of 5%

The 'specified person' means a person who has:

- a. Not filed return of income for both of the two assessment years relevant to the two previous years immediately prior to the previous year in which tax is required to be deducted, for which the time limit of filing return of income under sub-section (1) of section 139 has expired; and
- b. Subjected to tax deduction/collection at source in aggregate amounting to ₹50,000 or more in each of such two immediate previous years.

**Non-applicability-** The non-resident who does not have a permanent establishment.

**In case of Foreign Institutional Investors I Foreign Portfolio Investors,** tax will be deducted @ 20% (plus applicable surcharge and cess).

The shareholders are requested to submit/upload the aforementioned documents on the link <https://zfrmz.com/T26xrfwvWhXvxmPY7XYU> on or before August 4, 2023. [QR code given below]



No communication would be accepted from members after August 4, 2023 regarding the tax withholding/ TDS on dividend. It may be further noted that in case the tax on said dividend is deducted at a higher rate, in the absence of receipt of the aforementioned details/ documents from you, there would still be an option available with you to file the return of income and claim an appropriate refund, if eligible. For further details, members are requested to visit the website of the Company <https://www.honeywell.com/in/en/hail>. The dedicated email ID for queries, if any, in this respect is [HAIL.Dividend@Honeywell.com](mailto:HAIL.Dividend@Honeywell.com)

## By Order of the Board

**Indu Daryani**

Company Secretary

Pune, May 17, 2023

## Registered Office:

56 & 57, Hadapsar Industrial Estate,

Pune - 411 013, Maharashtra

CIN: L29299PN1984PLC017951

Tel: +91 20 7114 8888

Email: [HAIL.InvestorServices@Honeywell.com](mailto:HAIL.InvestorServices@Honeywell.com)

Website: <https://www.honeywell.com/in/en/hail>

## Statement Setting Out Material Facts

Pursuant to Section 102 of the Companies Act, 2013

### Item No. 4:

The Company is required to have the audit of its cost records for specified products conducted by a cost accountant in practice under Section 148 of the Act, read with the Companies (Cost Records and Audit) Rules, 2014 ("the Rules"). The Board, based on the recommendation of the Audit Committee at its meeting held on May 17, 2023, had approved the re-appointment of M/s CS Adawadkar & Co., Cost Accountants (Firm Registration No. 100401) as the Cost Auditors of the Company to conduct audit of cost records maintained by the Company pertaining to various products covered under cost audit for the financial year commencing on April 1, 2023 and ending on

March 31, 2024 at a remuneration of ₹7,00,000/- (Rupees Seven Lakhs only) plus applicable taxes and reimbursement of out-of-pocket expenses.

In accordance with the provisions of Section 148 of the Act read with the Rules, the remuneration payable to the Cost Auditors has to be ratified by the members of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 4 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2024.

The Board recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the members. None of the Directors, Key Managerial Personnel or their respective relatives are, in any way, concerned or interested, financially or otherwise, in the said Resolution.



**Annexure-1 of the Notice****Details of Director seeking Re-Appointment at the AGM**

{Pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2 on General Meetings}

<b>Name of the Director</b>	<b>Mr. Ashish Madhukar Gaikwad</b>
Director Identification Number (DIN)	07585079
Date of Birth / Age	March 6, 1969 / 54 years
Date of appointment on the Board	October 1, 2016
Educational Qualification	Bachelor's Degree in Electrical and Electronics Engineering from Birla Institute of Technology and Science (BITS), Pilani.
Experience (including expertise in specific functional areas) / Brief Resume	<p>Mr. Ashish Gaikwad was appointed as Managing Director, Honeywell Automation India Limited (HAIL) in 2016 and re-appointed in 2021.</p> <p>Mr. Ashish Gaikwad brings over 33 years of professional experience (31 years at Honeywell) in automation, control, and advanced software applications in the process industry to lead growth for HAIL that serves Indian and global customers for Honeywell's Process Solutions, Building Solutions, Building Management Systems, and Sensing and Internet of Things businesses.</p> <p>Mr. Ashish Gaikwad began his career as a software engineer in 1992, with Tata-Honeywell Ltd. in Pune, India. Over the years, he has served Honeywell's customers in multiple roles of increasing responsibility in several geographies including India, Southeast Asia, Asia Pacific, and the USA.</p> <p>Mr. Gaikwad has experience in several areas including software application development, process simulation, advanced process control and process optimisation, operational excellence, and enterprise collaboration solutions, to name a few. His current focus is on Industrial Digitalization and Sustainability Solutions.</p> <p>Mr. Ashish Gaikwad has been recognised for several of his business achievements, including Honeywell's prestigious President's Club and Chairman's Club. Under his leadership, the Company (HAIL) was recognised as the best multi-national company (2018), and was named Star MNC of the Year by Business Standards. He was also recently recognized among the top 100 Wealth Creators of India – by Fortune, India (July 2021).</p>
Directorships held in other companies	Honeywell Hometown Solutions India Foundation
Memberships/Chairmanships of committees across all public limited companies	<p>Honeywell Automation India Limited:</p> <ul style="list-style-type: none"> <li>• Risk Management Committee – Chairman</li> <li>• Stakeholders Relationship Committee – Member</li> </ul>
Relationship with other Directors/ Manager / Key Managerial Personnel	None
Shareholding in the Company	200 shares
No. of Board / Committee Meetings attended during the year	4/4
Terms and Conditions of appointment	As per the Ordinary Resolution set forth at Item No. 3 of this Notice.
Name of the listed entities from which the person has resigned in the past three years	NIL

For other details such as number of meetings of the Board attended during the year; remuneration last drawn & sought to be paid, etc. please refer to the Corporate Governance Report which is a part of the Annual Report.

## Annexure-2 of the Notice

### How do I vote electronically using NSDL e-Voting system?




The way to vote electronically on NSDL e-Voting system consists of ‘Two Steps’ which are mentioned below:

#### Step 1: Access to NSDL e-Voting system

#### A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li>Existing IDeAS user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “Register Online for IDeAS Portal” or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/ Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.</li> </ol> <p><b>NSDL Mobile App is available on</b></p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> </div> <div style="display: flex; justify-content: space-around; align-items: center; margin-top: 10px;"> <div style="text-align: center;">  </div> <div style="text-align: center;">  </div> </div>

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Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>Existing users who have opted for CDSL Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi / Easiest are requested to visit CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login icon &amp; New System Myeasi Tab and then use your existing my easi username &amp; password.</li> <li>After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login &amp; New System Myeasi Tab and then click on registration option.</li> <li>Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>
Individual Shareholders (holding securities In demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

### Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at 022 - 4886 7000 and 022 - 2499 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33

## B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

### How to Log-in to NSDL e-Voting website?

- Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.



2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/ Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsd.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 124566 then user ID is 124566001***.

5. Password details for shareholders other than Individual shareholders are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
  - c) How to retrieve your ‘initial password’?
    - (i) If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The.pdf file contains your ‘User ID’ and your ‘initial password’.
    - (ii) If your email ID is not registered, please follow steps mentioned at Point no. 22 of the Notice.
6. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:
  - a) Click on “Forgot User Details/Password?” (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsd.com](http://www.evoting.nsd.com).
    - b) Physical User Reset Password?” (If you are holding shares in physical mode) option available on [www.evoting.nsd.com](http://www.evoting.nsd.com).
    - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
    - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

## Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

### How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select “EVEN” of the Company: 124566 to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join Meeting”.

## AGM NOTICE

3. Now you are ready for e-Voting as the Voting page opens.
  4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
  5. Upon confirmation, the message "Vote cast successfully" will be displayed.
  6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
  7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.
4. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes member of the Company after the notice is sent through e-mail and holding shares as of the cut-off date i.e., Thursday, August 3, 2023, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or Issuer / RTA. However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details I Password" or "Physical User Reset Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com). In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e., August 3, 2023 may follow steps mentioned in the Notice of the AGM under "Access to NSDL e-Voting system."

### General Guidelines for shareholders

1. Institutional / Corporate Shareholders (i.e., other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board or governing body Resolution / Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutiniser by e-mail to [amruta@bokilandpunde.in](mailto:amruta@bokilandpunde.in) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on: 022 - 4886 7000 and 022 - 2499 7000 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

### Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide 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 [csg-unit@tcplindia.co.in](mailto:csg-unit@tcplindia.co.in)
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID +CLIO or 16 digit beneficiary ID), 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 [csg-unit@tcplindia.co.in](mailto:csg-unit@tcplindia.co.in). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
3. Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

**The Instructions for Members for E-Voting on the Day of 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 Members/ shareholders, who will be 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 in the AGM.
3. Members 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.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

**Instructions for Members for Attending the AGM Through VC/OAVM are as Under:**

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system.

Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of the Company: 124566 will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. 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.
5. Shareholders who would like to express their views/ have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at [HAIL.InvestorServices@Honeywell.com](mailto:HAIL.InvestorServices@Honeywell.com) at least 10 days before the AGM. The Company reserves its right in this respect.
6. Shareholders who would like to express their views/ have questions may send their questions in advance mentioning their name demat account number/ folio number, email id, mobile number at [HAIL.InvestorServices@Honeywell.com](mailto:HAIL.InvestorServices@Honeywell.com) at least 10 days before the AGM. The same will be replied by the Company suitably.
7. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the meeting.

# DIRECTORS' REPORT

## Dear Members,

The Directors hereby present the 39<sup>th</sup> Annual Report of the Company along with the audited financial statements for the financial year ended March 31, 2023.

Key highlights of financial performance of the Company for the financial year 2022-23 are provided below:

## Financial Results

Particulars	(₹ in lakhs)		
	Year ended March 31, 2023	Year ended March 31, 2022	Year on Year Change
Sales & Other Income	3,57,584	303,066	54,518
Operating profit	64,711	51,557	13,154
Less: Interest	396	549	(153)
Less: Depreciation	5,189	5,246	(57)
Profit before tax for the year	59,126	45,762	13,364
Less: Income tax and deferred tax expenses	15,325	11,849	3,476
Profit after tax for the year	43,801	33,913	9,888
Profit brought forward from the previous year	2,63,738	237,340	26,398
Profit available for appropriations	3,07,539	271,253	36,286
Dividend	7,957	7,515	442
Balance carried forward	2,99,582	2,63,738	35,844

Sales and Other Income registered an increase of 18%, Profit before tax is 17.2% of revenue from operations as compared to 15.5% in the previous year. Exports revenue increased over previous year by 28.7%.

## Dividend

Payment of final dividend at ₹95/- per equity share of face value of ₹10/- each was recommended by the Board at its meeting held on May 17, 2023 (Previous Year: ₹90/- per equity share). The dividend, if approved by the Members at the ensuing Annual General Meeting, will result in a total cash pay-out of ₹8,399 Lakhs. The Company is in compliance with its Dividend Distribution Policy as approved by the Board.

The closing balance of the retained earnings of the Company for FY 2022-23, after all appropriation and adjustments was ₹2,99,582 Lakhs.

Pursuant to Section 134 (3)(j) of the Act, there is no amount to be transferred to reserves during the period under review.

## Operations

The Management Discussion and Analysis annexed herewith provides full details of operational performance and business analysis of the Company.

## Industry Outlook

The details regarding Industry Outlook are given in the Management Discussion and Analysis which forms a part of this report.

## Honeywell Accelerator

Honeywell Accelerator is the Company's best-in-class operating system. The content is Honeywell-specific and it offers a framework and toolkit that enables us to get work done faster and smarter, and helps achieving the best business practices as listed below:

- revitalizing our Operating System to drive a sustainable advantage.
- revitalized operating system for how we manage and govern the business.
- includes employee resources like standard tools, processes and playbooks.
- removes barriers to execution and improves speed.
- Areas of benefits include innovation and product development, integrated supply chain, customer service and satisfaction, M&A integration, achievement of financial and ESG objectives and talent development.
- Accelerator content also enhances digital acumen and career development.



## Human Resources

The Company believes in the immense potential of its human capital and acknowledges that employees are the core growth engine for the Company. The Company is committed to creating an inclusive, performance oriented and entrepreneurial culture that allows it to bring the best out of every individual and team. The Company is committed to creating an equal opportunity workplace, which promotes openness and diversity. The Company has a strong employee value proposition that focuses on challenging work that matters, hiring and retaining the right people, sustained focus on talent and leadership development, differentiated rewards to drive exceptional performance, and community engagement.

The Company deploys a Labour and Employment Relations framework which elicits feedback in our factory and supports action planning to drive engagement at all levels in the organisation.

As on March 31, 2023, the Company's employee strength (full-time employees) was 2,956 as compared to 2,950 as on March 31, 2022. Women employees represent 17.5% of the workforce. The Company is fully compliant with the prevailing law namely Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## Directors and Key Managerial Personnel

As on March 31, 2023, the Board comprises of Dr. Ganesh Natarajan, Independent Director and Chairman (Non-Executive) - Board, Ms. Neera Saggi, Independent Director, Mr. Ashish Gaikwad, Managing Director, Mr. Ashish Modi, Non-Executive Director, Mr. Atul Pai, Non- Executive Director and Ms. Nisha Gupta, Non-Executive Director.

The following changes have taken place in the composition of Board during the year under review:

- Dr. Akshay Bellare, Non-Executive Director of the Company resigned from the Directorship of the Company with effect from close of business hours of June 14, 2022.
- Mr. Rajesh Rege was appointed as an Additional Director (Non-Executive) of the Company with effect from June 15, 2022. His appointment as a Non-Executive Director of the Company was regularised at the Annual General Meeting of the Company held on August 17, 2022. He resigned from the Directorship of the Company with effect from close of business hours of February 28, 2023.
- Ms. Nisha Gupta was appointed as an Additional Director (Non-Executive) of the Company with effect from March 1, 2023.

The following changes have taken place in the composition of Key Managerial Personnel during the year under review:

- Ms. Farah Irani (ACS No. 21182) resigned from the position of the Company Secretary and the Compliance

Officer of the Company effective end of day September 4, 2022.

- Ms. Indu Daryani (FCS No. F9059) was appointed as the Company Secretary and Compliance Officer of the Company with effect from November 21, 2022.

Mr. Ashish Gaikwad, Managing Director, Mr. Pulkit Goyal, Chief Financial Officer and Ms. Indu Daryani, Company Secretary are the Key Managerial Personnel of the Company, pursuant to the provisions of Section 2(51) and Section 203 the Act, as on the date of this Report.

The Board places on record its appreciation of the valuable contribution made by Dr. Akshay Bellare, Mr. Rajesh Rege and Ms. Farah Irani during their respective tenure with the Company.

As per the provisions of the Act, Mr. Ashish Gaikwad (DIN: 07585079) retires by rotation at the forthcoming AGM, and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

The Board is of the opinion that the Independent Directors of the Company have fulfilled the conditions as specified in the SEBI Listing Regulations, are independent of the management, possess requisite qualifications, experience and expertise in the fields of industry knowledge, board governance, financials, strategy, leadership and they hold highest standards of integrity.

## Board Meetings

During the financial year under review, the Board duly met four times on May 12, 2022; August 13, 2022; November 8, 2022 and February 8, 2023. The intervening period between two Board meetings was well within the maximum gap of 120 days as prescribed under the provisions of the Act.

Details of attendance at the Board Meetings is provided in the Corporate Governance Report, which forms part of this Annual Report.

## Committees of the Board

The Board has the following committees as per the requirements of the SEBI Listing Regulations and the Act:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Corporate Social Responsibility Committee
4. Stakeholders' Relationship Committee
5. Risk Management Committee

Details of terms of reference of the Committees, Committee membership and attendance at meetings are provided in the Corporate Governance Report, which forms part of this Annual Report.

## DIRECTORS' REPORT

### Declaration By Independent Directors

The Company has received necessary declarations from each Independent Director under Section 149(7) of the Act, that he/she meets the criteria of Independence laid down under Section 149(6) of the Act and Regulation 25 of the SEBI Listing Regulations.

### Board Evaluation

Pursuant to the provisions of the Act and the SEBI Listing Regulations, the Board has carried out an annual evaluation of its own performance, its Committees, as well as the Directors individually.

The outcome of the Board evaluation was discussed by the Nomination and Remuneration Committee at the Board Meeting held on February 8, 2023 and improvement areas were discussed as well as the agreed action plan of previous year was reviewed.

Details regarding process and criteria for evaluation are given in the Report on Corporate Governance, which forms a part of this Annual Report.

### Code of Conduct Compliance

The declaration signed by the Managing Director affirming compliance with the Code of Conduct by Directors and Senior Management, for the financial year ended March 31, 2023 is given in Report on Corporate Governance, which forms a part of this Annual Report.

### Corporate Social Responsibility

The Annual Report on CSR activities, as required under Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed herewith as Annexure-1 of the Directors' Report. A copy of the CSR Policy is available on the Company's website at <https://www.honeywell.com/in/en/hail#policies>.

### Auditors

#### • Statutory Audit

Pursuant to the provisions of Section 139 of the Act and the rules framed thereunder, Deloitte Haskins & Sells LLP (Firm Registration No.117366W/W-100018) were re-appointed as the Statutory Auditors for a period of 5 years at the 36<sup>th</sup> Annual General Meeting of the Company to hold office from the conclusion of the 36<sup>th</sup> Annual General Meeting (AGM) up to the conclusion of the 41<sup>st</sup> AGM of the Company on such remuneration as was approved by the shareholders at the 36<sup>th</sup> AGM which is re-produced below.

Particulars	Proposed per annum* 2020-21 to 2024-25
Statutory Audit Fees and Limited Review Fees	₹36,32,000

\* Subject to addition or reduction upto 10% with prior approval of Audit Committee and Board.

Further, in addition to the above, the Statutory Auditors are also entitled to fees for others service like Audit of Internal Financial Controls, Tax Audit and Certificates etc. subject to prior approval of Audit Committee and Board.

#### • Statutory Auditors' Report

There are no qualifications, reservations or adverse remarks made by Deloitte Haskins & Sells LLP (Firm Registration No.117366W/W100018), Statutory Auditors, in their report for the financial year ended March 31, 2023. The Notes on financial statements referred to in the Auditors' Report are self-explanatory.

Pursuant to provisions of Section 143 (12) of the Act, the Statutory Auditors have not reported any incident of fraud to the Audit Committee during the year under review.

#### • Cost Audit

In terms of the provisions of Section 148 and other applicable provisions of the Act read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, Cost Audit is applicable to the Company for the financial year 2022-23. The Board at its meeting held on May 17, 2023, pursuant to recommendation of the Audit Committee, appointed M/s C S Adawadkar & Co., as the Cost Auditors for the financial year ending March 31, 2024 at a remuneration of ₹7,00,000/- plus GST and re-imbursement of out-of-pocket expenses. The remuneration is placed before the Annual General Meeting for ratification by the members.

The Company has maintained the cost accounts and records as specified by the Central Government under sub-section (1) of section 148 of the Act for the financial year ended March 31, 2023.

#### • Secretarial Audit

In terms of the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board appointed J B Bhawe & Co, Practicing Company Secretaries as Secretarial Auditors of the Company for the financial year 2022-23. The report of the Secretarial Auditors is enclosed as Annexure - 2 of the Directors' Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

### Related Party Transactions

The particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 are enclosed herewith as Annexure- 3 of the Directors' Report.

## Risk Management

The Company has an Enterprise Risk Management framework administered by the Risk Management Committee to develop, implement and monitor the effectiveness of risk management processes for the Company. This framework enables identification, assessment, monitoring and mitigation of strategic, operational, compliance, financial, reputation and Cyber risks that are key to achieving our business objectives. Risks are identified, evaluated and prioritized based on their likelihood of occurrence and severity of business impact. Major risks identified by the businesses and functions are systematically addressed through mitigation plan and governance and reviewed by the Risk Management Committee and Audit Committee/Board.

## Whistle Blower Policy / Vigil Mechanism

In line with requirement under Section 177(9) and (10) of the Act and Regulation 22 of the SEBI Listing Regulations, the Company has established a whistle blower/vigil mechanism for its employees and Directors to report their genuine concerns. The details of the same are provided in the Corporate Governance Report.

## Internal Financial Controls

The Board has adopted policies and procedures for ensuring orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial information.

## Holding Company

During the financial year under review, the Company is a subsidiary of HAIL Mauritius Limited, the ultimate holding Company being Honeywell International Inc. USA. The Company does not have any Joint Venture(s) or Associate Company(ies) or Subsidiary Company(ies).

## Transfer of amounts to Investor Education and Protection Fund

As required under Section 124 of the Act, the unclaimed dividend lying with the Company for a period of seven years pertaining to the financial year 2014-15 amounting to ₹2,91,425/- was transferred during the financial year 2022-23 to Investor Education and Protection Fund established by the Central Government.

Members who have not encashed the dividend warrant(s) so far for the period ended March 31, 2016 or any subsequent financial years are requested to make their claim. It shall be noted that once the dividend is transferred to the Investor Education and Protection Fund as above, no claim shall lie with the Company in respect of such amount.

## Particulars of Employees

A statement containing particulars of employees as required under Section 197(12) of the Act, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided as Annexure 6 of the Directors' Report. As per the first proviso to Section 136(1) of the Act, the Annual Report is being sent to the members excluding the aforesaid annexure. The said information will be open for inspection electronically upon request by the Members during the AGM. Any member interested in obtaining such information may write to the Company Secretary at [HAIL.InvestorServices@Honeywell.com](mailto:HAIL.InvestorServices@Honeywell.com).

The ratio of the remuneration of each Director to the median employee's remuneration and other details prescribed in Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are enclosed Annexure 4 to the Directors' Report.

The Nomination and Remuneration Policy of the Company is available on the website of the Company at <https://www.honeywell.com/in/en/hail#policies>.

## Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company respects and values diversity reflected in various backgrounds, experiences and ideas and is committed to providing employees with a workplace that is free from discrimination or harassment. The Company has adopted a policy on prevention, prohibition, and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Every employee is required to complete mandatory online training on Prevention of Sexual Harassment at Workplace.

The Company has Internal Complaints Committees established in accordance with the aforesaid Act for addressing sexual harassment incidents.

No complaint on sexual harassment was received by the Company during the financial year under review.

## Particulars of Loans, Guarantees or Investments

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

## Material changes and commitments affecting the financial position of the Company

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the Report.

## DIRECTORS' REPORT

### Significant and Material Orders

There are no significant and material orders during the financial year ended March 31, 2023 passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations.

### Deposits

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet in accordance with the Act read with Companies (Acceptance of Deposits) Rules, 2014.

### Conservation of Energy, Technology Absorption, Foreign Exchange

Information required under Section 134 of the Act read with Rule 8 (3) of the Companies (Accounts) Rules, 2014, with respect to conservation of energy, technology absorption and foreign exchange earnings/outgo is included in Annexure 5 of the Directors' Report.

### Management Discussion & Analysis

The Management Discussion and Analysis pursuant to the SEBI Listing Regulations are annexed and form part of the Annual Report.

### Annual Return

Pursuant to Section 92 (3) of the Act and Rule 12 (1) of the Companies Management and Administration) Rules, 2014, the annual return is available on the website of the Company at <https://www.honeywell.com/in/en/hail#agm-egm-postal-ballot>.

### Legal Compliance Reporting

The Company has a compliance management tool to review and monitor compliances with laws applicable to the respective function. Additionally, the Company has a practice of obtaining quarterly compliance certificates from various functional heads for compliance with laws applicable to the respective function. A consolidated report on compliance with applicable laws is presented to the Board every quarter for review. To take care of the continuously evolving compliance scenario, the Company is constantly striving to strengthen the compliance reporting framework.

### Corporate Governance Report

The Company believes in adopting best practices of corporate governance.

As per Regulation 34 of the SEBI Listing Regulations, a separate section on corporate governance practices followed by the Company, together with a certificate from M/s Bokil Punde & Associates, Company Secretaries, on compliance with corporate governance norms under the SEBI Listing Regulations, is provided in Corporate Governance Report which forms part of this Annual Report.

### Directors' Responsibility Statement

Pursuant to provisions of Section 134(3)(c) and Section 134(5) of the Act, Directors make the following statements:

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- 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 as on March 31, 2023 and of the profit for the year April 1, 2022 to March 31, 2023;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act 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 were operating effectively;
- f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Compliance with Secretarial Standards

Your Directors confirm that the Secretarial Standards issued by the Institute of Companies Secretaries of India, as applicable to the Company, have been duly complied with.

### Dividend Distribution Policy

In compliance with Regulation 43A of the SEBI Listing Regulations, the Company has formulated Dividend Distribution Policy and the same is available on the Company's website at <https://www.honeywell.com/in/en/hail#policies>.

### Business Responsibility and Sustainability Report

Regulation 34 (2) (f) of the SEBI Listing Regulations mandates inclusion of the Business Responsibility and Sustainability Report (BRSR) as a part of the annual report for Top 1000 listed entities based on market capitalisation. In compliance with the aforesaid Regulation, BRSR forms part of this Annual Report.

### General Disclosures

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Issue of Equity Shares with differential rights as to dividend, voting or otherwise.



2. Issue of Equity Shares (including Sweat Equity Shares) to employees of the Company, under any scheme.
3. The Company has not resorted to any buy back of its Equity Shares during the year under review.
4. The Company does not have any subsidiaries. Hence, neither the Managing Director nor the Whole-time Directors of the Company received any remuneration or commission during the year, from any of its subsidiaries.
5. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
6. No fraud has been reported by the Statutory Auditors under sub-section (12) of Section 143 of the Act.
7. The details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof is not applicable.
8. The details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the year along with their status as at the end of the financial year is not applicable.

## Acknowledgment

The Board would like to place on record its appreciation and thanks to all its employees for their contribution. The Board wishes to acknowledge the support it has received from its shareholders, investors, customers, vendors, regulatory authorities and bankers.

## For and on behalf of the Board

### Dr. Ganesh Natarajan

Independent Director and  
Chairman (Non-Executive) - Board

Pune, May 17, 2023

### Registered Office:

56 & 57, Hadapsar Industrial Estate,  
Pune- 411 013, Maharashtra  
CIN: L29299PN1984PLC017951  
Tel: +91 20 7114 8888  
Email: [HAIL.InvestorServices@Honeywell.com](mailto:HAIL.InvestorServices@Honeywell.com)  
Website: <https://www.honeywell.com/in/en/hail>

## Annexure - 1 of Directors' Report

# Annual Report on Corporate Social Responsibility (CSR) Activities

### 1. Brief outline on CSR Policy of the Company

We are committed to improving the world we live in by creating, supporting, and nurturing corporate social responsibility (CSR) programs and initiatives that make a sustainable and measurable impact on communities that we serve. The Honeywell Hometown Solutions India Foundation (HHSIF) is a not-for-profit organization that deploys efforts of Honeywell in CSR in India, in five critical areas:

1. Education, Skill and Research
2. Holistic and Sustainable Community Development

3. Natural Resource and Environment
4. Gender Equality
5. Disaster Management

The Corporate Social Responsibility Committee of the Company and the Board monitors this Policy and the effectiveness of the programs implemented under this Policy. The programs and activities are identified and approved by the Board. The Corporate Social Responsibility Committee formulates and recommends to the Board, an Annual Action Plan in pursuance of the CSR Policy.

### 2. Composition of CSR Committee as on March 31, 2023

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during FY 2022-23	Number of meetings of CSR Committee attended during FY 2022-23
1.	Dr. Akshay Bellare #	Non-Executive Director / Committee Chairman	2	0*
2.	Ms. Neera Saggi	Independent Director/ Committee Member	2	2
3.	Mr. Ashish Modi	Non-Executive Director/ Committee Member	2	2
4.	Mr. Rajesh Rege^	Non-Executive Director / Committee Chairman	2	1
5.	Ms. Nisha Gupta §	Non-Executive Director / Committee Chairperson	2	0

\* Leave of absence was granted.

# Resigned effective close of business hours of June 14, 2022.

^ Appointed w.e.f. June 15, 2022 and resigned from the close of business hours of Feb 28, 2023.

§ Appointed w.e.f. March 1, 2023.

### 3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company.

<https://www.honeywell.com/in/en/hail#board-of-directors>

<https://www.honeywell.com/in/en/hail#policies>

<https://www.honeywell.com./in/en/csr>

### 4. Provide the executive summary along with web-link(s) of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable.

Not Applicable.

5. (a) Average net profit of the Company as per sub-section (5) of section 135: ₹5,80,55,31,493
- (b) Two percent of average net profit of the Company as per sub-section (5) of section 135: ₹11,61,10,630
- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. N.A
- (c) Amount required to be set off for the financial year, If any. N.A.
- (d) Total CSR obligation for the financial year [(b) + (c) - (d)]: ₹11,61,10,630

**6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project):**

₹11,16,04,992

**(b) Amount spent in Administrative Overheads: N.A.**

**(c) Amount spent on Impact Assessment, if applicable: N.A.**

**(d) Total amount spent for the Financial Year [(a) + (b) +(c)]: ₹11,16,04,992**

**(e) CSR amount spent or unspent for the financial year:**

Amount Unspent (in ₹)					
Total Amount Spent for the Financial Year (in ₹)	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
₹11,16,04,992	₹45,05,638	28/04/2023	-	-	-

**(f) Excess amount for set off, if any:**

Sl. No.	Particular	Amount (In ₹)
(i)	Two percent of average net profit of the Company as per section 135(5)	11,61,10,630
(ii)	Total amount spent for the Financial Year	11,16,04,992
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NIL
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NIL

**7. a) Details of CSR amount spent against ongoing projects for the financial year:**

(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act	(4) Local area (Yes/No)	(5) Location of the project		(6) Project duration	(7) Amount allocated for the project (in ₹)	(8) Amount spent in the current financial Year (in ₹)	(9) Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	(10) Mode of Implementation - Direct (Yes/No)	(11) Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
1	Holistic Rural Development	Rural Development Projects	No	Maharashtra	Nashik	Apr 2022-Mar 2023	5,34,35,020	5,34,35,020	0	No	Honeywell Hometown Solutions India Foundation	CSR00004724
2	Holistic Rural / (Rural Healthcare Infrastructure)	Rural Development Projects	Yes	Maharashtra, Haryana	Pune, Nashik, Mahendragarh, Nuh, Rewari	Apr 2022-Mar 2023	3,86,17,339	3,86,17,339	0	No	Honeywell Hometown Solutions India Foundation	CSR00004724
3	Honeywell Center for Advancing Girls in Science	Promoting Education	Yes	Maharashtra	Pune	Apr 2022-Mar 2023	2,40,58,271	1,95,52,633	45,05,638	No	Honeywell Hometown Solutions India Foundation	CSR00004724
<b>TOTAL</b>							<b>11,61,10,630</b>	<b>11,16,04,992</b>	<b>45,05,638</b>			

DIRECTORS' REPORT

b) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under subsection (6) of section 135 (in ₹)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in ₹)	Amount Spent in the Financial Year (in ₹)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to subsection (5) of section 135, if any	Amount remaining to be spent in succeeding Financial Years (in ₹)	Deficiency, if any
N.A.							

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: N.A.

The said amount is deposited in "Unspent CSR Account" in accordance with Section 135 of the Act within the prescribed time limit.

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per subsection (5) of section 135.: Unspent CSR contribution amounting to ₹45,05,638 is related to ongoing project and will be spent by HHSIF in next financial year considering the tenure of the project.

**Ashish Gaikwad**  
Managing Director

DIN: 07585079  
Pune, May 17, 2023

**Atul Pai**  
Chairman, CSR Committee

DIN: 02704506  
Pune, May 17, 2023



## Annexure - 2 of Directors' Report

### Form No. MR-3

#### Secretarial Audit Report for the Financial Year Ended March 31, 2023

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,

#### **HONEYWELL AUTOMATION INDIA LIMITED**

56 & 57, Hadapsar Industrial Estate,  
Pune- 411013, Maharashtra

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by HONEYWELL AUTOMATION INDIA LIMITED (CIN: L29299PN1984PLC017951) (Hereinafter called 'the Company').

Secretarial Audit was conducted for the financial year 2022-23, in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances of the Company and for expressing my opinion thereon.

Based on my 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, the explanations and clarifications given to me and representations made by the Management, during the audit period covering the financial year ended on March 31, 2023 ("Audit Period"), complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and legal compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Audit Period according to the provisions of the following list of laws and regulations:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under 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. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
  - b. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 [Not applicable during the Audit Period].
  - c. Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
  - d. Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 [Not applicable during the Audit Period].
  - e. Securities and Exchange Board of India SEBI (Share Based Employee Benefits and Sweat Equity) Regulations 2021 [Not applicable during the Audit Period].
  - f. Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 [Not applicable during the Audit Period].
  - g. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
  - h. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 2006 regarding the Companies Act and dealing with client.
  - i. SEBI (Delisting of Equity Shares) Regulations, 2009 [Not applicable during the Audit Period].
  - j. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and circulars/ guidelines issued thereunder.
- (vi) Other Applicable Laws: As informed by the management, there are no other laws applicable specifically to the Company.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## DIRECTORS' REPORT

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Director 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.

Adequate notice is given to all directors to schedule the committee and board meetings, agenda and detailed notes on agenda are 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 meetings.

All the decisions of the board were passed with unanimous consent of all the directors present in the meeting and are recorded as part of the minutes.

I 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.

I further report that during the audit period –

1. In the board meeting held on May 12, 2022, Mr. Akshay Bellare (DIN: 07914236) resigned as Non-Executive

Director of the Company effective close of business hours of June 14, 2022.

2. Mr. Rajesh Rege was appointed as an Additional Director (Non-Executive) with effect from June 15, 2022 and appointed as Director in Annual General Meeting dated August 17, 2022. He resigned from the Directorship of the Company with effect from close of business hours of February 28, 2023.
3. In the board meeting held on August 13, 2022, Ms. Farah Irani resigned as the Company Secretary, Compliance Officer and Nodal Officer with effect from September 04, 2022.
4. In the board meeting held on November 8, 2022, Ms. Indu Daryani was appointed as Company Secretary, Compliance Officer and Nodal Officer with effect from November 21, 2022.
5. Ms. Nisha Gupta was appointed as an Additional Director (Non-Executive of Director) of the Company with effect from March 1, 2023.

### For J. B. Bhave & Co. Company Secretaries

#### Jayavant B. Bhave

Proprietor FCS: 4266 CP: 3068 PR No. 1238/2021  
UDIN: F004266D000288572

Place: Pune

Date: May 17, 2023

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## Annexure to the Secretarial Audit Report of Honeywell Automation India Limited (2022-23)

### Auditors' Responsibility

My Report of even date is to be read along with this letter.

In accordance with the ICSI Auditing Standards (CSAS1 to CSAS4) I wish to state as under-

- Maintenance of secretarial record is the responsibility of the Management of the Company. My responsibility as the Auditor is to express the opinion on the compliance with the applicable laws and maintenance of Records based on Secretarial Audit conducted by me.
- The Secretarial Audit needs to be conducted in accordance with applicable Auditing Standards. These Standards require that the Auditor should comply with statutory and regulatory requirements and plan and perform the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of Records.
- I am also responsible to perform procedures to identify, assess and respond to the risks of material misstatement or non-compliance arising from the Company's failure appropriately to account for or disclose an event or transaction. However, due to the inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some Misstatements or material non-compliances may not be detected, even though the audit was properly planned and performed in accordance with the Standards.

Accordingly, I wish to state as under-

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards are the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The 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.

## Annexure - 3 of Directors' Report

### Form No. AOC-2 -Particulars of contracts/arrangements made with related parties

For the Financial Year Ended March 31, 2023

(Pursuant to Clause (h) of Sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

This Form pertains to disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to Section 188(1) of the Act including certain arm's length transactions under third proviso thereto:

**1. Details of contracts or arrangements or transactions not at arm's length basis:** There were no contracts or arrangements of transactions entered into during the financial year ended March 31, 2023, which were not at arm's length basis.

**2. Details of material contracts or arrangement or transactions at arm's length basis:**

Name of the related party	Nature of relationship	Nature of contract / arrangement / transaction	Duration of contract / arrangement / transaction	Salient terms	Amount (₹ in Lakhs)
Honeywell International Inc.	Ultimate Holding company	Sale, purchase or supply of any goods or materials	Ongoing	In the ordinary course of business and based on purchase orders / agreements	4,772
		Sale of engineering services, purchase of services	Ongoing		33,588
		Sale or purchase of fixed Assets	Ongoing		-
Honeywell Measurex (Ireland) Ltd.	Fellow Subsidiary	Sale, purchase or supply of any goods or materials	Ongoing	In the ordinary course of business and based on purchase orders / agreements	32,067
		Sale of engineering services, purchase of services	Ongoing		125
		Sale or purchase of fixed Assets	Ongoing		-
Honeywell Turki-Arabia Limited	Fellow Subsidiary	Sale, purchase or supply of any goods or materials	Ongoing	In the ordinary course of business and based on purchase orders / agreements	1,367
		Sale of engineering services, purchase of services	Ongoing		5,293
		Sale or purchase of fixed Assets	Ongoing		-

Appropriate approvals have been taken for related party transactions. Advances paid, have been adjusted against billings, wherever applicable.

**For and on behalf of the Board**

**Dr. Ganesh Natarajan**

Independent Director and  
Chairman (Non-Executive) - Board

Pune, May 17, 2023

## ANNEXURE - 4 of Directors' Report

### Statement of Disclosure of Remuneration

Information as required under the provisions of Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

#### (a) Remuneration disclosures for Executive Directors and Key Managerial Personnel for the financial year ended March 31, 2023

Name	Designation	Ratio of remuneration to median remuneration of employees <sup>1</sup>	Percentage increase in remuneration <sup>2</sup>
Mr. Ashish Gaikwad	Managing Director	17.5:1	8.0%
Mr. Pulkit Goyal	Chief Financial Officer	14.6:1	NA
Ms. Indu Daryani	Company Secretary <sup>3</sup>	3.5:1	NA

<sup>1</sup> Remuneration does not include long term incentives by Honeywell International Inc.

<sup>2</sup> Based on cost to Company as at the end of respective years and pursuant to the rapidly deteriorated economic conditions resulting out of COVID-19 pandemic, the Nomination and Remuneration Committee and the Board revisited its decision.

<sup>3</sup> Ms. Farah Irani was the Company Secretary upto September 4, 2022. Ms. Indu Daryani was appointed as the Company Secretary with effect from November 21, 2022. Details are given in the above table for KMP as on March 31, 2023.

#### (b) Remuneration disclosures for Independent Directors for the financial year ended March 31, 2023

(₹ in lakhs)

Name	Designation	Sitting Fees Paid	Commission Payable	Total Remuneration
Dr. Ganesh Natarajan	Independent Director and Chairman (Non-Executive) - Board	6.40	24.20	30.60
Ms. Neera Saggi	Independent Director	7.60	23.10	30.70

#### (c) Other details:

- Independent Directors of the Company are entitled for sitting fees and commission as per the statutory provisions and within the limits approved by the Shareholders. As a policy, the Non-Executive Non Independent Directors are neither paid sitting fee nor paid any commission.
- There were 2,956 permanent employees on the rolls of Company as on March 31, 2023.
- There was an increase of 13.6% (including merit and mid-year progressions / adjustments) in the median remuneration of employees, which was in line with the performance of the Company.
- Average percentage increase in salaries (including merit and mid-year progressions / adjustments) of employees other than KMPs was 13.7%. The average increase in the remuneration of KMPs was 11.5%.
- The remuneration paid is as per the remuneration policy of the Company.

#### For and on behalf of the Board

##### Dr. Ganesh Natarajan

Independent Director and  
Chairman (Non-Executive) - Board

Pune, May 17, 2023



## Annexure - 5 of Directors' Report

### Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

[Pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014]

#### A) Conservation of Energy

The Company continues to make every effort to conserve energy required either through technological upgradation or best operating practices for the facilities. In continuation to the same, your Company has implemented following measures to upgrade and conserve energy:

- Replacement of conventional type UPS with Energy Efficient Modular type UPS (4 nos.) to reduce the power consumption and improve efficiency leading to cost savings by 8.0%, equivalent to 72.08 MT of CO<sub>2</sub> reduction.
- Replacement of total 176 nos. of R22 based refrigerant Air conditioning units of various capacity with Energy star rated R32 refrigerant units. The proposed units are Energy efficient and also the refrigerant is ozone friendly. The project brings cost savings of 38.5%, equivalent to 255.46 MT of CO<sub>2</sub> reduction.
- Replacement of old Central chiller with Energy Efficient screw chiller along EE pumps and Cooling Towers to reduce power consumption and to improve operating efficiency. The cost savings is by 48.5%, equivalent to 194.37 MT of CO<sub>2</sub> reduction.
- Total 400 nos. of occupancy sensor installed to optimize on lighting usage. The cost savings of about 15%, equivalent to 28.81 MT of CO<sub>2</sub> reduction.

#### B) Technology Absorption

The Company has obtained IREC for Phulgaon and achieved Sustainability goals, 85.8 MT of Carbon emission off-set annual target in line with Honeywell Carbon Neutral Goal by 2035. I-REC Certificates, representing 110.000000 MWh of electricity generated from renewable sources.

#### C) Foreign Exchange Earnings and Outgo

(₹ in lakhs)

(i)	Foreign exchange earned	1,44,979
(ii)	Foreign exchange outgo	1,23,952

#### For and on behalf of the Board

##### Dr. Ganesh Natarajan

Independent Director and  
Chairman (Non-Executive) - Board

Pune, May 17, 2023

# Management Discussion and Analysis

## Key Financial Indicators and Performance Highlights for FY 2022-23

	As at March 31, 2023	As at March 31, 2022	Variation
Revenue from Operations (₹ in Lakhs)	3,44,759	2,94,832	Up 1,693 bps
Operating Income (%)	18.9%	17.5%	Up 130 bps
Net Income (%)	12.8%	11.5%	Up 122 bps

## INDUSTRY OUTLOOK AND OPPORTUNITIES

The Company's operating results are influenced by macro-economic development which can have effect on trends such as industrial production, capital spending, commercial and infrastructure construction, commodity prices and foreign exchange variations.

### India Economic Overview

After real GDP contracted in FY 2020-21 due to CoVID-19 pandemic, growth bounced back strongly in FY 2021-22, supported by accommodative monetary and fiscal policies and wide vaccine coverage. Consequently, in FY 2022-23, India emerged as one of the fastest growing economies in the world, despite significant challenges in the global environment – including renewed disruptions of supply lines following rise in geopolitical tensions, synchronized tightening of global monetary policies and inflationary pressures. All macro indicators like IIP, GST collections and mobility indices have shown improvement. In FY2022-23, India's real GDP expanded at 7.2%.

Government of India continues to strengthen key sectors of the Indian economy with capex and policy initiatives to drive long-term sustainable growth. The Union Budget for FY 2023-24 highlighted key focus areas primarily economic reforms aimed at improving India's manufacturing competitiveness, safeguarding supply chains and reducing systemic financial risks. The government has highlighted energy transition as a core policy initiative that will encourage investor interest in solar, hydrogen and electric mobility projects.

India is also firmly on a digital transformation journey. With data consumption on the rise, cloud adoption accelerating and technology demand soaring higher than ever before, Indian corporations are investing in massive leaps forward to meet this demand. Globally, India ranks first in digital transactions and second in smartphone and internet users. India's data center capacity is expected to double to ~1,700 MW by FY 2024-25 from ~870 MW for FY 2022-23 driven by rising adoption by government, enterprises and public. This will give impetus to key Government initiatives such as of making our cities smarter and safer. It will also drive

enterprises to adopt digitally enabled innovative business models. (Source: CRISIL)

While India is on a steady recovery path, global geo-political developments resulting in tightening of monetary policies in some countries may have some impact on capex investments and consumption amidst uncertainty. Broad supply chain disruptions will continue to cause cost inflationary pressure in the near future. The Company is confident on the fundamentals of the Indian economy to achieve growth in the longer term.

### CoVID-19 Update

Since the Omicron-driven spike in early 2022, CoVID-19 infections have remained low and declining, thanks to rising vaccination rates. Should, for any reason, infections rise significantly again triggering new state or national level mobility restrictions, this may affect India's growth outlook.

### Employee Health & Safety

The Company continues to monitor the situation arising due to prolonged spread of CoVID-19 after a decline in numbers during FY 2022-23. We are prioritizing the health and safety of our employees. Out of abundant caution for the health of our employees and to support local Government initiatives to stem the spread of the virus, we have implemented several precautions at our facilities in line with applicable WHO and/or local authority guidelines.

### Industry Overview

**Construction:** The Indian construction sector is expected to remain steady in the years ahead. The Union budget for FY 2023-24 has put infrastructure development as a top priority for the upcoming financial year. With a focus on expanding roads and bridges, the infrastructure sector is poised for growth. Additionally, India's growing population and rising household incomes will continue to propel the demand.

Infrastructure construction spending is on track to expand 15.1% in 2022 and 15.7% in 2023. Energy infrastructure construction will post the highest growth rate in both years. The Indian government has made the infrastructure sector a key focus area. The newly announced Union Budget 2023 put infrastructure investment in focus. As a share of total expenditure, investments on capital expenditure are at 22%, the highest in the last 15 years. Going forward, with concerted efforts from the Government to boost investments in infrastructure, the share of investment in construction for projects such as roads, metros, smart cities, data centers, warehouses, water supply, railways and airports is expected to continue to rise in foreseeable future. However, despite a robust demand revival in 2022, rising interest rates and the risk of global economic slowdown could potentially hinder the industry's growth. (Source: IHS)

**Manufacturing:** The manufacturing sector has emerged as one of the sectors with high growth potential in India. The

capacity utilization in the manufacturing sector has picked up over the last three quarters to 75.3% by March 31, 2023 compared with the long-term average of 73.7%. Further to the existing PLI schemes in 14 key sectors, including automobile and auto components, electronics and IT hardware, telecom, pharmaceuticals, solar modules, metals and mining, textiles and apparel, white goods, drones and advanced chemistry cell batteries, the PLI scheme is likely to be extended to more sectors which is under consideration. The intent is to make India self-reliant and also a global hub for manufacturing.

**Energy:** With increasing population, urbanization and industrialization, India's energy requirement has already more than doubled since 2000 and is expected to increase considerably in the coming years. Per IEA's World Energy Outlook 2021, India's current share in global primary energy consumption is 6.1% and is likely to increase to 9.8% by 2050. To meet this increased energy requirement, the Government is adopting strategies to enhance domestic oil and gas production, shifting to gas based economy and technological upgradation to improve refinery processes. It has also taken up development of National Gas Grid and city gas distribution networks to provide clean and green fuel to the public. India's energy mix has been seeing a shift from more conventional energy sources to renewables, in line with the Government's aim of achieving 500 GW installed capacity from non-fossil fuel-based capacity by 2030. Share of renewables has increased to 11% in the generation mix as of fiscal year (FY) 2022 and is expected to double by 2030. (Source: Ministry of Power, IHS)

## OPERATIONS

The Company has only one segment as per Ind-AS namely "Automation and Control Systems", across various business operations, as stated below:

### Honeywell Process Solutions

The Process Solutions business continues to deliver strong performance across all the key financial parameters despite global supply chain issues that have impacted material supplies. We saw strong traction with many of our strategic customers and EPCs, with our products businesses delivering a strong performance. Our strong engagement in the Life Sciences vertical also helped with significant tailwinds which resulted in certain key wins. The Process Solutions provides leading technologies from the plant floor to the boardroom as well as comprehensive lifecycle services to ensure more productive and stable operations. We also continued to leverage our wide portfolio of industrial automation products and solutions that help customers to operate safely, reliably, efficiently, sustainably and achieve profitable operations. We have the expertise and breadth of resources to execute projects of every size and complexity in the oil and gas, refining, pulp and paper, industrial power generation, chemicals and petrochemicals, biofuels, pharma and life sciences and metals, minerals and mining industries. We continue to expand our reach in various underpenetrated geographies through channel partners and OEM engagements. These have helped the Process

Solutions business of the Company to deliver a reasonable performance in a challenging environment.

The Process Solutions business will continue to stay focused on its core strategies and aggressively leverage the new growth levers of digitization, sustainability and tailwinds across various industry segments like metals, life sciences, pharmaceuticals and gas etc. The entire business landscape is changing as the country expands its gas network, drives sustainability goals, builds energy security & independence and encourages use of digital solutions. The Company is excited about the opportunities that these industries bring to the business. Apart from the core markets and solutions, the Company is uniquely positioned to drive growth in areas such as pharmaceuticals, specialty chemicals and cyber security. The Company is also enhancing its reach and coverage to serve the renewable energy market with new, innovative solutions. As many corporates shift their focus to be carbon neutral and environmentally compliant, the Company would like to serve these new needs in the industry. To enable our growth in all these areas, we will continue to focus on expanding our local engineering, product development and manufacturing capabilities.

### Honeywell Building Solutions

The Building Solutions business provides automation and control technologies that help make buildings green, safe, productive and smart in verticals like industrials, data centers, pharma and healthcare, energy, premium commercial, transport, infrastructure, etc. For these segments, the business provides state-of-the-art solutions like intelligent buildings suite comprising building management systems, fire detection and alarm systems, access control systems, video surveillance systems, integrated security systems and integrated building management systems based on Honeywell's Enterprise Buildings Integrator™. The business provides aftermarket services for various control systems as well as comprehensive utilities' operations and maintenance services for mechanical and electrical systems in buildings.

There has been continued Government funding on building core infrastructure such as airports, metros, railways, ports, safe cities and large-scale data centers. We see opportunities for value-added services like analytics, energy optimization and healthcare in the critical operator segment. In addition, the Company is also positioned to drive growth in solutions like connected buildings and cybersecurity.

### Building Management Systems

The Building Management Systems business is a global leader in the building automation space and maintains a leadership position in India. With a wide range of building automation offerings, including Healthy Buildings and HVAC applications the business is already present across multiple verticals in India. These include large mission-critical facilities like pharma and healthcare and government infrastructure like airports, stadiums, metro stations, as well as IT, residential, industrial and hospitality. Building

## MANAGEMENT DISCUSSION AND ANALYSIS

Management Systems has a diverse portfolio comprising building control solutions and global field devices.

The business will continue to stay focused on its core strategies through commercial excellence levers such as sales deployment, on-boarding, channel excellence, pipeline management and new product offerings. This will enable the Company to grow via its existing product portfolio. Business will also be focusing on vertical which is growing like Pharma, Healthcare, Datacenter etc. Exciting new initiatives such as Connected Buildings and upcoming new product launches along with enhanced reach will help the Company grow in an evolving market.

### **Safety Sensing Technologies (Formerly Advanced Sensing Technologies)**

The Safety Sensing Technologies (SST) business has multiple diversified customer accounts from transportation, aerospace, healthcare and industrial verticals. SST also added new product portfolio to leverage mega trend in Electric Vehicles, Green Hydrogen and other new sustainable ideas. This business was focused on key account management, demand generation and localization during FY 2022-23. SST offers a wide portfolio, which includes pressure switches, airflow sensors, humidity and temperature sensors, oxygen and breath sensors, helped the business win in healthcare and other industrial verticals. This business also leveraged its defense and military product portfolio to get into new military programs of government customers.

SST business did a good job in product development for upcoming new verticals and also, on-time supply to customers by efficient operations management. This business rationalized its portfolio and gave priority to right technologies and future customer demand. SST business also built application engineering support system in India to help our customers develop their ideas faster. This has given a lead in getting into new customer programs faster. SST business continued its efforts in consolidating business accounts by concentrating on master distributors; this helped improved our sales productivity and enabled us to focus on strategic accounts. This business also launched multiple new products that address customer needs in water management, medical equipment, machine safety and healthcare. Our Pune factory is a business enabler for this business and played a significant role during the global supply crisis. The SST business could gain high customer satisfaction because of local manufacturing and better control on supply chain and quality.

### **Global Engineering Services**

Global Engineering Services fosters engineering and innovation across verticals market in the Process Automation and Building Automation businesses by providing various engineering services. The Global Engineering Services business provides basic and detailed engineering, application software development, project management services, solution consulting, site commissioning for Projects, Life Cycle Services, Connected Process and Building Solutions of Honeywell. This division delivers

projects efficiently by leveraging competence, economy of scale, etc. and improving the productivity and cost competitiveness for several Honeywell business units and regional affiliates.

For Honeywell Process Solutions, it serves in many core verticals like O&G, R&P, Power, MMM, etc. and new areas like life sciences, energy management and storage, etc. For Honeywell Building Solutions, it provides services for airports, commercial and residential buildings, data centers and mega projects like smart cities.

Global Engineering Services strives for “First-Time-Right” quality, built on matured processes and a strong continuous improvement culture. It leverages its lean thinking, DevOps and automation to assure quality and responsive customer-centric strategy to enhance customer experience.

This business continues to deliver good results consistently over the years. It has increased its footprint globally through new portfolios, offerings and geographic expansion, supporting Honeywell’s global growth agenda. Global Engineering Services is making investments in talent development and retention strategies in the conventional and new technology space for accelerated growth in various strategic business units.

### **Global Contract Manufacturing**

As a contract manufacturer this business focuses on delivering high quality products and project solutions right and fast to India and the global market. The business is focused on delivering quality products to customers through Built-In Quality and Continuous Improvement processes under the Honeywell Accelerator framework. The Company continues to invest on meaningful automation to enhance capacity and leverage local supply base to be cost competitive and deliver faster to the markets. COVID-19 pandemic caused global supply shortages for certain electronic components, impacting supply chain, delay in delivery schedules and inflationary trends in cost of raw materials and freight.

The Company maintains high standards in the area of HSE and continuous improvement culture. The Company continues to leverage local talent, talent development and retention strategy for sustainable business growth.

### **Leadership and Talent**

The Company believes in the immense potential of its human capital and continues to invest in technical and leadership capabilities as key enablers for business growth. The Company leverages processes that have been the cornerstone of Honeywell’s global growth. These include HPD and MRR. These foundational processes enable careful and continual review of leadership talent within the organization, while promoting meritocracy, clarity in goals, providing structured feedback, development planning, IDP and proactive succession planning for all key positions across the organization. Developing leadership capability in employees is a key expectation of every business leader and the Company actively promotes internal movements for



career growth. Development plans help focus on capability building and skills development to enable leaders to take up larger roles. The HPD process ensures that there is a consistent framework to assess our employees on goals and behaviors, creating opportunities for objective feedback and discussions on development plans.

The Company believes in the immense potential of its human capital and continues to invest in technical and leadership capabilities as key enablers for business growth. The Company leverages processes that have been the cornerstone of Honeywell's global growth. These include HPD and MRR. These foundational processes enable careful and continual review of leadership talent within the organization, while promoting meritocracy, clarity in goals, providing structured feedback, development planning, IDP and proactive succession planning for all key positions across the organization. Developing leadership capability in employees is a key expectation of every business leader and the Company actively promotes internal movements for career growth. Development plans help focus on capability building and skills development to enable leaders to take up larger roles. The HPD process ensures that there is a consistent framework to assess our employees on goals and behaviors, creating opportunities for objective feedback and discussions on development plans.

As on March 31, 2023, the Company's employee strength was 2,956 as compared to 2,950 (full-time employees) as on March 31, 2022.

## FINANCIALS

Overall revenue from operations was ₹ 3,44,759 Lakhs registering a 16.9 % growth as compared to the previous year. The domestic segment registered revenue of ₹ 2,00,531 Lakhs for the current year as compared to ₹ 1,82,887 Lakhs in the previous year, registering a 9.7% growth. Revenue from exports was ₹ 1,42,653 Lakhs as against ₹ 1,10,854 Lakhs in the previous year, registering a growth of 28.7%. The New Orders from Non-Honeywell Customer base increased by 11.9% YoY.

Overall profit after tax was ₹ 43,801 Lakhs. The Company delivered a return of 12.8% on sales for the year (previous year: 11.5%). Cost of goods sold was 53.2% of sales (previous year: 52.4%).

Net cash flow from operations was ₹ 40,988 Lakhs, as compared to ₹ 26,358 Lakhs in the previous year representing 93.6% of net profit (previous year: 77.7%). The Company will continue to focus on working capital performance and positive operating cash flows.

Related party transactions for the financial year ending March 31, 2023 are in accordance with the provisions of Section 188 of the Act and Regulation 23 of the SEBI Listing Regulations, 2015.

## RISKS AND CONCERNS

The Company generates a good percentage of its sales and profits from both direct customers and its business with Honeywell International Inc. and its affiliates. The Company's ability to maintain or grow direct business depends upon various macro-economic factors and its business with Honeywell International depends upon a number of performance factors, including its ability to:

- (i) Identify emerging trends and customer requirements and develop product and service offerings superior to those of its competitors
- (ii) Meet or surpass the price, quality and delivery requirements of Honeywell and its end-customers in a cost-effective and competitive manner
- (iii) Develop and retain employees and leaders with the necessary expertise.
- (iv) Honeywell-specific business considerations (independent of its shareholdings in the Company), including changes in Honeywell's strategies regarding utilization of alternative opportunities to source products and services currently provided by the Company (including from alternative sources that Honeywell may acquire or develop within its own Group), may also reduce the level and/or mix of Honeywell's business with the Company.

An overall aggressive competitive landscape, pricing pressures on sale of goods and services to Honeywell, or a reduction in the volume or change in the mix of orders or sales to Honeywell can be expected to have a material adverse impact on the revenue and profits of the Company.

While Company has diversified products and operates within varied industries, major macro and micro economic factors pose some risks to growth which can have an impact on the performance. Some of these risks are highlighted below:

- **Resurgence CoVID-19 variant:** Mutations in CoVID-19 virus are leading to multiple variants that cause varying intensity of infections across the world. Any significant wave in future can impact recovery, demand, consumer sentiment and delay in private investment.
- **Geopolitical risks:** The ongoing Russia-Ukraine war has had a wide-ranging and far-reaching impact on the global economy, India's close economic ties to both countries have been disrupted, leading to higher trading cost and the effect of sanctions on Russia.
- **High oil import bill:** International crude oil prices have risen sharply. India's crude oil import bill nearly doubled to USD 119 billion in the financial year that ended on March 31, 2023, as energy prices soared globally following the return of demand and war in Ukraine. India's oil import dependence was 85 per cent in 2019-20, which declined marginally to 84.4 per cent in the following year before climbing to 85.5 per cent in 2021-22. Higher crude oil import bill is expected to dent the macroeconomic parameters. Owing to its

## MANAGEMENT DISCUSSION AND ANALYSIS

high dependence on imported oil, high share of food in consumer basket and an elevated risk of capital outflows, India's economy remains vulnerable to the global commodity price shock and ongoing global financial tightening. While it is less reliant on exports than many regional peers, slowing global demand would also weigh on growth via reduced exports and foreign capital inflows. (Source: PPAC)

- **Forex rate fluctuations:** The rupee has exhibited two-way movements over the past six months, reflecting both global and domestic factors. Looking ahead, the protracted geopolitical tensions, heightened volatility in global financial markets, elevated global sovereign bond yields on the back of more than currently anticipated monetary policy tightening in major advanced economies and new COVID-19 mutations could lead to a broader risk aversion towards emerging market economies' assets and net capital outflows. Such developments can put downward pressure on the rupee.
- **Global supply chain disruption and inflation:** Worsening of supply disruptions and renewed power sector issues could impact the industrial output recovery, while higher energy costs may squeeze corporate profit margins and add to already high consumer price inflation, subsequently prolonging the recovery in demand and investment can resulting in slower GDP growth in FY 2023–24.
- **Competition:** The Company is witnessing an overall increasingly competitive landscape and pricing pressures on sale of goods and services in both domestic and exports segments, which can impact the revenue and profits of the Company.

### INTERNAL CONTROL

The Company has established adequate internal control procedures commensurate with the nature of its business and size of its operations. The internal control process of the Company has been effective and provides reasonable assurance on reliability of financial information, compliances with laws and regulations in force and standard operating procedures. It ensures documentation and evaluation of entity-level controls through existing policies and procedures, primarily to identify significant gaps and define key actions for improvement. The Company has continued its efforts to align all its processes and controls with global best practices. Even though we have not experienced any material impact to our internal control over financial reporting during the COVID-19 pandemic, we have enhanced our oversight and monitoring during the close and reporting process.

In addition to external audits, the financial and operating controls of the Company are reviewed regularly by the internal audit team as per the annual plan approved by the Audit Committee. Audit observations and follow-up actions thereon are tracked for resolution by the Company and reported to the Audit Committee.

The Audit Committee of the Board of Directors, comprising independent directors, regularly reviews the audit plans, significant audit findings, adequacy of internal controls, compliance with accounting standards as well as reasons for changes in accounting policies and practices, if any.

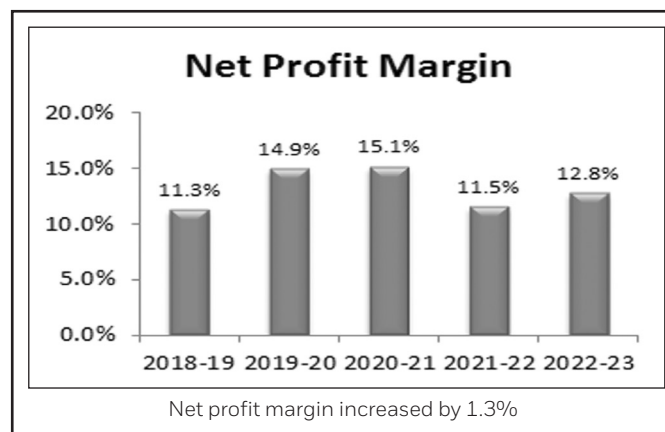
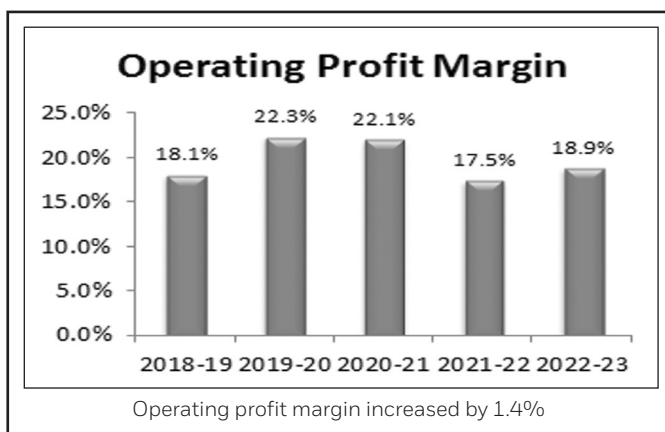
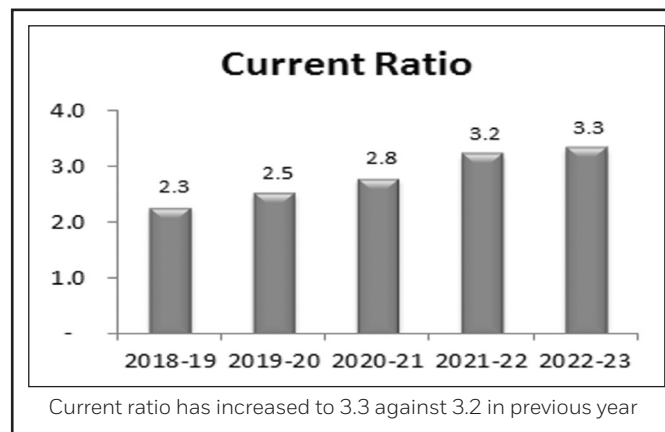
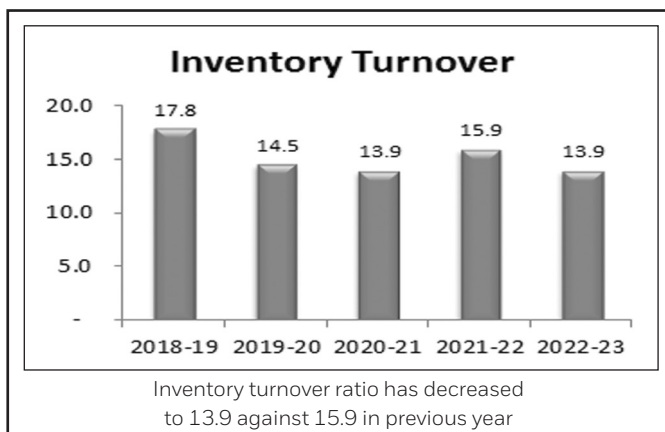
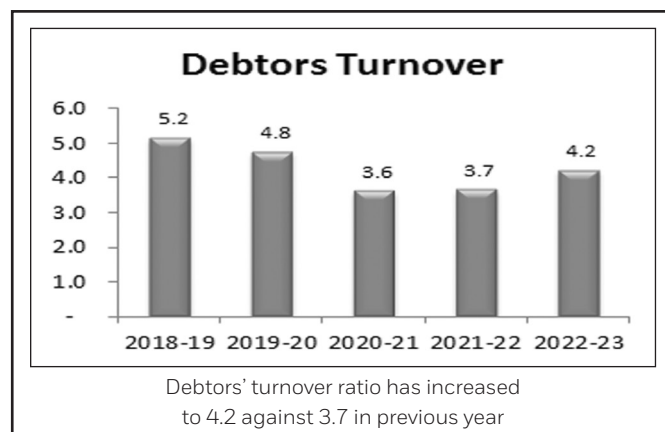
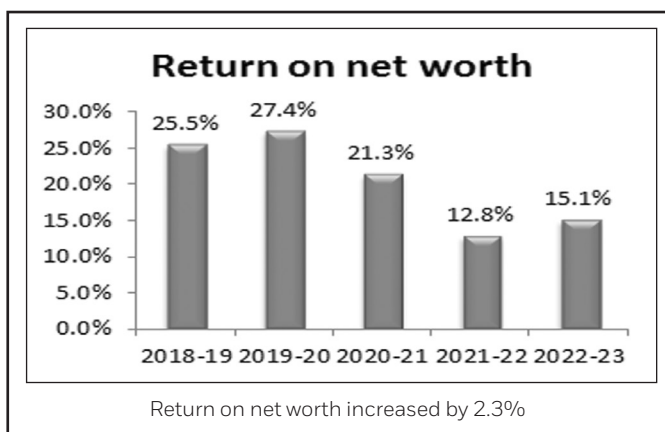
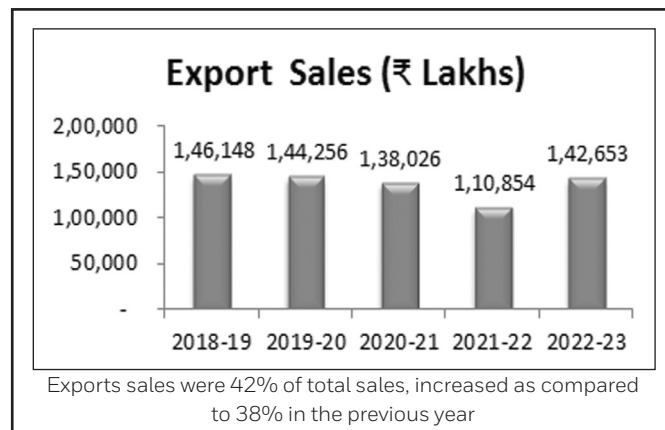
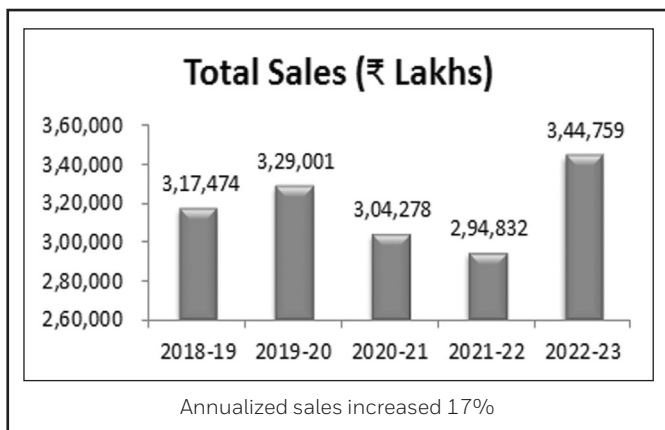
The Company's Code of Conduct sets out the fundamental standards to be followed by employees in all of the business dealings and day-to-day operations. The code provides guidance around financial reporting, ethical conduct, regulatory compliance, conflicts of interest's review and reporting of concerns.

The Company also has a robust Integrity and Compliance program, in which all company employees undergo communications and trainings on the Code of Conduct. It enables employees to become familiar with leadership expectations on behaviors and compliance, legal requirements, avoiding conflicts of interest, providing a healthy and safe workplace, safeguarding Company property and information, appropriate use of information technology resources and understanding how to report any suspected unethical or illegal conduct, without fear of retaliation. The Company also has a formal process to receive and address incidents related to business conduct lodged by employees and other stakeholders.

### SUMMARY

The Company's mix of exports revenue increased as compared to the previous period. Overall revenue improved 16.9%. Net income was 12.8% of sales as compared to 11.5% in the previous year. Increased competitive environment in both domestic and exports segments, supply chain disruptions and inflation continue to be a challenge. These risks and concerns as mentioned above are being addressed through concerted efforts on operational excellence, driving productivity and cost rationalization. The Company is continuously driving new productivity initiatives to remain committed to the journey of profitable growth.

Details of significant changes (change of 25% or more as compared to the immediate previous financial year) is as under. Please note that the interest coverage ratio and debt equity ratio is not applicable to the Company as there is no debt.



# Corporate Governance Report

## 1. Company's Philosophy on Code of Governance

The Company is committed to good corporate governance practices, aimed at increasing value for all stakeholders. Your Company has Independent Directors on its Board who are actively involved in all important policy matters. Your Company follows the Code of Corporate Governance in letter and in spirit to ensure transparency, accountability and integrity.

The Company is in compliance with the corporate governance requirements stipulated in the SEBI Listing Regulations and amendments therein, as may be applicable from time to time.

## 2. Board of Directors ("Board")

Currently, the Board comprises of a total of six Directors, out of which two are Independent Directors, a Managing Director and three Non-Executive Directors. The Board comprises of two Women Director – one Independent and the other as Non-Executive. Your Company has an Independent Non-Executive Chairman and one-third of the total number of Directors are Independent Directors. This is in conformity with the requirement of Regulation 17 of the SEBI Listing Regulations.

Mr. Ashish Gaikwad (DIN: 07585079), Managing Director, holds 200 equity shares in the Company. None of the other Directors hold any equity shares in the Company. There is no relationship between the Directors *inter-se*.

Dr. Ganesh Natarajan's (DIN: 00176393) appointment as an Independent Director is for a period of 5 (five) years from March 8, 2021 to March 7, 2026. Ms. Neera Saggi's (DIN: 00501029) appointment as an Independent Director is for a period of 5 (five) years from February 4, 2019 to February 3, 2024.

The Independent Directors have given a certificate of independence to the Board. Pursuant to the aforementioned certificate, all the Independent Directors satisfy the criteria of Independence as defined under the Act and the SEBI Listing Regulations. Further, the Board of Directors are of the opinion that Independent Directors fulfill the conditions specified in the Act and the SEBI Listing Regulations and are independent of the management. Their appointment letters are available on the website of the Company at <https://www.honeywell.com/in/en/hail#board-of-directors>.

The composition of the Board and of the various committees of the Board have been disclosed on the Company's website at <https://www.honeywell.com/in/en/hail#board-of-directors>.

## Composition / Category of Directors / Attendance at Meetings / their Directorships and Committee Memberships in other companies as on March 31, 2023:

Name and DIN	Category	No. of Board Meetings attended during FY 2022-23	Attendance at the last AGM held on August 17, 2022	No. of directorships in other Public Limited Companies and Banks <sup>#</sup>	No. of committee positions held in Listed Companies including the Company <sup>§</sup>	
					Chairperson	Member
Dr. Ganesh Natarajan DIN: 00176393	Independent Non-Executive Chairman - Board	4/4	Yes	2	1	6
Ms. Neera Saggi DIN: 00501029	Independent Non-Executive	4/4	Yes	4	Nil	5
Mr. Ashish Gaikwad DIN: 07585079	Non-Independent Executive Managing Director	4/4	Yes	Nil	Nil	Nil
Mr. Atul Pai DIN: 02704506	Non-Independent Non-Executive	4/4	Yes	Nil	Nil	Nil
Mr. Ashish Modi DIN: 07680512	Non-Independent Non-Executive	4/4	Yes	Nil	Nil	Nil
Ms. Nisha Gupta DIN: 02331771	Non-Independent Non-Executive	NA*	NA*	Nil	Nil	Nil

<sup>#</sup> Excludes Directorships/Chairpersonships in private limited companies, foreign companies, companies registered under Section 8 of the Act, Government Bodies and Alternate Directorships, if any.

<sup>§</sup> Represents Chairpersonships/Memberships of Audit and Stakeholders Relationship Committees in all public limited companies as required under Regulation 26(1)(b) of the SEBI Listing Regulations.

\* Appointed with effect from March 1, 2023.



As on March 31, 2023, the Independent Directors of the Company also hold directorship in the following listed entities:

1. Ms. Neera Saggi: GE T&D India Limited and Swaraj Engines Limited (as Non-Executive, Independent Director)
2. Dr. Ganesh Natarajan: Hinduja Global Solutions Limited and State Bank of India (as Non-Executive, Independent Director)

None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees across companies in which he/she is a Director (computed in accordance with Regulation 26 of the Listing Regulations). All the Directors have made the requisite disclosures regarding Committee positions occupied by them in other companies.

### Meeting of the Board of Directors

The Board met four times during the financial year ended March 31, 2023 on the following dates and the maximum interval between any two meetings did not exceed one hundred and twenty days:

- |                     |                     |
|---------------------|---------------------|
| 1. May 12, 2022     | 2. August 13, 2022  |
| 3. November 8, 2022 | 4. February 8, 2023 |

The information as required under Regulation 17(7) read with Part A of Schedule II to the SEBI Listing Regulations was placed before the Board.

A separate meeting of Independent Directors was held on February 8, 2023, without the attendance of non-independent directors and members of management, pursuant to the provisions of the Act and the SEBI Listing Regulations.

### Skills, expertise and competencies of the Board

The Board comprises of qualified members who bring in the required skills, expertise and attributes that helps them to make effective contribution to the Board and its Committees. The NRC ensures selection of Board members based on diversified skills and expertise which helps the Company to be compliant and maintain high standards of Corporate Governance.

The expertise of the Company's Board members is highlighted below. These skills/competencies are broad-based, encompassing several areas of expertise/experience. Each Director may possess varied combinations of skills/experience within the described set of parameters.

Skills / Expertise / Competencies	Definition	Dr. Ganesh Natarajan	Ms. Neera Saggi	Mr. Ashish Gaikwad	Mr. Ashish Modi	Mr. Atul Pai	Mr. Rajesh Rege*	Ms. Nisha Gupta^
Industry Knowledge	Experience or exposure of Indian business environment specifically key markets and industries served by the Company.	√	√	√	√	√	√	√
Board Governance	Experience of Indian/ Multinational Boards and in corporate governance and protecting stakeholder interests.	√	√	√	√	√	√	√
Financials	Understanding essentials of financial and operating performance, its relevance and importance and the ability to work with subject matter experts to get more insights.	√	√	√	√	√	√	√
Strategy	Appreciate the key Company strategies to improve market share & profitability and guide business leaders in execution.	√	√	√	√	√	√	√
Leadership	Be able to support management in leadership development.	√	√	√	√	√	√	√

\* Resigned as a Director from the closure of business hours of February 28, 2023.

^ Appointed with effect from March 1, 2023.

## CORPORATE GOVERNANCE REPORT

### Familiarisation Programme for Independent Directors

The Company familiarises its Independent Directors pursuant to the requirements of the SEBI Listing Regulations with their roles, rights, responsibility in the Company, nature of the industry in which the Company operates and business model of the Company. The details of familiarisation programmes imparted to the Independent Directors of the Company during the financial year 2022-23 are available on the website of the Company at <https://www.honeywell.com/in/en/hail#board-of-directors>.

### 3. Audit Committee

#### Terms of Reference

The Audit Committee acts on the terms of reference stipulated by the Board, pursuant to Section 177 of the Act and Regulation 18(3) read with Part C of Schedule II of the SEBI Listing Regulations. The terms of reference *inter-alia* are briefly described below:

- oversight of your Company's financial reporting process and disclosure of financial information to ensure that the financial statement is correct, sufficient and credible;
- recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- reviewing with the Management the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - a) matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section (3) of Section 134 of the Act;
  - b) changes, if any, in accounting policies and practices and reasons for the same;
  - c) major accounting entries involving estimates based on the exercise of judgment by Management;
  - d) significant adjustments made in the financial statements arising out of audit findings;
  - e) compliance with listing and other legal requirements relating to Financial Statements;
  - f) disclosure of any Related Party Transactions;
  - g) modified opinion(s) in the draft Audit Report;
- reviewing, with the Management, the quarterly financial statements before submission to the Board for approval;
- reviewing, with the Management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- approval or any subsequent modification of transactions of your Company with related parties;
- scrutiny of inter-corporate loans and investments;
- valuation of undertakings or assets of the Company, wherever it is necessary;
- evaluation of internal financial controls and risk management systems;
- reviewing with the Management performance of statutory and internal auditors, adequacy of internal control systems;
- reviewing the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage, and frequency of internal audit;
- discussion with internal auditors on any significant findings and follow-up thereon;
- reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature, and reporting the matter to the Board;
- discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- to review the functioning of the whistleblower mechanism;
- approval of appointment of Chief Financial Officer after assessing the qualifications, experience, background, etc. of the candidate;
- carrying out any other function as is mentioned in the terms of reference of the Audit Committee;
- reviewing the utilisation of loans and/or advances from/investment by the holding company in the subsidiary exceeding ₹100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments; and
- consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.

In addition to the above, the following items will be reviewed by the Audit Committee:

- management discussion and analysis of financial condition and results of operations;
- management letter/letters of internal control weaknesses issued by the statutory auditors;
- internal audit reports relating to internal control weaknesses;
- the appointment, removal and terms of remuneration of the Head, Internal Audit; and
- statement of deviations:
  - a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations.
  - b) annual statement of funds utilized for purposes other than those stated in the Offer document/prospectus/notice in terms of Regulation 32(7) of the SEBI Listing Regulations.

The Audit Committee is vested with the necessary powers to achieve its objectives. The Committee has discharged such other roles/functions as envisaged under Regulation 18 (3) read with Part C of Schedule II to the Listing Regulations and the provisions of Section 177 of the Act.

#### **Composition, name of members and Chairman, meetings held during the year and attendance at meetings**

Currently, the Audit Committee consists of three Non-Executive Directors, out of which two are Independent Directors. The members of the Committee have relevant experience in the field of financial reporting and accounting. The Company Secretary acts as the Secretary to the Committee. Audit Committee meetings are attended by the Chief Financial Officer, the Company Secretary and Head-Legal. Head-Internal Audit and the representative(s) of the Statutory Auditors are invited to the meetings.

As on March 31, 2023, the Committee has three members, Dr. Ganesh Natarajan, Independent Director as the Chairman, Ms. Neera Saggi and Mr. Atul Pai.

The Audit Committee held four meetings during the financial year ended March 31, 2023 on the following dates and the maximum interval between any two meetings did not exceed one hundred and twenty days:

1. May 11, 2022	2. August 13, 2022
3. November 8, 2022	4. February 8, 2023

The composition of the Audit Committee and the attendance of members at the meetings held during the financial year ended March 31, 2023 are as follows:

Name of Director	No. of Meetings Applicable	No. of Meetings Attended
Dr. Ganesh Natarajan (Chairman, Independent Director)	4	4
Ms. Neera Saggi (Member, Independent Director)	4	4
Mr. Atul Pai (Member, Non-Executive Director)	4	4

Dr. Ganesh Natarajan, Chairman of the Audit Committee was present at the last Annual General Meeting of your Company held on August 17, 2022.

#### **4. Nomination and Remuneration Committee Terms of Reference**

Your Company has constituted the Nomination and Remuneration Committee in line with the requirements of Section 178 of the Act and Regulation 19 of the Listing Regulations. The broad terms of reference *inter-alia* are as follows:

- formulating the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
- for every appointment of an Independent Director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director. The person recommended to the Board for appointment as an Independent Director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
  - a) use the services of an external agencies, if required;
  - b) consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - c) consider the time commitments of the candidates.
- formulating criteria for evaluation of performance of Independent Directors and the Board of Directors;
- devising a policy on diversity of Board of Directors;
- identifying persons who are qualified to become Directors and who may be appointed in senior management positions in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal;
- assessing whether to extend or continue the term of appointment of the Independent Director on the basis of the report of performance evaluation of Independent Directors; and
- reviewing and recommending to the Board, all remuneration, in whatever form, payable to Managing

## CORPORATE GOVERNANCE REPORT

Director, Key Managerial Personnel and Senior Management Personnel.

### Composition, name of members and Chairperson, meetings held during the year and attendance at meetings

Currently, the Nomination and Remuneration Committee consists of three Non-Executive Directors, two being Independent Directors. The Chairperson is a Non-Executive and Independent Director as required under Regulation 19 of the SEBI Listing Regulations.

As on March 31, 2023, the Committee has three members, Ms. Neera Saggi, Independent Director as the Chairperson, and Dr. Ganesh Natarajan and Ms. Nisha Gupta as members.

The Nomination and Remuneration Committee held three meetings during the financial year ended March 31, 2023 on the following dates:

1. May 11, 2022
2. November 8, 2022
3. February 8, 2023

The composition of the Nomination and Remuneration Committee and the attendance of members at the meetings held during the year 2022-23 are as follows:

Name of Director	No. of Meetings Applicable	No. of Meetings Attended
Ms. Neera Saggi (Chairperson, Independent Director)	3	3
Dr. Ganesh Natarajan (Member, Independent Director)	3	3
Dr. Akshay Bellare (Member, Non-Executive Director) #	1	0*
Mr. Rajesh Rege (Member, Non-Executive Director)^	2	2
Ms. Nisha Gupta (Non-Executive Director)\$	NA	NA

# Resigned effective close of business hours of June 14, 2022.

^ Appointed with effect from June 15, 2022 and resigned from the close of business hours of Feb 28, 2023.

\$ Appointed with effect from March 1, 2023.

\* Leave of absence was granted

The Committee met on February 8, 2023 to appraise and decide the commission and compensation payable to Mr. Ashish Gaikwad, Managing Director and other key managerial personnel as defined under the Act, for the financial year 2023-24.

Ms. Neera Saggi, Chairperson of the Nomination and Remuneration Committee was present at the last Annual General Meeting of the Company held on August 17, 2022.

### Performance Evaluation

The Board has carried out an annual evaluation of its own performance, performance of its committees, and of the Directors individually, as per the criteria laid down

by the Nomination and Remuneration Committee. The evaluation was carried out based on various parameters such as the participation in the Board and its committee meetings, contribution towards accurate financial reporting, strategic guidance, risk mitigation, internal controls, governance, leadership and talent development, and managing external stakeholders.

During the year under review, Dr. Ganesh Natarajan and Ms. Neera Saggi, Independent Directors, met on February 8, 2023 to discuss the evaluation of the Board and the Non-Executive Directors. Further, all the Directors of the Board met to discuss the evaluation of the committees. The discussions covered both strategic and operational aspects of the Board functioning, as well as the quality, content, and timeliness of the flow of information between the Management and the Board. Inputs from the meeting were shared with the Nomination and Remuneration Committee. All ratings for the Board, Committees, and the Non-Executive Directors were in line with the previous year ratings and improved in most of the areas. The management committed for strong diversity and inclusion across all levels within the organisation. There is a strong commitment to improve talent management and succession slate at KMP and key managerial roles.

The Board also completed the performance evaluation for the Independent Directors.

### 5. Remuneration of Directors/Criteria of making payments to Directors

The Independent Directors are paid remuneration by way of commission and sitting fees. The commission is paid at a rate not exceeding one percent per annum of the net profits of the Company calculated in accordance with the provisions of Section 198 of the Act. The amount of commission is determined on the basis of their roles, responsibilities, and contribution to the Company as Chairman/Member of the Board and various committees of the Board.

The sitting fees are paid for each Board, Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders' Relationship Committee and Risk Management Committee attended by them are mentioned as under:

Type of Meeting	Sitting fees per meeting
Board	₹60,000/-
Audit Committee	₹50,000/-
Other Committees	₹40,000/-

The Non-Executive, Non-Independent Directors are not paid any sitting fees or commission.

The Company pays remuneration to its Managing Director by way of salary, perquisites and allowances (a fixed component), commission (a variable component), and long-term incentives (comprising of performance plan, stock options, restricted stock units of the Ultimate Holding Company. Salary is paid within the range approved by shareholders. The Board approves the



annual increments (effective April 1 of each year) on the recommendation of the Nomination and Remuneration Committee.

The Board fixes a ceiling on perquisites and allowances as a percentage of salary. The commission is calculated with reference to the net profit of your Company in a particular financial period and is determined by the Board of Directors at the end of the financial period based on the recommendations of the Nomination and Remuneration

Committee, subject to the overall ceiling as stipulated in the Companies Act, 2013.

None of the Non-Executive Directors have any pecuniary relationship or transactions with your Company. Although your Company does not have stock option scheme for its own shares, some of its employees, including the Managing Director, are granted stock options and restricted stock units of the Ultimate Holding Company, namely Honeywell International Inc.

The details of Remuneration paid to Directors for the financial year 2022-23 for attending the Board meetings and various Board constituted Committee Meetings are as under:

## Non-Executive Directors

(₹ in lakhs)

Name of Director	Sitting Fees Paid	Commission Payable	Shareholding (No. of shares)
Ms. Neera Saggi (Independent)	7.60	24.20	NIL
Dr. Ganesh Natarajan (Independent)	6.40	23.10	NIL
Mr. Atul Pai	N.A.	N.A.	NIL
Mr. Ashish Modi	N.A.	N.A.	NIL
Dr. Akshay Bellare <sup>#</sup>	N.A.	N.A.	NIL
Mr. Rajesh Rege <sup>^</sup>	N.A.	N.A.	NIL
Ms. Nisha Gupta <sup>§</sup>	N.A.	N.A.	NIL

<sup>#</sup> Resigned effective close of business hours of June 14, 2022.

<sup>^</sup> Appointed with effect from June 15, 2022 and resigned from the close of business hours of Feb 28, 2023.

<sup>§</sup> Appointed with effect from March 1, 2023.

## Managing Director

(₹ in lakhs)

Name	Salary, perquisites, allowances & Incentive Compensation Plan for the financial year 2022-23	Others (non-taxable allowances, retirement and other long-term incentives)	Stock Options*	Total
Mr. Ashish Gaikwad	394.69	20.03	165.63	580.35

\* Stock options include restricted stock units and stock options granted by the Ultimate Holding Company, Honeywell International Inc.

Period of contract of Managing Director: 5 years from October 1, 2021 (2<sup>nd</sup> Term)

(Mr. Ashish Gaikwad) 5 years from October 1, 2016 (1<sup>st</sup> Term)

The contract may be terminated by either party by giving the other party two months' notice or the Company paying two months' salary in lieu thereof. Severance fees - as per the policy of the Company as applicable to all employees from time to time.

## 6. Stakeholders' Relationship Committee

The Stakeholder's Relationship Committee of the Company is constituted in accordance with Section 178 of the Act and Regulation 20 of the SEBI Listing Regulations, 2015. The role of the Committee *inter-alia* includes:

- resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.

- review of measures taken for effective exercise of voting rights by shareholders.
- review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

## CORPORATE GOVERNANCE REPORT

As on March 31, 2023, the Committee has three members viz. Ms. Nisha Gupta, Non-Executive Director as the Chairperson, Dr. Ganesh Natarajan and Mr. Ashish Gaikwad as its members.

The Committee met on May 12, 2022 and February 8, 2023 during the financial year ended March 31, 2023.

The composition of the Stakeholders' Relationship Committee and the attendance of members at the meetings held during the financial year 2022-23 are as follows:

Name of Director	No. of Meetings Applicable	No. of Meetings Attended
Dr. Akshay Bellare (Chairman, Non-Executive Director) <sup>#</sup>	1	0*
Dr. Ganesh Natarajan (Member, Independent Director)	2	2
Mr. Ashish Gaikwad (Member, Executive Director)	2	2
Mr. Rajesh Rege (Chairman, Non-Executive Director) <sup>^</sup>	1	1
Ms. Nisha Gupta (Chairperson, Non-Executive Director) <sup>§</sup>	0	0

\* Leave of absence was granted.

# Resigned effective close of business hours of June 14, 2022.

^ Appointed with effect from June 15, 2022 and resigned from the close of business hours of Feb 28, 2023.

§ Appointed with effect from March 1, 2023.

Name, designation and address of Compliance Officer:

Ms. Indu Daryani  
Company Secretary  
56 & 57, Hadapsar Industrial Estate  
Pune - 411 013  
Tel: +91 20 7114 8888

Investor Complaints	Number
Number of pending complaints as on April 1, 2022	0
Number of shareholders' complaints received during year ended March 31, 2023	15
Number of complaints resolved during year ended March 31, 2023	15
Number of pending complaints as on March 31, 2023	0

### 7. Corporate Social Responsibility Committee

Pursuant to Section 135 of the Act, a Corporate Social Responsibility Committee of the Board has been constituted. As on March 31, 2023, the Committee has three members, Ms. Nisha Gupta, Non-Executive Director as the Chairperson, Ms. Neera Saggi and Mr. Ashish Modi as its members.

The Committee met on May 12, 2022 and February 8, 2023 during the financial year ended March 31, 2023.

The composition of the Corporate Social Responsibility Committee and the attendance of members at the meetings held during the year 2022-23 are as follows:

Name of Director	No. of Meetings Applicable	No. of Meetings Attended
Dr. Akshay Bellare (Chairman, Non-Executive Director) <sup>#</sup>	1	0*
Ms. Neera Saggi (Member, Independent Director)	2	2
Mr. Ashish Modi (Member, Non-Executive Director)	2	2
Mr. Rajesh Rege (Chairman, Non-Executive Director) <sup>^</sup>	1	1
Ms. Nisha Gupta (Chairperson, Non-Executive Director) <sup>§</sup>	0	0

\* Leave of absence was granted.

# Resigned effective close of business hours of June 14, 2022.

^ Appointed with effect from June 15, 2022 and resigned from the close of business hours of Feb 28, 2023.

§ Appointed with effect from March 1, 2023.

The Company has formulated a policy for its CSR which may be viewed on the Company's website at <https://www.honeywell.com/in/en/hail#policies>.

### 8. Risk Management Committee

The Risk Management Committee of the Company was constituted in the year 2019 pursuant to Regulation 21 of the SEBI Listing Regulations.

As on March 31, 2023, the Committee has five members, Mr. Ashish Gaikwad- Managing Director as the Chairman, Ms. Neera Saggi - Independent Director, Mr. Ashish Modi, Non-Executive Director, Mr. Atul Pai, Non-Executive Director and Mr. Pulkit Goyal - Chief Financial Officer.

The terms of reference of the Risk Management Committee are as stipulated under Regulation 21 of the SEBI Listing Regulations.

The Committee met on May 11, 2022, November 8, 2022 and February 8, 2023 during the financial year ended March 31, 2023.

The composition of the Risk Management Committee and the attendance of members at the meetings held during the year 2022-23 are as follows:

Name of Director	No. of Meetings Applicable	No. of Meetings Attended
Mr. Ashish Gaikwad (Chairman, Managing Director)	3	3
Ms. Neera Saggi (Member, Independent Director)	3	3
Mr. Ashish Modi (Member, Non-Executive Director)	3	3

Name of Director	No. of Meetings Applicable	No. of Meetings Attended
Mr. Atul Pai (Member, Non-Executive Director)	3	3
Mr. Pulkit Goyal (Member, Chief Financial Officer)	3	3

## 9. Enterprise Risk Management

The Company's Enterprise Risk Management process ensures that the management controls and effectively mitigates risk through means of a properly defined framework. The risk areas are reviewed periodically by the Risk Management Committee through an Enterprise Risk Management Framework and thrice in a financial year by the Committee members.

Identification, assessment and mitigation of risk is facilitated entity-wide, re-assessed periodically by the Risk Management Committee on May 11, 2022, November 8, 2022 and February 8, 2023. We are exposed to a host of risks owing to a dynamic business environment including strategic, operational, financial and compliance. In addition, the key aspects like working capital (liquidity), IT and cybersecurity, unplanned incidents like pandemic risk and changes in government regulations are assessed as a part of Company's risk framework. The Enterprise Risk Management framework assesses management's actions to mitigate the exposures in a timely manner and is critical to achieving our business objectives.

The disclosures regarding commodity price risk and hedging activities pursuant to Regulation 34(3) read with clause 9(n) of Part C of Schedule V of the SEBI Listing Regulations is Nil.

## 10. Managing Director (MD) and Chief Financial Officer (CFO) certification

The MD and CFO have provided a compliance certificate to the Board of Directors, as required under Regulation 17 read with Part B of Schedule II to the Listing Regulations, *inter alia*, certifying that the financial statements do not contain any materially untrue statement and these statements represent a true and fair view of your Company's affairs and is annexed hereto.

## 11. Disclosures

### Disclosures on materially significant related party transactions.

Your Company has formulated a policy for dealing with materiality of related party transactions pursuant to Regulation 23 of the Listing Regulations.

All related party transactions are approved by the Audit Committee. Approval of Board of Directors is taken, as needed, in accordance with the Companies Act, 2013 and the Listing Regulations. All material related party transactions are approved by the shareholders.

There was no materially significant related party transaction during the year having potential conflict with the interests of the Company.

The Related Party Transactions Policy is available on the Company's website at <https://www.honeywell.com/in/en/hail#policies>

### Statutory Compliance, Penalties, and Strictures

Your Company has complied with the requirements of the Stock Exchange/SEBI and statutory authorities on all matters relating to capital markets during the last three years. There are no penalties or strictures imposed on your Company by the Stock Exchanges or SEBI or any statutory authorities relating to the above.

### Legal Compliance Reporting

Your Company has a practice of obtaining quarterly compliance certificates from various functional heads for compliance with laws applicable to the respective function and has a compliance management tool. A consolidated report on compliance with applicable laws is presented to the Board every quarter. To take care of the continuously evolving compliance scenario, your Company is constantly striving to strengthen the compliance reporting framework.

### Whistle Blower Policy / Vigil Mechanism

Your Company has adopted the Whistle-Blower Policy / vigil mechanism in line with Honeywell Global policy where it has a mechanism for Directors and employees to report concerns about unethical behavior, actual or suspected fraud, or violation of the Code of Conduct. No personnel have been denied access to the Chairman of the Audit Committee, for making complaint on any integrity issue.

The details of the policy are available on the Company's website at the following link <https://www.honeywell.com/in/en/hail#policies>

No complaint on sexual harassment was received by the Company during the financial year under review. The disclosures under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, forms part of the Board's Report.

### Code of Conduct

As required under the SEBI Listing Regulations, the Company has in place a Code of Conduct applicable to the Board Members as well as the senior management personnel and that the same is available on the Company website at <https://www.honeywell.com/in/en/hail>.

All the Board Members and the senior management personnel have affirmed compliance with the Code of Conduct for the financial year ended March 31, 2023.

## CORPORATE GOVERNANCE REPORT

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and amendments from time to time, your Company has a Code of Conduct for Prohibition of Insider Trading and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information.

### Reconciliation of share capital audit

A qualified practicing Company Secretary carried out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued, and listed equity share capital. This reconciliation is carried out every quarter and the report thereon is submitted to the stock exchanges and is also placed before the Board. The Audit Report, *inter alia*, confirms that the total listed and paid-up capital is in agreement with the aggregate of total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

### Payment to Statutory Auditors

The total fees for all services paid by the Company to the statutory auditors for the financial year ended March 31, 2023 and all entities in the network firm/network entity of which the statutory auditor is a part is disclosed in the notes to the Financial Statements and reproduced below:

1. As Statutory Auditors (including limited reviews): ₹42.35 Lakhs
2. Others (including tax audit): ₹11.70 Lakhs
3. Out of pocket expenses: Nil

### Certificate from Company Secretary in Practice

The certificate from Bokil Punde & Associates, Practicing Company Secretaries in compliance with corporate governance norms prescribed under the Listing Regulations is annexed hereto.

Pursuant to Schedule V (Part C) of the Listing Regulations, the Company has obtained a certificate from Bokil Punde & Associates, Practicing Company Secretaries that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Board / Ministry of Corporate Affairs or any such statutory authority and is annexed hereto.

### General Body Meetings

#### Location and time, where last three AGMs held:

For the Financial Year	Venue	Day and Date	Time in IST
2021-2022	Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	Wednesday, August 17, 2022	4.00 p.m.
2020-2021	Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	Wednesday, August 18, 2021	4.00 p.m.
2019-2020	Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	Tuesday, August 18, 2020	4.00 p.m.

#### Whether any special resolutions passed in the previous three AGMs:

Yes – Special Resolution passed for amendment in the Articles of Association of the Company at the 36<sup>th</sup> Annual General Meeting held on August 18, 2020.

#### Whether any special resolution passed last year through postal ballot:

Nil

#### Person who conducted the postal ballot exercise:

Not applicable

#### Whether any special resolution is proposed to be conducted through postal ballot:

Your Company does not have any proposal to pass any special resolution by way of postal ballot.

#### Procedure for postal ballot:

Not Applicable

## 12. Means of Communication

The quarterly/half-yearly/annual financial results are published in The Business Standard (English daily) and Loksatta (Marathi daily) for the financial year 2022-23 or as may be decided by the Management from time to time.

The financial results and the official news releases are also placed on your Company's website at the following link: <https://www.honeywell.com/in/en/hail>

Your Company has a dedicated help desk with email ID: [HAIL.InvestorServices@Honeywell.com](mailto:HAIL.InvestorServices@Honeywell.com) for providing necessary information to investors.

If any presentations are made to institutional investors or to the analysts, the same is uploaded on your Company's website pursuant to Regulation 46 of the Listing Regulations.

## 13. General Shareholder Information

#### AGM Date, Time and Venue:

Thursday, August 10, 2023 at 4.00 p.m. (IST) through VC/OAVM

**Profile of Director seeking re-appointment at the ensuing AGM:**

Please refer to Annexure-1 of the Notice of AGM

**Financial year:**

The Company's financial year is April – March

**Record date:**

Thursday, August 3, 2023

**Dividend payment date:**

Friday, August 25, 2023

**Listing on Stock Exchanges:**

The equity shares of the Company are currently listed with the following Stock Exchanges in India:

- **BSE Limited**

Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001

- **The National Stock Exchange of India Limited**

Exchange Plaza, Bandra Kurla Complex, Mumbai 400 051

The Company has paid the listing fees to these Stock Exchanges for FY 2022-23 and FY 2023-24

**Stock Code:**

BSE: 517174

NSE: HONAUT

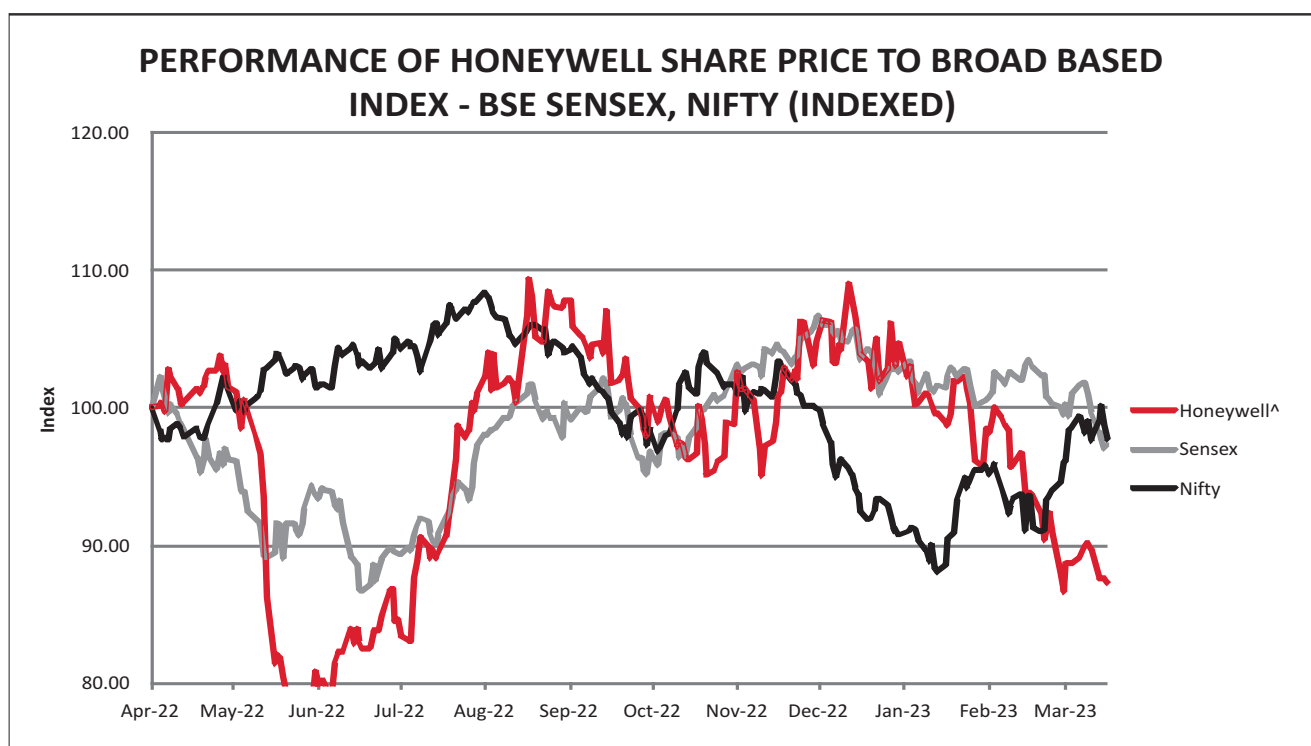
**ISIN in NSDL and CDSL:**

INE671A01010

**Company Market Price Data\***

Particulars	BSE		NSE	
	High	Low	High	Low
April 2022	41989.00	39311.10	41651.00	39421.20
May 2022	40550.00	<b>30162.00</b>	40647.10	<b>30185.35</b>
June 2022	34999.90	30711.10	35071.50	31000.00
July 2022	40593.05	32256.00	41000.00	32600.00
August 2022	<b>44322.70</b>	39800.00	<b>44347.15</b>	39761.10
September 2022	43750.00	38600.00	43777.55	38515.75
October 2022	41216.05	37462.95	41250.00	37382.85
November 2022	42636.40	37533.20	42725.00	37500.00
December 2022	44010.15	40220.00	44073.05	40199.95
January 2023	41641.00	37600.00	41686.00	37575.05
February 2023	40120.00	34417.00	40118.00	34384.80
March 2023	36603.95	34383.00	36678.60	34343.40

\* Sources : BSE and NSE website.





## CORPORATE GOVERNANCE REPORT

### Distribution of Shareholding as on March 31, 2023:

Number of ordinary shares held	Number of shares	
	31-03-2023(%)	31-03-2022 (%)
1 to 500	6.97	7.02
501 to 1000	0.84	0.84
1001 to 2000	1.00	0.98
2001 to 3000	0.46	0.26
3001 to 4000	0.40	0.59
4001 to 5000	0.60	0.76
5001 to 10000	1.96	1.75
Over 10000	87.77	87.80
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

### Categories of Shareholders as on March 31, 2023:

Category of the shareholders	Nos. of shareholders	Total nos. shares held	Shareholding %
Foreign Promoters	1	6631141	75.00
Mutual Fund	24	856166	9.68
Alternate Investment Funds	10	9446	0.11
Insurance Companies	9	227290	2.57
Provident Funds/ Pension Funds	1	3680	0.04
NBFCs registered with RBI	2	9051	0.10
Other Financial Institutions	1	100	0.00
Foreign Portfolio Investors Category I	118	250026	2.83
Foreign Portfolio Investors Category II	5	2693	0.03
Central Government / President of India	1	285	0.00
Directors and their relatives (excluding Independent Directors and nominee Directors)	1	200	0.00
Investor Education and Protection Fund (IEPF)	1	13452	0.15
Resident Individual holding nominal share capital up to Rs. 2 lakhs.	30728	725015	8.20
Non Resident Indians (NRIs)	1493	26495	0.30
Bodies Corporate	752	32924	0.37
Trusts	11	749	0.01
Body Corp-Ltd Liability Partnership	83	33228	0.38
Hindu Undivided Family	890	17769	0.20
Clearing Member	16	1812	0.02
<b>Total Shareholding</b>	<b>34147</b>	<b>8841522</b>	<b>100.00</b>

### Other Details:

Registrar to an issue and share transfer agents	TSR Consultants Private Limited (Previously TSR Darashaw Consultants Pvt. Limited) Address: C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli West, Mumbai 400083 Tel: +91-22-66568484, Fax: +91-22-66568494 Email: <a href="mailto:csg-unit@tcplindia.co.in">csg-unit@tcplindia.co.in</a> Website: <a href="https://www.tcplindia.co.in">https://www.tcplindia.co.in</a>
Share transfer system	Share transfers in physical form can be lodged with TSR Consultants Private Limited (Previously TSR Darashaw Consultants Pvt. Limited) at the above-mentioned address or at their branch offices, addresses of which are available on their website.
Dematerialisation of shares and liquidity	Your Company has arrangements with NSDL as well as the CDSL for demat facility. 99.56% of your Company's share capital is dematerialised as on March 31, 2023.

Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity.	As on date, your Company has not issued GDRs, ADRs or any other convertible instruments and as such, there is no impact on the equity share capital of your instruments.
Commodity price risk or foreign exchange risk and hedging activities	Your Company is exposed to foreign exchange risk on account of import and export transactions which is monitored periodically. Your Company leverages the global treasury operations of Honeywell to improve mitigation of risk relating to foreign exchange.
Plant locations	Honeywell Automation India Limited Gate No.181, Plot No. 2 &3, Fulgaon, Pune 412 216, Maharashtra, India
Address for correspondence	Honeywell Automation India Limited 56 & 57, Hadapsar Industrial Estate, Pune- 411 013 Tel:+912071148888 Email: <a href="mailto:HAIL.InvestorServices@Honeywell.com">HAIL.InvestorServices@Honeywell.com</a> Website: <a href="https://www.honeywell.com/in/en/hail">https://www.honeywell.com/in/en/hail</a>
List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit program or any scheme or proposal of the listed entity involving mobilisation of funds, whether in India or abroad	Not applicable
Corporate Identity Number	L29299PN1984PLC017951

#### 14. Compliance with Mandatory Requirements

Your Company affirms that all the requirements applicable under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and applicable amendments thereto are fully complied with.

#### 15. Compliance with Non-Mandatory Requirements

Your Company has adopted the non-mandatory requirements as provided in Part E of Schedule II to the Listing Regulations to the following extent:

- The position of the Chairman and Managing Director are separate.
- The Chairman of the Board of Directors is Non-Executive and Independent and is based in Pune.
- Your Company does not maintain a separate office for the Non-Executive Chairman.
- Your Company publishes financial results in two newspapers of wide circulation. Further, the financial

results are available on the website of your Company and of the stock exchanges where the shares of your Company are listed, i.e., BSE Ltd and National Stock Exchange of India Limited. Therefore, no individual intimations are sent to the shareholders.

- The Auditors' Opinion on the Financial Statements is unmodified.
- Head-Internal Audit reports to the Audit Committee.

**For and on behalf of Board of Directors of Honeywell Automation India Limited**

**Dr. Ganesh Natarajan**  
Independent Director and  
Chairman (Non-Executive) - Board

Pune, May 17, 2023

## Declaration by the Managing Director under the Listing Regulations regarding Compliance with Code of Conduct

Pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is hereby certified that all Board Members and Senior Management personnel have affirmed compliance with the Company's Code of Conduct for the financial year ended March 31, 2023.

**For Honeywell Automation India Limited**

**Ashish Gaiwad**  
Managing Director

Pune, May 17, 2023

## Managing Director (MD) and Chief Financial Officer (CFO) certification

In connection with the financial statements of the Company for the year April 1, 2022 to March 31, 2023, we, Ashish Gaikwad, MD and Pulkit Goyal, CFO certify that:

- A. 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. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of 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. 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.

### For Honeywell Automation India Limited

**Ashish Gaikwad**  
Managing Director

**Pulkit Goyal**  
Chief Financial Officer

Pune, May 17, 2023

## Certificate Regarding Compliance of Conditions of Corporate Governance

To  
The Members,  
**Honeywell Automation India Limited,**  
56 & 57, Hadapsar Industrial Estate,  
Pune-411013 Maharashtra, India

We have examined the compliance of the conditions of Corporate Governance by Honeywell Automation India Limited (CIN: L29299PN1984PLC017951) ("the Company") as stipulated under Regulation 17 to 27, clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 and Paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and amendments from time to time for the financial year ended on March 31, 2023.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was carried out in accordance with the SEBI Listing Regulations. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with the conditions of Corporate Governance.

In our opinion and on the basis of our examination of the records produced, explanations and information furnished

to us and the representations made by the Management, we certify that the Company has complied with the mandatory conditions of Corporate Governance as stipulated under Regulation 17 to 27, clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 and Paragraphs C, D and E of Schedule V of the SEBI Listing Regulations as applicable and amended from time to time for the financial year ended on March 31, 2023.

This certificate 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 BOKIL PUNDE & ASSOCIATES, COMPANY SECRETARIES

**CS AMRUTA RAJARSHI**  
Partner  
FCS: 8957 | C.P. No. 10411  
UDIN: F008957D000307607

Date: May 17, 2023  
Place: Pune

## Certificate by Practising Company Secretary

Pursuant to Schedule V read with Regulation 34(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,  
The Members,  
**Honeywell Automation India Limited**  
56 & 57, Hadapsar Industrial Estate,  
Pune- 411 013 Maharashtra, India

We have examined the relevant registers, records, forms, returns, and disclosures received from the Directors of HONEYWELL AUTOMATION INDIA LIMITED having CIN: L29299PN1984PLC017951 and having Registered Office at 56 & 57, Hadapsar Industrial Estate, Pune- 411013 Maharashtra, India (hereinafter referred to as "the Company"), produced before us through electronic mode, by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34 (3) read with Schedule V Para C clause (10) (i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanation furnished to us by the Company and its officers and agents, we hereby certify that the following persons were the Directors of the Company (during 01/04/2022 to 31/03/2023) and none of them have been debarred or disqualified from being appointed or for continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	Designation	DIN	Date of Appointment	Date of Cessation
1	Dr. Ganesh Natarajan	Independent Director and Chairman (Non-Executive) - Board	00176393	March 08, 2021	NA
2	Mr. Ashish Gaikwad	Managing Director	07585079	October 01, 2016	NA
3	Ms. Neera Saggi	Woman Independent Director	00501029	February 04, 2019	NA
4	Mr. Akshay Bellare	Non-Independent, Non-Executive Director	07914236	October 22, 2019	June 14, 2022
5	Mr. Ashish Modi	Non-Independent, Non-Executive Director	07680512	October 22, 2019	NA
6	Mr. Atul Pai	Non-Independent, Non-Executive Director	02704506	November 09, 2020	NA
7	Mr. Rajesh Rege	Non-Independent, Non-Executive Director	06563934	June 15, 2022	March 01, 2023
8	Ms. Nisha Gupta	Non-Independent, Non-Executive Director	02331771	March 01, 2023	NA

Ensuring the eligibility of the appointment / continuity of every Director on the Board is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these, based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For BOKIL PUNDE & ASSOCIATES,  
COMPANY SECRETARIES**

**CS AMRUTA RAJARSHI**

Partner

FCS: 8957 | C.P. No. 10411

UDIN: F008957E000324404

Peer Review Number: P2013MH032300

Date: May 17, 2023

Place: Pune

# Business Responsibility and Sustainability Report

## Foreword

### Dear Stakeholders

Honeywell Automation India Limited, an integrated automation, industrial software, and sustainability solutions provider, is developing technologies that help large and small organizations achieve their environmental, social and governance (ESG) goals along with their business results. The Company offers a portfolio of futuristic technologies to help customers and their businesses digitalize operations, reduce greenhouse gas (GHG) emissions, save energy, measure and reduce carbon impact and support the adoption of renewable energy sources.

We do not believe climate-related risks are reasonably likely to have a material effect in the foreseeable near future on the company's business or the markets it serves, nor on our results of operations, capital expenditure or financial position. Honeywell is uniquely positioned to shape a safer and more sustainable future. We continue to invent, innovate, and develop technologies that provide our customers with adaptable and efficient solutions to address their safety, productivity, energy-efficiency and environmental needs.

The Company presents Business Responsibility & Sustainability Report (BRSR) of the Company pursuant to the provisions of Regulation 34(2)(f) of the SEBI Listing Regulations, 2015 describing the initiatives taken by the Company from an environmental, social and governance perspective.

**Ashish Gaikwad**  
Managing Director

## SECTION A: GENERAL DISCLOSURES

### I. Details of the listed entity

1.	Corporate Identity Number (CIN)	L29299PN1984PLC017951
2.	Name	Honeywell Automation India Limited
3.	Year of incorporation	1984
4.	Registered Office Address	56 & 57, Hadapsar Industrial Estate, Pune - 411013
5.	Corporate Office Address	56 & 57, Hadapsar Industrial Estate, Pune - 411013
6.	Email	<a href="mailto:HAIL.InvestorServices@Honeywell.com">HAIL.InvestorServices@Honeywell.com</a>
7.	Telephone	+91 2071148888
8.	Website	<a href="https://www.honeywell.com/in/en/hail">https://www.honeywell.com/in/en/hail</a>
9.	Financial year for which reporting is being done	April 1, 2022 to March 31, 2023 (FY 2022-23)
10.	Name of the Stock Exchange(s) where shares are listed	The BSE Limited and National Stock Exchange of India Limited
11.	Paid-up Capital	₹ 88,415,230
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	The Company Secretary 56 & 57, Hadapsar Industrial Estate, Pune - 411013 <a href="mailto:HAIL.InvestorServices@Honeywell.com">HAIL.InvestorServices@Honeywell.com</a>
13.	Reporting boundary	Disclosures made in this report are on a standalone basis for the Company. The references to Honeywell International Inc's or Enterprise's strategy, policies, projects and framework in the report are applicable to the extent it relates to our business operations.

### II. Products/services

#### 14. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Manufacturing	Manufacture of industrial process control and automation systems.	48
2	Trading	Trading of sensing, measurement equipment and control equipment.	16
3	Services	Installation, engineering and repair/maintenance services of industrial control and automation systems.	35



## 15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1	Manufacture of electronic systems and components	NIC Code 26	48
2	Trading of machinery, equipment and supplies	NIC Code 46	16
3	Repair and maintenance	NIC Code 33	35

## III. Operations

### 16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	1	8	9
International	-	4	4

**17. Markets served by the entity:** In addition to serving the domestic market, the Company exports goods/services to Honeywell affiliates in the US, Europe, Asia Pacific and other regions.

#### a. Number of locations

Location	Number
National (No. of States)	35 (including Union Territories)
International (No. of Countries)	54

#### b. What is the contribution of exports as a percentage of the total turnover of the entity?

Exports contribute 42% of the total turnover of the entity.

#### c. A brief on types of customers

In the domestic market, the Company caters to both public and private sector customers in discrete and process industries such as oil and gas, refining, pulp and paper, chemicals and petrochemicals, pharma and life sciences, infrastructure (Metro, Airports, Commercial buildings, data centre, Smart Cities), transportation, etc.

In Export Market, the Company caters to only Honeywell affiliates across the world rendering engineering services and contract manufacturing of products and projects for similar end markets as it does for its Indian customers.

## IV. Employees

### 18. Details Employees and workers (including differently abled) as at the end of Financial Year:

S. No.	Particulars	Total (A)	Male		Female	
			NO. (B)	% (B / A)	NO. (C)	% (C / A)
<b>EMPLOYEES</b>						
1.	Permanent (D)	2,906	2,393	82.50%	513	17.50%
2.	Other than Permanent (E)	631	483	76.50%	148	23.50%
3.	<b>Total employees (D + E)</b>	3,537	2,876	81.31%	661	18.69%
<b>WORKERS</b>						
4.	Permanent (F)	48	45	94%	3	6%
5.	Other than Permanent (G)	9	0	0	9	100%
6.	<b>Total workers (F + G)</b>	57	45	78.95%	12	21.05%

Note: Currently, the Company does not capture data for differently abled employees and workers.

**19. Participation / Inclusion / Representation of women**

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	6	2	33.33%
Key Management Personnel	3	1	33.33%

**20. Turnover rate for permanent employees and workers**

	FY 2022-23			FY 2021-22			FY 2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	15.1%	25.3%	16.9%	13.1%	19.5%	14.3%	6.5%	9.0%	6.9%
Permanent Workers	2.2%	0.0%	2.1%	0.0%	0.0%	0.0%	2.1%	0.0%	2.0%

**V. Holding, Subsidiary and Associate Companies (including joint ventures)**

**21. Names of holding / subsidiary / associate companies / joint ventures**

S. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Whether holding/ Subsidiary / Associate / Joint Venture	% of shares held in the listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1.	HAIL Mauritius Limited	Holding Company	75%	Yes*

\* through the ultimate holding Company, Honeywell International.

**VI. CSR Details**

- 22.** (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes  
 (ii) Turnover (in ₹): 3,44,759 Lakhs  
 (iii) Net worth (in ₹): 3,18,851 Lakhs

**VII. Transparency and Disclosures Compliances**

**23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:**

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No)  (If Yes, then provide web-link for grievance redress policy)	FY 2022-23			FY 2021-22		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes, through 'Help & Support' section.	0	0	-	0	0	-
Investors (Shareholders and other than shareholders)	Yes, SEBI platform: <a href="http://www.scores.gov.in">www.scores.gov.in</a> Email ID of BSE and NSE HAIL's Email ID: <a href="mailto:hail.investorservices@honeywell.com">hail.investorservices@honeywell.com</a>	15	0	-	6	0	-

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No)	FY 2022-23			FY 2021-22		
	(If Yes, then provide web-link for grievance redress policy)	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Employees and workers	Yes, various internal channels	26	7	5 cases with 2 issues, 1 case with 3 issues	12	0	2 cases with 2 issues
Customers	Yes, through toll free numbers and emails.	0	0	-	0	0	-
Value Chain Partners	Yes, through 'Help & Support' section.	2	0	-	2	0	-
Others	Yes, through 'Help & Support' section.	0	0	-	0	0	-

Weblink for 'Help & Support' section <https://www.honeywell.com/us/en/contact>.

## 24. Overview of the entity's material responsible business conduct issues

**Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format.**

The Company entirely leverages Honeywell International's oversight on ESG performance, strategies, goals, and objectives, monitoring ESG risks and opportunities and ESG disclosures. Honeywell International makes use of the enterprise risk management program and strategic planning process to identify and prioritize ESG risks and opportunities, assess the overall performance and monitor risk mitigation efforts. Some of the examples on opportunities and risks can be referred to in Honeywell Environmental, Social and Governance Report 2022 following the weblink given in Annexure-1 of BRSR.

## SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
<b>Policy and management processes</b>									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No)	Yes. The mandatory policies under Indian laws and regulations have been adopted by the Board.								
c. Web Link of the Policies, if available	Please refer Annexure-1 of BRSR.								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	NA	Yes	Yes
4. Name of the national and international codes/certifications/ labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle	The Company's policies are in line with the international standards and practices such as ISO 45001:2018, ISO 14001:2015								

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	The ESG commitments, goals and targets are set globally by Honeywell International, the details of which (including the current performance) are available on <a href="https://www.honeywell.com/us/en/company/sustainability">https://www.honeywell.com/us/en/company/sustainability</a> . The Company adheres to this commitment and contributes towards achievement of the same.																		
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.																			
<b>Governance, leadership and oversight</b>																			
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Mr. Ashish Gaikwad Managing Director DIN: 07585079																		
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	The Managing Director is responsible for decisions on all sustainability related issues of the Company. In addition, the governance and social activities of the Company are reviewed by the Audit Committee, Risk Management Committee and Corporate Social Responsibility Committee as required under the Act and the SEBI Listing Regulations.																		
10. Details of Review of NGRBCs by the Company:																			
Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)									
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	
Performance against above policies and follow up action					Yes														Annually / as mandated by law
Compliance with statutory requirements of relevance to the principles and rectification of any non-compliances					Yes														As mandated by law/internal policies
11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.										P1	P2	P3	P4	P5	P6	P7	P8	P9	
										No									

12. If answer to question (1) above is “No” i.e., not all Principles are covered by a policy, reasons to be stated: Not Applicable

### SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as “Essential Indicators” and “Leadership Indicators”. Whilst the Essential indicators have been disclosed by the Company as mandated to file in this report, the Leadership indicators have been voluntarily disclosed where applicable/feasible.

#### PRINCIPLE 1: Businesses should conduct and govern themselves with integrity and in a manner that is Ethical, Transparent and Accountable.

##### Essential Indicators

##### 1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors (BoD)	Onboarding / Annual	Familiarization Program, Code of business Conduct, Conflict of Interest.	100%
Key Managerial Personnel (KMP)	Onboarding/Annual	Code of business Conduct and all other relevant policies including anti-Corruption, Anti Bribery, Conflict of Interest, Books and Records,	100%
Employees other than BoD and KMPs	Onboarding/Annual	Data Privacy and Cyber Security, Prevention of Sexual Harassment.	100%
Workers	Onboarding/Annual		100%

Note: All segments above are enrolled for/imparted the aforementioned trainings on their joining and subsequently on an annual basis.

**2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity’s website):**

NIL

**3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.**

Not Applicable

**4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.**

Yes, the Company leverages Honeywell’s policies. Please refer to Annexure-1 of BRSR for weblinks of the Honeywell Code of Business conduct and the Honeywell Anticorruption Policy.

**5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:**

	FY 2022-23	FY 2021-22
Directors	NIL	NIL
KMPs	NIL	NIL
Employees	NIL	NIL
Workers	NIL	NIL

**6. Details of complaints with regard to conflict of interest:**

	FY 2022-23		FY 2021-22	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	-	Nil	-
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	-	Nil	-

**7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.**

Not applicable

## Leadership Indicators

**1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:**

Total number of awareness programmes held	Topics / principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
1	P1, P2, P3, P4, P5, P6, P8, P9	100% of suppliers onboarded are covered through the Honeywell Suppliers Code of Conduct.

**2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.**

Yes. In order to avoid/manage conflicts of interest, the Company obtains a mandatory declaration from the members of its Board. The declaration ensures that the members of the Board are in compliance with the Honeywell Code of Business Conduct.



**PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe**

**Essential Indicators**

**1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

	FY 2022-23	FY 2021-22	Details of improvements in environmental and social impacts
R&D	-	-	R&D for improving environmental and social impacts of product is done by Honeywell International considering the global and local requirements.
Capex	-	-	

**2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

Yes, the Company requires all its suppliers to make a firm commitment to the Honeywell Suppliers Code of Conduct. Please refer Annexure-1 of BRSR for weblink of the said Code.

**b. If yes, what percentage of inputs were sourced sustainably?**

Yes. Honeywell Supplier Code of Conduct is a prerequisite for the suppliers to do business with Honeywell. Honeywell strives to continuously drive sustainability agenda towards it's Suppliers.

**3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

Honeywell is committed to ensuring that our products are manufactured to comply with environmental regulations in the markets we serve. Regulatory monitoring combined with expertise and internal procedures help ensure comprehensive programs are in place throughout Honeywell to manage and meet regulatory requirements to reclaim Plastics (including packaging), EEE, Hazardous waste and other waste.

As a process to reclaim product EEE, Battery EPR is in place and EPR is applied for plastic packaging. PROs are nominated for the collection of EEE and plastic waste and then are recycled. Hazardous waste is sent either for incineration to Common Hazardous Waste Treatment, Storage and Disposal Facility or to authorized recyclers/ reprocessor depending on their nature.

**4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

Yes, the EPR is applicable for EEE, battery and plastic waste generated by the Company. The waste is collected by the nominated PROs. The quarterly returns and annual returns are filed to CPCB.

The waste collection is in line with the targets specified by CPCB in the authorization granted to the Company.

## Leadership Indicators

### 1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

NIC Code	Name of Product /Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
-	-	-	-	-	-

Note: The Company has not conducted LCA. However, LCAs are conducted by Honeywell International. It maintains extensive product and service safety programs across the enterprise, focusing on quality and safety throughout the product lifecycle, from design to manufacture to the marketplace. Each strategic business unit drives safety processes through:

- An extensive safety policy with objectives, accountability, and responsibilities assigned
- Safety risk management, which includes hazard identification and risk assessment and control
- Safety assurance to monitor and assess performance
- Safety promotion by engaging in formal training programs and communication.

Due to the diversified product offerings across the enterprise, quality and safety programs are tailored to specific regulatory guidelines and jurisdictional rules. The assessments are conducted throughout Honeywell's operations as products are developed, introduced and produced within the respective business units.

## PRINCIPLE 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

### Essential Indicators

#### 1. a. Details of measures for the well-being of employees:

Category	% of employees covered by										
	Total	Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day care facilities	
	(A)	NO. (B)	% (B/A)	NO. (C)	% (C/A)	NO. (D)	% (D/A)	NO. (E)	% (E/A)	NO. (F)	% (F/A)
<b>Permanent Employees</b>											
<b>Male</b>	2,393	2,393	100%	2,393	100%	-	-	197	8.2%	-	-
<b>Female</b>	513	513	100%	513	100%	54	10.5%	-	-	-	-
<b>Total</b>	2,906	2,906	100%	2,906	100%	54	1.85%	197	6.5%	-	-
<b>Other than Permanent Employees</b>											
<b>Male</b>	483	483	100%	483	100%	-	-	-	-	-	-
<b>Female</b>	148	148	100%	148	100%	-	-	-	-	-	-
<b>Total</b>	631	631	100%	631	100%	-	-	-	-	-	-

Note: All the employee are covered under Maternity and Paternity benefits. At the Company, we are following flexible working including hybrid working. Hence, daycare / creche facility was not provided.

**b. Details of measures for the well-being of workers:**

Category	% of workers covered by										
	Total	Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day care facilities	
	(A)	NO. (B)	% (B/A)	NO. (C)	% (C/A)	NO. (D)	% (D/A)	NO. (E)	% (E/A)	NO. (F)	% (F/A)
<b>Permanent Workers</b>											
Male	45	45	100%	45	100%	-	-	3	6.6%	-	-
Female	3	3	100%	3	100%	0	0%	-	-	-	-
<b>Total</b>	48	48	100%	48	100%	0	0%	3	6.2%	-	-
<b>Other than Permanent Workers</b>											
Male	0	0	100%	0	100%	-	-	-	-	-	-
Female	9	9	100%	9	100%	-	-	-	-	-	-
<b>Total</b>	9	9	100%	9	100%	-	-	-	-	-	-

**2. Details of retirement benefits, for Current FY and Previous Financial Year.**

Benefits	FY 2022-23			FY 2021-22		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	100%	Y	100%	100%	Y
Gratuity	100%	100%	Y	100%	100%	Y
ESI	NIL	NIL	NIL	NIL	NIL	NIL
Others	NA	NA	NA	NA	NA	NA

**3. Accessibility of workplaces**

**Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.**

Various offices of the Company, including the registered and corporate offices have ramps for easy movement of differently abled people. Most offices are located in commercial premises which are either on the ground floor or have elevators and infrastructure for differently abled individuals. Wheelchair accessible restrooms are available in certain premises of the Company.

**4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**

The Company follows Equal Opportunity Policy. This Policy describes the procedures and processes that the Company shall follow to ensure that it shall not discriminate against qualified employees and applicants on the basis of disability or any other legally protected status. It is the Company’s intent to comply with Law regarding the treatment of persons with disabilities.

**5. Return to work and Retention rates of permanent employees and workers that took parental leave.**

	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	87%	100%	100%
Female	91%	91%	NA	NA
<b>Total</b>	98%	87%	100%	100%

**6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.**

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Employees	Yes
Other than Permanent Employees	Yes

The Company believes in open and transparent communication. Employees are encouraged to share their concerns with their business/function heads, HR business partners or members of the senior management. The Company follows an open-door policy, wherein any employee irrespective of hierarchy has access to the senior management.

In addition, the Grievance / Employee Complaint Policy provides a formal platform to share grievances on various matters like:

- Work / Working Condition
- Benefits & Organization Policy - PF / Payroll / Leave
- Unfair Treatment
- Relationship with Colleagues
- Bullying or Harassment
- Discrimination
- Code of Business Conduct (Violation of Code will lead to BCIR process).

The Company has a policy on prevention, prohibition and redressal of sexual harassment of women at the workplace and has an ICC in compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The ICC comprises majority of women members. Members of the Company's ICC are responsible for conducting inquiries pertaining to such complaints. The Company, on a regular basis, sensitizes its employees on the prevention of sexual harassment at the workplace through workshops, group meetings, online training modules and awareness programs which are held on a regular basis.

Alternatively, ACCESS Integrity helpline is another channel for reporting and seeking redressal for violation of the Honeywell Code of business conduct guidelines.

**7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:**

The Company does not have any employee associations. The Company, however, recognizes the right to freedom of association.

**8. Details of training given to employees and workers:**

Category	Financial Year 2023					Financial Year 2022				
	Total	On Health & Safety measures		On Skill upgradation		Total	On Health & Safety measures		On Skill upgradation	
	(A)	NO. (B)	% (B/A)	NO. (C)	% (C/A)	(D)	NO. (E)	% (E/D)	NO. (E)	% (E/D)
<b>Employees</b>										
<b>Male</b>	2,393	2,393	100	2,393	100	2,378	2,378	100	2,378	100
<b>Female</b>	513	513	100	513	100	523	523	100	523	100
<b>Total</b>	2,906	2,906	100	2,906	100	2,901	2,901	100	2,901	100
<b>Workers</b>										
<b>Male</b>	45	45	100	2,393	100	46	46	100	46	100
<b>Female</b>	3	3	100	513	100	3	3	100	3	100
<b>Total</b>	48	48	100	2,906	100	49	49	100	49	100

Note: The above numbers include trainings given to employees who have resigned/retired during the year. Some of the training programs offered under health and safety and skill upgradation are mandatory. Hence, all employees have been considered under such training programs.

**9. Details of performance and career development reviews of employees and worker:**

Category	Financial Year 2023			Financial Year 2022		
	Total (A)	NO. (B)	NO. % (B/A)	Total (C)	NO.( D)	NO. % (D/C)
<b>Employees</b>						
<b>Male</b>	2,393	2,393	100	2,378	2,378	100
<b>Female</b>	513	513	100	523	523	100
<b>Total</b>	2,906	2,906	100	2,901	2,901	100
<b>Workers</b>						
<b>Male</b>	45	45	2,393	46	46	100
<b>Female</b>	3	3	513	3	3	100
<b>Total</b>	48	48	2,906	49	49	100

All employees undergo an annual performance appraisal process as determined by the Company. Further, the Nomination and Remuneration Committee and the Board evaluate the performance of the members of executive management (one level below the board), Senior Management Personnel and the Company Secretary on an annual basis. The underlying philosophy of the performance management system is to have a fair and transparent system of appraisal, which ensures an objective mechanism to measure each employee’s performance and potential and implement a reward system which recognizes merit.

Employees joining after 31<sup>st</sup> of October are not considered as part of performance appraisal cycle for the same year, they become eligible in the next cycle

**10. Health and safety management system:**

**a. Whether an occupational health and safety management system has been implemented by the entity? If yes, the coverage such system?**

Yes, the Company maintains the Sustainable Opportunity Policy which defines commitments to the HSEMS.

The HSEMS incorporates all applicable ISO 14001:2015, ISO 45001:2018 and Honeywell requirements. The HSE Management System is an integral part of the overall Honeywell Operating Model and defines how HSEMS is integrated with the manufacturing, service and business organization processes.

The HSEMS is designed to:

- Provide the business and global Honeywell facilities with a systematic framework for minimizing HSE risks and associated liabilities.
- Implement processes that monitor, identify, and control risks associated with the design, production, and delivery of products and services including intended use through disposition.
- Provide a framework for continual improvement of the management system and the fulfillment of conformity to applicable statutory, regulatory and stakeholder requirements; and
- Promote the integration of HSEMS with business planning and performance processes throughout the organization.

In addition, the HSEMS covers the standardization of processes related to security (physical and cyber), stakeholder outreach, distribution and transportation.

**b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

Yes, the Company’s operating locations rely on comprehensive processes for assessments of hazards that could pose a risk to workers, including employees, contractors, and visitors. Based on these assessments, risk mitigation controls are identified, implemented, and monitored to help ensure effective worker protection remain in place. Types of assessments include ergonomic assessments, personal protective equipment evaluations and inspections, procedure checks for reporting adverse effects from an activity on a regular basis, working in confined space etc.

HSEMS team document and rank risks associated with such aspects having significant impact on health, safety, environment, security, product stewardship, transportation, sustainability etc. and take immediate corrective actions.



**c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks.**

Yes, the Company has a process to report work-related hazards through Safety Observations System (SOS)-near miss and Leadership HSE Gemba. Also risks are captured in CRA and appropriate control measures are in place as per the hierarchy of control.

**d. Do the employees/workers of the entity have access to non-occupational medical and healthcare services?**

Yes. The employees/workers are covered under the Company's health insurance and personal accident policy.

**11. Details of safety related incidents, in the following format:**

Safety Incident/Number	Category	FY 2022-23	FY 2021-22
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers		
Total recordable work-related injuries	Employees	0	0
	Workers		
Number of fatalities	Employees	0	0
	Workers		
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers		

**12. Describe the measures taken by the entity to ensure a safe and healthy workplace.**

The Company strives to continually improve the suitability, adequacy and effectiveness of the HSEMS to prevent occurrence of potential incidents and nonconformities and to promote improvements in HSE performance. Honeywell establishes, implements and maintains a continual improvement process which consider the outputs of the activities described in the following:

- Policy and Leadership Commitment
- Risk assessment
- Communications and Participation through SOS, HSE Committee meetings etc.
- Monitoring, Measurement, Analysis and Evaluation by internal safety audits and Management Operations Review
- Rewards & Recognitions through 'Bravos' and Town meetings.
- On-site medical practitioner
- Ergonomics and Physiotherapists
- Incidents management e.g. work-related injuries or illness and environment contamination

We retain documented information as evidence of the results of continual improvement. From the Operational Control and Planning, we follow these methods: Safe Operating Sheet, CRA, Training, PPE Compliance, Near Miss Reporting and investigation, Safety Observation System, Incident Reporting and investigation, Communicating Single-point lessons from the other Honeywell sites, HSE Message Weekly Communication to ensure Safety Perfect Culture within the organization.

**13. Number of Complaints on the following made by employees and workers:**

	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	NIL	NIL	NIL	NIL	NIL	NIL
Health & Safety	NIL	NIL	NIL	NIL	NIL	NIL

Note: Employees and workers report Health, safety and working condition observations in Safety Observation System (SOS) tool which are timely actioned.

**14. Assessments for the year:**

	<b>% of your plants and offices that were assessed (by entity or statutory authorities or third parties)</b>
Health and safety practices	100% - ISO 45001 audit by Det Norske Veritas (DNV)
Working Conditions	100% - ISO 14001 audit by DNV

**15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.**

We maintain a process to act in a timely manner to the incidents or nonconformities, and as applicable takes action to control or correct the incident or nonconformity and address the consequences.

The process includes evaluating the need for correction action(s) with participation of relevant persons working under the control of Honeywell to eliminate root causes of the incident or nonconformity in order that the incident or nonconformity does not recur or occur elsewhere.

The incident or nonconformity is investigated determining the cause(s) of the incident or nonconformity and determining if similar incidents and nonconformities or causes exist or could potentially occur.

As needed, corrective actions are implemented, and the Management of Change process is utilized as appropriate. Corrective actions are reviewed to ensure that they are effective to address the incident or nonconformity. HSEMS are reviewed and actions or changes made as necessary.

We maintain documented information as evidence of the nature of the incidents or nonconformities and any subsequent action(s)/corrective action(s) and the results of those corrective action(s).

**Leadership Indicators**

**1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).**

Yes. Life insurance is for all the permanent employees and workers.

**2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.**

The Company follows a detailed compliance procedure to ensure all statutory clearance and compliances are met by its vendors.

The Company is regularly depositing undisputed statutory dues including Goods and Services Tax, Provident Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Service Tax, a Duty of Customs, a Duty of Excise, Value-added Tax, CESS and other statutory dues to the appropriate authorities and compliance of this is rigorously followed including for all of its vendors. These aspects are also checked as part of vendor compliance due diligence while onboarding new vendors and on an ongoing basis as well.

**3. Provide the number of employees / workers having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:**

	<b>Total no. of affected employees/ workers</b>		<b>No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment</b>	
	<b>FY 2022-23</b>	<b>FY2021-22</b>	<b>FY 2022-23</b>	<b>FY2021-22</b>
Employees	NIL	NIL	NIL	NIL
Workers	NIL	NIL	NIL	NIL

**4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)**

No.

**PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders**

**Essential Indicators**

**1. Describe the processes for identifying key stakeholder groups of the entity.**

Stakeholder groups are identified based on the nature of their engagement with the entity.

Any individual or group of individuals or institution that adds value to the business chain of the Company is identified as a core stakeholder. This inter alia includes employees, shareholders, customers/service partners, regulators, communities and non-governmental organizations, suppliers amongst others.

**2. List of stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.:**

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	No	Emails, Surveys, Newsletters, Company Intranet, Honeywell Internal Social Media group, Notice Board and Townhalls.	Employee satisfaction Surveys on half yearly basis through survey tools. Emails / Notices / social media / intranet are sent to employees on important Company communication on regular/need basis. Quarterly townhalls	Information about the company's business growth plans and business performance. Top-down communication about important changes, policies, wellbeing initiatives. Platform for gathering informal feedback Workplace diversity is encouraged through various diversity, equity and inclusion initiatives.
Shareholders	No	Email, Newspaper, Notice board, Website, General Meeting.	Quarterly and need based while annually – for AGM	Corporate governance, financial performance and Shareholder related communication.
Customers / Service Partners	No	Email, Honeywell website, Surveys	As and when required	Ensuring product/service Quality, meeting delivery timeliness, Information on Business Offerings, etc.
Suppliers	No*	Email, conference calls, virtual/in person meetings, vendor portal	As and when required	Order to Payment life cycle, Ethical business conduct, understand the new market trends and educating the suppliers, etc.
Communities	No	Email, Call, SMS, Virtual and in person meetings	Quarterly/ need based	CSR Program planning, Monitoring of CSR implementation, Finances and annual review, Impact assessment, Success Stories, etc.

\* The Company encourages suppliers from all sections including MSMEs. However, the final engagement depends upon the quality and timely delivery of services.

**PRINCIPLE 5: Businesses should respect and promote human rights**

**Essential Indicators**

**1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:**

Category	Financial Year 2023			Financial Year 2022		
	Total (A)	No. of employees /workers covered (B)	% (B / A)	Total (C)	No. of employees /workers covered (D)	% (D / C)
<b>Employees</b>						
Permanent	2,906	2,906	100%	2,901	2,901	100%
Other than permanent	631	631	100%	465	465	100%
<b>Total Employees</b>	<b>3,537</b>	<b>3,537</b>	<b>100%</b>	<b>3,366</b>	<b>3,366</b>	<b>100%</b>
<b>Workers</b>						
Permanent	48	48	100%	49	49	100%
Other than permanent	NA	NA	100%	NA	NA	NA
<b>Total Employees</b>	<b>48</b>	<b>48</b>	<b>100%</b>	<b>49</b>	<b>49</b>	<b>100%</b>

Note: Human Rights related issues/policies are covered under Honeywell Code of Business Conduct. Please refer to Annexure-1 of BRSR for the weblink. Employees and workers are enrolled for/imparted the aforementioned trainings on their joining and subsequently on an annual basis.

**2. Details of minimum wages paid to employees and workers, in the following format:**

Category	Financial Year 2023					Financial Year 2022				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		NO. (B)	% (B / A)	NO. (C)	% (C / A)		NO. (E)	% (E / D)	NO. (F)	% (F / D)
<b>Employees</b>										
<b>Permanent</b>	2,906	0	NA	2,906	100%	2,901	0	NA	2,901	100%
Male	2,393	0	NA	2,393	100%	2,378	0	NA	2,378	100%
Female	513	0	NA	513	100%	523	0	NA	523	100%
<b>Other than permanent</b>	631	0	NA	631	100%	465	0	NA	465	100%
Male	483	0	NA	483	100%	386	0	NA	386	100%
Female	148	0	NA	148	100%	79	0	NA	79	100%
<b>Workers</b>										
<b>Permanent</b>	48	0	NA	48	100%	49	0	NA	49	100%
Male	45	0	NA	45	100%	46	0	NA	46	100%
Female	3	0	NA	3	100%	3	0	NA	0	100%
<b>Other than permanent</b>	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

### 3. Details of remuneration/salary/wages, in the following format:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	4	Please refer Annexure-4 Statement of Disclosure of Remuneration forming part of the Board's Report for details.	2	Please refer Annexure-4 Statement of Disclosure of Remuneration forming part of the Board's Report for details.
Key Managerial Personnel (KMP)	2		1	
Employees other than BoD and KMP	2,391	₹12.8 Lakhs per annum	512	₹9.5 Lakhs per annum
Workers	45	₹7.5 Lakhs per annum	3	₹7.8 Lakhs per annum

### 4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business?

Honeywell's commitment to human rights is grounded in international human rights principles that independent organizations have proposed, such as the United Nations Guiding Principles on Business and Human Rights, Ten Principles of the United Nations Global Compact, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, and all applicable laws of the jurisdictions where we operate.

### 5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

Honeywell has policies, processes, training and other compliance controls in place to help it fulfill its Human Rights commitments. Honeywell directors, officers, and employees have a responsibility to report any circumstance that may involve a violation of Honeywell's Human Rights Policy and may do so anonymously. Honeywell personnel and third parties may report concerns through Honeywell's or e-mail: [access.integrityhelpline@honeywell.com](mailto:access.integrityhelpline@honeywell.com). Honeywell treats all reports confidentially to the extent possible, consistent with the law, company policy, and the requirements necessary to conduct an effective investigation. All reports will be investigated promptly and thoroughly, consistent with applicable law. Honeywell will not tolerate any form of retaliation against anyone for making a good faith report of actual or potential misconduct.

### 6. Number of Complaints on the following made by employees and workers:

	Financial Year 2023			Financial Year 2022		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	Nil	Nil	NA	Nil	Nil	NA
Discrimination at workplace	Nil	Nil	NA	Nil	Nil	NA
Child Labour	Nil	Nil	NA	Nil	Nil	NA
Forced Labour/Involuntary Labour	Nil	Nil	NA	Nil	Nil	NA
Wages	Nil	Nil	NA	Nil	Nil	NA
Other human rights related issues	Nil	Nil	NA	Nil	Nil	NA

### 7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

For cases related to Sexual Harassment, there is an Internal Committee for redressal of the same. The Committee takes concrete actions to ensure that every Complainant is protected. It maintains confidentiality of all complaints.

For all other cases related to discrimination, harassment, workplace respect and workplace violence the Integrity and Compliance team investigates all reported cases and takes appropriate action.



**8. Do human rights requirements form part of your business agreements and contracts?**

Honeywell’s Code of Business Conduct, Supplier Code of Business Conduct, and Honeywell Human Rights Policy address a broad range of human and workplace rights in our global operations and supply chain to ensure fairness, ethical behavior, dignity, and respect. Our Human Rights Policy applies to all Honeywell workers worldwide, including contingent workers, agents, and candidates for hire. Honeywell also requires suppliers to uphold human rights principles as described in Honeywell’s Supplier Code of Conduct. These expectations are reinforced through various internal and external communication channels. Key elements of our Human Rights Policy include inclusion and diversity, workplace respect, freedom of association, a safe and healthy workplace, workplace security, work hours and wages, forced labor and human trafficking, child labor, and rights of local communities and those who live and work there.

**9. Assessments for the year:**

	<b>% of your plants and offices that were assessed (by entity or statutory authorities or third parties)</b>
Child labour	100%
Forced/involuntary labour	100%
Sexual harassment	100%
Discrimination at workplace	100%
Wages	100%

**10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.**

Not Applicable

**Leadership Indicators**

**2. Details of a business process being modified / introduced as a result of addressing human rights grievances/ complaints.**

Honeywell has a robust human rights due diligence process through which it continuously assesses and improves its ability to respond to any negative human rights impacts.

**3. Details of the scope and coverage of any Human rights due-diligence conducted.**

Honeywell has established standardized policies and processes to evaluate suppliers prior to selection including detailed compliance checks and rating assessments encompassing supply chain risk management. All new suppliers must pass this assessment process prior to contracting with Honeywell. Honeywell also monitors its supply chain through adverse media to detect vulnerabilities of its supply chain that include labor violations. Furthermore, Honeywell has a program in place to conduct audits, when needed, of its supply chain to ensure compliance with the Supplier Code of Business Conduct, including Honeywell’s policies regarding slavery and human trafficking. Honeywell reserves the right to terminate a supplier relationship if the supplier fails to comply with applicable legal requirements or the Honeywell Supplier Code of Business Conduct, including Honeywell’s policies aimed at combatting slavery and human trafficking.

**4. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

The registered and corporate offices of the Company have ramps for easy movement of differently abled visitors. Most of the offices are located in commercial premises which may be on the ground floor or have elevators and infrastructure for differently abled visitors. Wheelchair accessible restrooms are available in certain offices of the Corporation.

**5. Details on assessment of value chain partners:**

	<b>% of value chain partners (by value of business done with such partners) that were assessed</b>
Sexual Harassment	The Company expects its value chain partners to adhere to the same values, principles and business ethics upheld by the Company in all their dealings. No specific assessment in respect of value chain partners has been carried out.
Discrimination at workplace	
Child Labour	
Forced Labour/Involuntary Labour	
Wages	
Others – please specify	

**PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment**

**Essential Indicators**

**1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:**

Parameter	FY 2022-23	FY 2021-22
Total electricity consumption (A)	2,48,57,77,47,84,000	2,44,19,92,78,80,000
Total fuel consumption (B)	21,05,52,71,04,000	17,40,53,37,60,000
Energy consumption through other sources (C)	0	0
Total energy consumption (A+B+C)	2,69,63,30,18,88,000	2,61,60,46,16,40,000
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees)	782	887

Energy consumption captured in Joules.

**Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)  
If yes, name of the external agency.**

No, the Company did not carry out independent assessment by an external agency.

**2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

No, the Company does not have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India,

**3. Provide details of the following disclosures related to water, in the following format:**

Parameter	FY 2022-23	FY 2021-22
<b>Water withdrawal by source (in kilolitres)</b>		
(i) Surface water	0	0
(ii) Ground water	10,733	13,101
(iii) Third party water	3,290	1,240
(iv) Seawater / desalinated water	0	0
(v) Others*	19,643	14,262
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	29,525	28,603
Total volume of water consumption (in kilolitres)	29,525	28,603
Water intensity per rupee of turnover (Water consumed / turnover)	0.00000085	0.00000097

\* Usage of municipal water is shown here, as the Company doesn't extract water directly from the sources.

**Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N)  
If yes, name of the external agency.**

No, the Company did not carry out independent assessment by an external agency.

**4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

Yes, water being an important environmental resource, necessary initiatives are taken in the Company's manufacturing unit to conserve and recycle water, thus ensuring ZLD. Suitable and efficient wastewater treatment like STP are installed in the manufacturing unit with primary, secondary, and tertiary treatment which include nano filtration / RO / UV treatment facilities to treat wastewater to usable quality water. The treated water is further used for gardening activities within the premises.

**5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

Parameter	Unit	FY 2022-23	FY 2021-22
NOx	NA	NA	NA
SOx	Kg/day	2.37	1.38
Particulate matter (PM)	Mg/nm <sup>3</sup>	20.83	14.55
Persistent organic pollutants (POP)	NA	NA	NA
Volatile organic compounds (VOC)	NA	NA	NA
Hazardous air pollutants (HAP)	NA	NA	NA
Others	NA	NA	NA

**Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)  
If yes, name of the external agency.**

No, the Company did not carry out independent assessment by an external agency.

**6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:**

Parameter	Unit	FY 2022-23	FY 2021-22
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 Equivalent	160	137
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 Equivalent	5,593	5,494
Total Scope 1 and Scope 2 emissions per rupee of turnover		0.00015	0.00021
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity		NA	NA

**Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)  
If yes, name of the external agency.**

No, the Company did not carry out independent assessment by an external agency.

**7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.**

The Company adheres to Honeywell Supply framework and strategy to reduce GHG emissions. Honeywell International’s commitment to being environmentally responsible is reflected in the extensive work it does to reduce GHG emissions, increase energy efficiency, conserve water, minimize waste and drive efficiency throughout our operations. Honeywell also champions responsible remediation projects and efforts to make our products safer and more sustainable. Please refer to Honeywell ESG Report 2022 for more details.

**8. Provide details related to waste management by the entity, in the following format:**

Parameter	FY 2022-23	FY 2021-22
<b>Total Waste generated (in metric tonnes)</b>		
Plastic waste (A)	16.61	13.24
E-waste (B)	0.96	1.025
Bio-medical waste (C)	0.14	0.20
Construction and demolition waste (D)	0	0
Battery waste (E)	0	0
Radioactive waste (F)	0	0
Other Hazardous waste. Please specify, if any. (G)	2.0	2.5
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	220	400
<b>Total (A+B + C + D + E + F + G+ H)</b>	<b>240</b>	<b>417</b>
<b>For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)</b>		
<b>Category of waste</b>		
(i) Recycled	237.5	413
(ii) Re-used	0	0
(iii) Other recovery operations	0	
<b>Total</b>	<b>237.5</b>	<b>413</b>
<b>For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)</b>		
<b>Category of waste</b>		
(i) Incineration	NA	NA
(ii) Landfilling	NA	NA
(iii) Other disposal operations	NA	NA
<b>Total</b>		

**Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N)  
If yes, name of the external agency.**

No, the Company did not carry out independent assessment by an external agency.

**9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

Honeywell manages waste in accordance with all regulatory requirements while also seeking to minimize waste generation and environmental impact. All of our locations and functions are required to handle waste in accordance with our HSEPS management system which includes:

- Detailed characterization and classification of all waste streams.
- Process of due diligence and impact assessment for all facilities receiving hazardous waste, from our operations including a review and approval process by a global team; Honeywell’s hazardous waste streams are only permitted to be sent to these approved facilities.
- Annual duty of care assessments of all receiving facilities and transporters of Honeywell’s waste, including compliance with local regulations and permitting requirements and ability to handle our waste streams, prior to any waste movement.
- On-site management of waste streams to prevent releases and impact on the environment, including container management and spill prevention.
- Annual training for all employees and contractors that perform waste related activities.
- Annual or more frequent audits of waste movements to confirm compliance and identify opportunities for waste reduction and diversion.

**10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details.**

Currently, no office or factory location of the Company are part of ecologically sensitive areas.

**11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**

No projects were implemented in FY 2022-23 which required EIA to be undertaken by the Company.

**12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances.**

The Company complies to all the applicable environmental law/ regulations/ guidelines in India.

**PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent**

**Essential Indicators**

**1. a. Number of affiliations with trade and industry chambers/ associations.**

The Company is a member of 6 trade and industry chambers/ associations, details of which are given in point 1.b. below.

**b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.**

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1.	United States India Strategic Partnership Forum (USISPF)	National
2.	Confederation of Indian Industry (CII)	National
3.	The Federation of Indian Chambers of Commerce and Industry (FICCI)	National
4.	PUBLIC AFFAIRS FORUM OF INDIA (PAFI)	National
5.	American Chamber of Commerce (AMCHAM)	National
6.	Mahratta Chamber of Commerce, Industry and Agriculture (MCCIA)	State

**2. Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities.**

There were no cases of any anti-competitive conduct during the reporting period.

**Leadership Indicators**

**1. Details of public policy positions advocated by the entity:**

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain (Yes / No)	Frequency of Review by Board (Annual / Half Yearly / Quarterly / Others - please specify)	Weblink if available
1.	Terms & Conditions in State-owned Enterprise contracts	Joint Industry representation made to Ministry of Petroleum and Natural Gas (MOPNG) on neutral terms and conditions in SOE contracts	No	Half Yearly	-
2.	Public Preference Order-Make in India (PPO-MII)	Representation made via CII-MNC Committee on the need for more time to Global MNCs for changes in the supply chain ecosystem	No	Half Yearly	-



S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain (Yes / No)	Frequency of Review by Board (Annual / Half Yearly / Quarterly / Others - please specify)	Weblink if available
3.	Personal Data Protection Bill 2019	Industry advocacy with regard to some of the terms affecting the industry in the Personal Data Protection Bill 2019.	No	Half Yearly	-
4.	Fire Security in the National Building Code	Ongoing advocacy on changes required in the National Building Code for greater security against fire in residential building.	No	Half Yearly	-
5.	Contract Terms in Airport tenders	Representation to Airport Authority for neutral terms in airport contracts	No	Half Yearly	-

## PRINCIPLE 8: Businesses should promote inclusive growth and equitable development

### Essential Indicators

#### 1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
-	-	-	-	-	-

SIA was not applicable in the reporting year.

#### 2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
-	-	-	-	-	-	-

#### 3. Describe the mechanisms to receive and redress grievances of the community.

The Company has a defined process to ensure all the complaints and feedback from all stakeholders including communities are received and addressed, few of the links given below:

- Dedicated contact link for Honeywell Help and support <https://www.honeywell.com/us/en/contact>
- Dedicated page for Integrity and Compliance Access integrity <https://www.honeywell.com/us/en/company/integrity-and-compliance>

#### 4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY 2022-23	FY 2021-22
Directly sourced from MSMEs/ small producers	23%	19%
Sourced directly from within the district and neighbouring districts	26%	23%

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

### Essential Indicators

#### 1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

The Company has a defined a process to ensure all the complaints and feedback from customers received from multiple channels are addressed. Dedicated contact link for Honeywell Help and support is available on the weblink: <https://process.honeywell.com/us/en/contact-us>

**2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:**

	As a percentage to total turnover*
Environmental and social parameters relevant to the product	100% (of products)
Safe and responsible usage	100% (of products)
Recycling and/or safe disposal	100% (of products)

\* as required under relevant laws.

**3. Number of consumer complaints in respect of the following:**

	FY 2022-23		Remarks	FY 2021-22		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	0	0	-	0	0	-
Advertising	0	0	-	0	0	-
Cyber-security	0	0	-	0	0	-
Delivery of essential services	0	0	-	0	0	-
Restrictive Trade Practices	0	0	-	0	0	-
Unfair Trade Practices	0	0	-	0	0	-
Other	0	0	-	0	0	-

**4. Details of instances of product recalls on account of safety issues:**

	Number	Reasons for recall
Voluntary recalls	0	-
Forced recalls	0	-

**5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

Honeywell’s comprehensive Global Data Privacy Program is based upon strong commitment to protect the personal data of employees, customers, suppliers and other stakeholders. Honeywell’s privacy policies establish uniform global standards for how the company processes personal data. Our policies and practices promote adherence to data privacy principles that are commonly recognized around the world and respect the privacy rights of data subjects. To the extent that applicable law or contractual provisions impose stricter requirements than our policies, Honeywell always complies with the more restrictive legal or contractual requirements. Honeywell’s cybersecurity framework safeguards the confidentiality, integrity, and availability of information assets and ensures that all regulatory, operational, and contractual requirements are fulfilled. Our policies and practices include regular internal and external audits; vulnerability assessments and penetration testing of the company’s systems, products, and practices; and robust measures to monitor and respond to data breach and cybersecurity incidents.

**6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.**

There were no such complaint received by the Company.

## Annexure-1 of BRSR

### Web Links of Honeywell Policies

Honeywell Policies in line with the National Guidelines on Responsible Business Conduct:

S. No.	Policy	Link
1.	Honeywell Code of Business Conduct	<a href="https://www.honeywell.com/content/dam/honeywellbt/en/documents/downloads/code-of-conduct/HON_COC_English.pdf">https://www.honeywell.com/content/dam/honeywellbt/en/documents/downloads/code-of-conduct/HON_COC_English.pdf</a>
2.	Honeywell Supplier Code of Business Conduct	<a href="https://www.honeywell.com/us/en/company/integrity-and-compliance/supplier-code-of-business-conduct">https://www.honeywell.com/us/en/company/integrity-and-compliance/supplier-code-of-business-conduct</a>
3.	Honeywell Anticorruption Policy	<a href="https://www.honeywell.com/content/dam/honeywellbt/en/documents/downloads/hon-anticorruption-policy.pdf">https://www.honeywell.com/content/dam/honeywellbt/en/documents/downloads/hon-anticorruption-policy.pdf</a>
4.	Honeywell Human Rights Policy	<a href="https://www.honeywell.com/content/dam/honeywellbt/en/documents/downloads/hon-human-rights-policy.pdf">https://www.honeywell.com/content/dam/honeywellbt/en/documents/downloads/hon-human-rights-policy.pdf</a>
5.	Honeywell Environmental, Social and Governance Report 2022	<a href="https://www.honeywell.com/us/en/company/esg-report">https://www.honeywell.com/us/en/company/esg-report</a>
6.	Corporate Social Responsibility Policy	<a href="https://www.honeywell.com/in/en/hail#policies">https://www.honeywell.com/in/en/hail#policies</a>
7.	Policy for determination of materiality of any event / information	<a href="https://www.honeywell.com/in/en/hail#policies">https://www.honeywell.com/in/en/hail#policies</a>
8.	Whistle Blower Policy	<a href="https://www.honeywell.com/in/en/hail#policies">https://www.honeywell.com/in/en/hail#policies</a>
9.	General Policies	<a href="https://www.honeywell.com/in/en/hail#policies">https://www.honeywell.com/in/en/hail#policies</a>

All other policies are available on the Company's internal network.

# Independent Auditor's Report

To The Members of Honeywell Automation India Limited

Report on the Audit of the Financial Statements

## Opinion

We have audited the accompanying financial statements of Honeywell Automation India Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2023, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

## Basis for Opinion

We conducted our audit of the financial statements 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 Responsibility 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 (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## Key Audit Matters

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. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	<p><b>Accuracy of revenue recognition in line with Ind AS 115 – "Revenue from Contracts with Customers"</b></p> <p>The Company recognizes revenue from turnkey contracts on a percentage of completion basis in proportion of the contract costs incurred at balance sheet date, relative to the total estimated costs of the contract at completion. The recognition of revenue is therefore dependent on estimates in relation to total estimated costs of each such contract. The estimation of total costs involves significant judgment and is assessed throughout the period of the contract to reflect any changes based on the latest available information. Cost contingencies are included in these estimates to take into account specific uncertain risks, arising within each contract. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract.</p> <p>Given the significance of the judgments necessary to estimate costs associated with these long-term contracts (which varies upon the length of the contract), auditing long-term contracts requires a high degree of auditor judgment.</p>	<p><b>Principal Audit Procedures Performed:</b></p> <ul style="list-style-type: none"> <li>We tested the effectiveness of internal controls over the recognition of revenue on Percentage of Completion basis and the determination of estimated contract costs including controls over the review of management's assumptions and key inputs used to recognize revenue and costs on long-term contracts using the input method on basis of cost incurred.</li> <li>We tested the relevant underlying computer application systems used in recording revenue/ project costs and budgeting systems including system generated reports.</li> <li>We selected samples of ongoing turnkey contracts, wherein revenue was recorded on percentage of completion basis, and performed the following: <ul style="list-style-type: none"> <li>tested contractual terms by agreeing these back to signed contracts, tested the mathematical accuracy of the cost incurred till date to budgeted total cost and re-performed the calculation of revenue recognized during the year based on the percentage of completion;</li> </ul> </li> </ul>

Sr. No.	Key Audit Matter	Auditor's Response
	<p>Refer to Note Number. 2(g) and Note number 21 of the Financial Statements.</p>	<ul style="list-style-type: none"> <li>- tested the actual costs incurred on construction works during the reporting period with supporting system reports on project status and extent of obligations fulfilled against the Company's estimates as provided in prior periods or initial budget to identify significant variations and evaluate whether those variations have been considered appropriately and timely.</li> <li>- performed enquiries with the project managers for the samples selected and corroborated their responses to the contract testing.</li> <li>- tested management's estimates of the impact to revenue and budgeted costs arising from scope changes made to the original contracts, claims, disputes and liquidation damages with reference to supporting documents including variation orders/executed purchase orders and correspondences between the Company and the customers.</li> <li>- performed a retrospective review of costs incurred with costs estimated to assess management's ability to achieve estimates and to identify potential bias in the recognition of revenue over time, if any.</li> </ul>
2	<p><b>Evaluation of Provisions, disclosures and analysis with respect to direct and indirect tax litigations</b></p> <p>The Company has various disputes/litigations related to direct and indirect taxes in various states and at various levels of appellate authorities.</p> <p>The evaluation of the Company's position and determination of possible outcome of these disputes and provisions and related disclosures, if any, required to be made in the books involves significant management judgment.</p> <p>Refer Note 2(L) and note 34 to the financial statements.</p>	<p><b>Principal Audit Procedures Performed:</b></p> <ul style="list-style-type: none"> <li>• We assessed management's processes and tested the internal controls implemented for the identification, recognition and measurement of tax positions and its assessment of the potential impact on the Company.</li> <li>• We received a statement of all ongoing disputes/litigations along with the necessary documentation and             <ul style="list-style-type: none"> <li>- We evaluated management's assessments including advice/opinion obtained from external consultants/legal advisors with respect to prospects of success of appeals and tax proceedings.</li> </ul> </li> </ul> <p>We involved our internal experts to challenge the management's position on the select litigations and to consider legal precedence and other rulings in evaluating management's position on these tax positions.</p>

## Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report including specific Annexures to Board's Report and Management Discussion and Analysis, but does not include 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 during the course of our audit or otherwise appears to be materially misstated.



## INDEPENDENT AUDITOR'S REPORT

- 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

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 including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibility for the Audit of the Financial Statements

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 on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.

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.

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

1. As required by Section 143(3) of the Act, based on our audit 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, except for keeping backup on daily basis of such books of account maintained in electronic mode, in a server physically located in India (refer Note 43 to the financial statements).
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid financial statements comply with the specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31st March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2023 from being appointed as a director in terms of Section 164(2) of the Act.
- f) The observation relating to the maintenance of accounts and other matters connected therewith, are as stated in paragraph (b) above.
- g) 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements.

h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- i) 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, as amended 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 34 to the financial statements;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 35 to the financial statements
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv. (a) The Management has represented that, to the best of it's knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (b) The Management has represented, that, to the best of it's knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

## INDEPENDENT AUDITOR'S REPORT

- (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with section 123 of the Act, as applicable.
- As stated in note 39 to the financial statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend proposed is in accordance with section 123 of the Act, as applicable.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023,

and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended 31st March 2023.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Saira Nainar**  
Partner  
(Membership No. 040081)  
**UDIN:23040081BGWLSZ1818**

Place: Pune

Date: May 17, 2023

## Annexure “A” to the Independent Auditor’s Report

(Referred to in paragraph 1 (g) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

### Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls with reference to financial statements of **Honeywell Automation India Limited** (“the Company”) as of 31st March 2023 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

#### Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls with reference to financial statements based on 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. 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.

#### Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to financial statements of the Company 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”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls 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.

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 with reference to financial statements.

#### Meaning of Internal Financial Controls with reference to financial statements

A Company’s internal financial control 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 control 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

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 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.

## INDEPENDENT AUDITOR'S REPORT

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March, 2023, based the criteria for internal financial control with reference to financial statements 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 **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Saira Nainar**  
Partner  
(Membership No. 040081)  
**UDIN:** 23040081BGWLSZ1818

Place: Pune  
Date: May 17, 2023



## **Annexure “B” to the Independent Auditors’ Report**

**(Referred to in paragraph 2 under ‘Reporting on Other Legal and Regulatory Requirements’ section of our report of even date)**

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment, Capital work-in-progress and relevant details of right-of-use assets.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a program of verification of Property, Plant and Equipment to cover all the items in a phased manner 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 program, certain Property, Plant and Equipment were due for verification during the year and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) Based on our examination of the title deeds and property tax paid receipts provided to us, we report that, the title deed of all the immovable property, (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in (property, plant and equipment and capital work-in-progress) are held in the name of the Company as at the balance sheet date.
- (d) The Company has not revalued any of its Property, Plant and Equipment (including Right-of-use assets) and intangible assets during the year.
- (e) No proceedings have been initiated during the year or are pending against the Company as at 31st March 2023 for holding any benami property under the Benami Transaction (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii) (a) The inventories except for goods in transit were physically verified during the year by the Management at reasonable intervals. In our opinion and according to the information and explanation given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account.
- (b) According to the information and explanation given to us, at any point of time of the year, the Company has not been sanctioned any working capital facility from banks or financial institutions and hence reporting under clause 3 (ii) (b) of the order is not applicable.
- (iii) The Company has not made any investments in, provided any guarantee or security, and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, and hence reporting under clause 3 (iii) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of investments made by the Company. According to the information and explanations given to us, the Company has not granted loans or provided guarantees and securities.
- (v) The Company has not accepted any deposits from the public and hence reporting under clause 3 (v) of the Order is not applicable to the Company.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) In respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Customs Duty, Goods and Service Tax (GST), Cess and other material statutory dues applicable to it to the appropriate authorities.
  - There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income-tax, Customs Duty, GST, Cess and other material statutory dues in arrears as at 31st March 2023 for a period of more than six months from the date they became payable.
  - (b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on 31st March 2023 on account of disputes are given below:

## INDEPENDENT AUDITOR'S REPORT

### Income Tax Act, 1961

(₹ in lakhs)

Nature of Dues	Forum where Dispute is Pending	Period to which the amount relates	Amount unpaid	Amount Paid/ Adjusted Against Demand*
Income Tax	Assessing office/ Transfer Pricing officer	AY 2003-04	349.19	195.08
Income Tax	Assessing office/ Transfer Pricing officer	AY 2005-06	0.01	1050.15
Income Tax	Commissioner of Income Tax Appeals	AY 2008-09	134.06	34.19
Income Tax	Commissioner of Income Tax Appeals	AY 2010-11	97.36	24.83
Income Tax	Commissioner of Income Tax Appeals	AY 2011-12	7.84	2.02
Income Tax	Commissioner of Income Tax Appeals	AY 2012-13	9.50	2.44
Income Tax	Commissioner of Income Tax Appeals	AY 2013-14	356.79	91.88
Income Tax	Assessing office/ Transfer Pricing officer	AY 2014-15	51.67	-
Income Tax	Assessing office/ Transfer Pricing officer	AY 2015-16	154.70	213.03
Income Tax	Assessing office/ Transfer Pricing officer	AY 2019-20	258.85	756.74
Income Tax	Assessing office/ Transfer Pricing officer	AY 2020-21	164.07	4.16

\* Amount paid includes amount adjusted against refund of same or other assessment years.

### Respective Sales tax laws- Sales tax, Value added tax (VAT), Central Sales Tax (CST), Works Contract Tax, Entry Tax, etc.

(₹ in lakhs)

Nature of Dues	Forum where pending	Period to which it pertains (FY)	Amount Unpaid	Amount Paid
BST	Tribunal, Maharashtra	2001-02	32.28	-
Entry Tax	Assessing officer, Entry Tax, Chhattisgarh	2017-18	0.58	-
Entry Tax	Deputy Commissioner of Commercial Tax, Madhya Pradesh	2016-17	6.18	2.06
Entry Tax	Assessing officer, Uttar Pradesh	2005-06 and 2006-07	26.00	-
CST	Deputy commissioner (Commercial Tax), Telangana	2016-17	1.94	-
CST	Additional Commissioner, Bihar	2015-16	13.16	3.82
CST	Special Objection Hearing Authority, Delhi	2007-08, 2015-16, 2016-17 and 2017-18	187.02	14.48
CST	Assessing officer, Gurugram, Haryana	2015-16, 2016-17 and 2017-18	112.94	-
CST	Assessing officer, Karnataka	2017-18	10.11	-
CST	Deputy Commissioner, Kerala	2010-11 and 2012-13	15.23	-
CST	High Court, Maharashtra	2009-10, 2013-14, 2014-15 and 2015-16	73.34	26.22
CST	Tribunal, Maharashtra	2012-13	76.88	80.36
CST	Joint Commissioner (Appeals), Maharashtra	2013-14, 2015-16, 2016-17 and 2017-18	1,648.38	215.03
CST	Commercial tax officer, Rajasthan	2012-13	39.93	-
CST	Assistant commissioner, Tamil Nadu	2014-15, 2016-17 and 2017-18	10.98	6.22
CST	Additional commissioner GR-2 (Appeal) Lucknow-III, Uttar Pradesh	2016-17 and 2017-18	10.24	26.52
CST	Revision board-Bench - VII, West Bengal	2012-13	114.86	15.09

Nature of Dues	Forum where pending	Period to which it pertains (FY)	Amount Unpaid	Amount Paid
CST	Tribunal, West Bengal	2013-14	12.10	1.95
CST	Joint commissioner, West Bengal	2016-17	2.54	0.27
GST	Deputy Commissioner of Commercial Tax (Appeals), Jammu	2017-18	36.19	-
GST	Appellate Authority, Orissa	2019-20 and 2020-21	20.03	-
VAT	Tribunal, Andhra Pradesh	2014-15	10.57	10.57
VAT	Additional commissioner, Bihar	2015-16 and 2016-17	15.74	3.40
VAT	Assessing officer, Chhattisgarh	2017-18	1.89	-
VAT	Special Objection Hearing Authority, Delhi	2007-08, 2010-11, 2011-12, 2016-17 and 2017-18	296.75	0.01
VAT	Assistant Commissioner, Goa	2017-18	2.31	0.29
VAT	Deputy Commissioner, Gujarat	2001-02	19.73	-
VAT	Commissioner (Appeals), Haryana	2017-18	6.10	-
VAT	Sales tax office, Jharkhand	1997-98, 1998-99 and 1999-00	39.73	-
VAT	Tribunal, Karnataka	2014-15	116.63	49.99
VAT	Assessing officer, Karnataka	2016-17	9.93	-
VAT	Deputy Commissioner, Kerala	2009-10 to 2015-16	529.63	33.10
VAT	Deputy Commissioner of Commercial Tax, Madhya Pradesh	2016-17	3.18	1.06
VAT	Joint Commissioner (Appeals), Maharashtra	2007-08, 2009-10 and 2015-16	399.34	60.11
VAT	High Court, Maharashtra	2013-14	116.94	-
VAT	Rajasthan Tax Board (Tribunal), Rajasthan	2012-13	22.42	0.99
VAT	Assistant commissioner, Tamil Nadu	2010-11	5.80	-
VAT	Deputy commissioner (Commercial Tax), Telangana	2010-11 and 2011-12	22.96	-
VAT	Appellate authority Hyderabad, Telangana	2015-16	64.09	-
VAT	Assessing officer, Uttar Pradesh	2006-07	233.76	-
VAT	High Court, Uttar Pradesh	2011-12	125.47	88.15
VAT	Tribunal, Uttar Pradesh	2012-13	165.06	-
VAT	Deputy commissioner, Uttar Pradesh	2014-15 and 2015-16	179.22	3.65
VAT	Additional commissioner GR-2 (Appeal) Lucknow-III, Uttar Pradesh	2016-17	1.93	1.55
VAT	Revision board-Bench - VII, West Bengal	2010-11, 2012-13, 2014-15 and 2015-16	675.43	78.96
VAT	Tribunal, West Bengal	2011-12 and 2013-14	36.88	9.85
VAT	Joint commissioner, West Bengal	2016-17	498.30	65.29
WCT	Joint Commissioner (Appeals), Maharashtra	2001-02	13.19	-
WCT	High Court, Orissa	2011-12 and 2012-13	153.61	-
<b>The Customs Act, 1962</b>				
Customs	Deputy Commissioner (Customs), Mumbai	1994-95 and 2007-08	109.75	-
<b>The Central Excise Act, 1944</b>				
Excise	Deputy/Assistant Commissioner, Excise Pune	2000-01	2.40	-

## INDEPENDENT AUDITOR'S REPORT

- (viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
- (ix) (a) The Company has not taken any loans or borrowings from any lender. Hence reporting under clause 3 (ix) (a) of the Order is not applicable to the Company.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause 3 (ix)(c) of the Order is not applicable.
- (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- (e) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause 3 (ix)(e) of the Order is not applicable.
- (f) The Company has not raised any loans during the year and hence reporting on clause 3 (ix)(f) of the Order is not applicable.
- (x) (a) The Company has not issued any of its securities (including debt instruments) during the year and hence reporting under clause 3 (x) (a) of the Order is not applicable to the Company.
- (b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3 (x) (b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) We have taken into consideration the whistle-blower complains received by the Company during the year and provided to us, when performing our audit.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable.
- (xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and nature of its business.
- (b) We have considered, the internal audit issued to the Company during the year and covering period upto March 2023 and draft of the internal audit reports where issued after the balance sheet date covering period April-2023 for the period under audit.
- (xv) In our opinion, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of Section 192 of the Companies Act, 2013 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. Hence, reporting under clause 3 (xvi) (a), (b) and (c) of the Order is not applicable.
- The group does not have any Core Investment Company (CIC) as a part of the group and accordingly reporting under clause 3 (xvi) (d) of the order is not applicable.
- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating the Company is not capable of meeting its liabilities existing at the date of the balance sheet as and when they fall due within period of one year from the balance sheet date. We however, state that this is not an assurance as to the future viability of the Company. We further state that, our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) In respect of ongoing projects, the Company has transferred unspent Corporate Social Responsibility (CSR) amount, to a Special account before the date of this report and within a period of 30 days from the end of the financial year in compliance with the provision of section 135(6) of the Act.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Saira Nainar**  
Partner  
(Membership No. 040081)  
**UDIN:** 23040081BGWLSZ1818

Place: Pune  
Date: May 17, 2023

# Balance sheet as at 31st March 2023

(₹ in lakhs)

Particulars	Notes	As at 31st March 2023	As at 31st March 2022
<b>Assets</b>			
<b>Non-current assets</b>			
(a) Property, Plant and Equipment	4	12,000	13,032
(b) Right-Of-Use Assets		3,084	5,040
(c) Capital work in progress	4	240	214
(d) Intangible assets	5	2	3
(e) Financial assets			
(i) Trade receivables	6	843	308
(ii) Other financial assets	9	1,462	2,525
(f) Income tax assets	10	4,442	10,197
(g) Deferred tax assets (net)	11	7,213	5,792
(h) Other non-current assets	12	6,070	5,842
<b>Total non-current assets</b>		<b>35,356</b>	<b>42,953</b>
<b>Current assets</b>			
(a) Inventories	13	16,465	9,861
(b) Financial assets			
(i) Trade receivables	6	93,776	67,513
(ii) Cash and cash equivalents	7	48,093	29,068
(iii) Bank balances other than (ii) above	8	1,89,858	1,71,554
(iv) Other financial assets	9	54,328	71,925
(c) Other current assets	12	7,174	8,187
<b>Total current assets</b>		<b>4,09,694</b>	<b>3,58,108</b>
<b>Total Assets</b>		<b>4,45,050</b>	<b>4,01,061</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
(a) Equity share capital	14	884	884
(b) Other equity	15	3,17,967	2,82,793
<b>Total Equity</b>		<b>3,18,851</b>	<b>2,83,677</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Lease liabilities	17	1,751	3,634
(ii) Trade payables	18		
(A) total outstanding dues of micro enterprises and small enterprises; and		-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		-	211
(b) Provisions	16	1,730	2,586
<b>Total non-current liabilities</b>		<b>3,481</b>	<b>6,431</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Lease liabilities	17	1,883	1,940
(ii) Trade payables	18		
(A) total outstanding dues of micro enterprises and small enterprises; and		6,691	4,210
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		65,784	68,034
(iii) Other financial liabilities	19	14,897	14,314
(b) Other current liabilities	20	14,704	12,218
(c) Provisions	16	14,122	10,237
(d) Income tax liabilities	10	4,637	-
<b>Total current liabilities</b>		<b>1,22,718</b>	<b>1,10,953</b>
<b>Total Equity and Liabilities</b>		<b>4,45,050</b>	<b>4,01,061</b>

See accompanying notes to the financial statements

In terms of our report of even date

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

Firm Registration Number - FRN 117366W/W100018

**Saira Nainar**

Partner

Membership No: 040081

Place : Pune

Date : May 17, 2023

For and on behalf of the Board

**Ganesh Natarajan**

Chairman (Non-Executive) - Board

**Indu Daryani**

Company Secretary

Place : Pune

Date : May 17, 2023

**Ashish Gaikwad**

Managing Director

**Pulkit Goyal**

Chief Financial Officer



## Statement of Profit and Loss for the year ended 31st March 2023

(₹ in lakhs)

Particulars	Notes	Year ended 31st March 2023	Year ended 31st March 2022
(I) Revenue from operations	21	3,44,759	2,94,832
(II) Other Income	22	12,825	8,234
<b>(III) Total Income (I + II)</b>		<b>3,57,584</b>	<b>3,03,066</b>
<b>(IV) Expenses:</b>			
Cost of materials consumed	23	1,47,042	1,24,734
Purchases of Stock in Trade		37,976	29,712
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	(1,695)	52
Employee benefits expense	25	62,590	55,754
Finance costs	26	396	549
Depreciation and amortization expense	4,5 & 30	5,189	5,246
Other expenses	27	46,960	41,257
<b>Total expenses</b>		<b>2,98,458</b>	<b>2,57,304</b>
<b>(V) Profit before tax (III - IV)</b>		<b>59,126</b>	<b>45,762</b>
<b>(VI) Income tax expense:</b>			
- Current tax		15,940	11,890
- Deferred tax		(685)	(41)
- Relating to earlier years		70	-
<b>Total tax expense</b>		<b>15,325</b>	<b>11,849</b>
<b>(VII) Profit for the year (V-VI)</b>		<b>43,801</b>	<b>33,913</b>
<b>(VIII) Other comprehensive income</b>			
A (i) Items that will not be reclassified to Profit and Loss			
(a) Remeasurements losses of the defined benefit plans		(1,090)	(741)
A (ii) Income tax relating to items that will not be reclassified to profit or loss		274	187
B (i) Items that may be reclassified to Profit and Loss			
(a) Effective portion of gains and loss on designated portion of hedging instruments in cashflow hedge		(300)	(306)
B (ii) Income tax relating to items that may be reclassified to profit and loss		76	77
<b>Total other comprehensive income (A (i-ii) + B (i-ii))</b>		<b>(1,040)</b>	<b>(783)</b>
<b>(IX) Total comprehensive income for the year (VII + VIII)</b>		<b>42,761</b>	<b>33,130</b>
Earning per equity share (In ₹)			
Basic and Diluted	31	495.40	383.57
Nominal value per share: ₹ 10			

See accompanying notes to the financial statements

In terms of our report of even date

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

Firm Registration Number - FRN 117366W/W100018

**Saira Nainar**

Partner

Membership No: 040081

**For and on behalf of the Board**

**Ganesh Natarajan**

Chairman (Non-Executive) - Board

**Ashish Gaikwad**

Managing Director

**Indu Daryani**

Company Secretary

**Pulkit Goyal**

Chief Financial Officer

Place: Pune

Date: May 17, 2023

Place: Pune

Date: May 17, 2023

# Statement of cash flow for the year ended 31st March 2023

(₹ in lakhs)

Particulars	Year ended 31st March 2023	Year ended 31st March 2022
<b>A. Cash flow from operating activities</b>		
<b>Profit for the year</b>	<b>43,801</b>	<b>33,913</b>
Adjustments for:		
Income tax expense recognised in profit and loss account	15,325	11,849
Depreciation and amortisation of non current assets	5,189	5,246
(Gain) / Loss on sale / write off of property, plant and equipment (net)	(15)	(25)
Interest income recognised in profit and loss	(8,698)	(5,519)
Employee stock options provisions	370	175
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(1,169)	(361)
Effect of unrealized exchange (Gain)/ Loss	46	27
Other interest cost	396	549
Liabilities no longer required written back	(180)	(433)
Interest on Other financial assets carried at amortised cost	(78)	(154)
Bad debts written off (net of expected credit loss allowance)	4,252	1,555
<b>Movements in working capital:</b>		
(Increase) /decrease in trade and other receivables	(29,517)	23,224
(Increase) /decrease in amount due from customers under construction contracts and unbilled services	18,914	(12,984)
(Increase) in inventories	(6,604)	(320)
(Increase) /decrease in other assets	145	2,323
Increase/ (decrease) in trade payables	177	(21,796)
Increase/ (decrease) in provisions	1,939	1,682
Increase/ (decrease) in other current liabilities	2,699	2,783
<b>Cash generated from operations</b>	<b>46,992</b>	<b>41,734</b>
Income taxes paid (net of refund, if any)	(6,004)	(15,376)
<b>Net cash generated from operations</b>	<b>40,988</b>	<b>26,358</b>
<b>B. Cash flow from investing activities</b>		
Payments for property, plant and equipment	(2,803)	(1,265)
Proceeds from disposal of property, plant and equipment	654	183
Interest received	7,520	5,152
Fixed deposits placed during the year	(1,68,500)	(1,71,500)
Proceeds from fixed deposits matured during the year	1,50,200	1,56,495
<b>Net cash used in investing activities</b>	<b>(12,929)</b>	<b>(10,935)</b>

## Statement of cash flow for the year ended 31st March 2023 (Cont'd)

(₹ in lakhs)

Particulars	Year ended 31st March 2023	Year ended 31st March 2022
<b>C. Cash flow from financing activities</b>		
Repayment of lease liabilities	(2,246)	(2,343)
Dividend paid	(7,957)	(7,510)
<b>Net cash used in financing activities</b>	<b>(10,203)</b>	<b>(9,853)</b>
<b>Net change in cash and cash equivalents</b>	<b>17,856</b>	<b>5,570</b>
Cash and cash equivalents as at the beginning of the year	29,068	23,137
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	1,169	361
Cash and cash equivalents as at the end of the year	48,093	29,068
<b>Movement in cash and cash equivalents</b>	<b>17,856</b>	<b>5,570</b>

- Statement of cash flows has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows" as specified in the Companies (Indian Accounting Standards) Rules, 2015.
- Purchase of fixed assets represents additions to property, plant and equipment and other intangible assets adjusted for movement of (a) capital work in progress for property, plant and equipment and (b) intangible assets under development during the year.
- Cash and cash equivalents included in the Statement of Cash Flows comprise the following:

Cash and cash equivalents consist of	As at 31st March 2023	As at 31st March 2022	As at 31st March 2021
<b>Bank Balances</b>			
Current Accounts	38,493	26,368	18,789
Cheques on hand	-	-	117
Demand deposits (Original maturity less than 3 months )	9,600	2,700	4,231
	<b>48,093</b>	<b>29,068</b>	<b>23,137</b>

See accompanying notes to the financial statements  
In terms of our report of even date

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants  
Firm Registration Number - FRN 117366W/W100018

**Saira Nainar**  
Partner  
Membership No: 040081

Place: Pune  
Date: May 17, 2023

**For and on behalf of the Board**

**Ganesh Natarajan**  
Chairman (Non-Executive) - Board

**Indu Daryani**  
Company Secretary

Place: Pune  
Date: May 17, 2023

**Ashish Gaikwad**  
Managing Director

**Pulkit Goyal**  
Chief Financial Officer

# Statement of changes in equity for the year ended March 31, 2023

## A. Equity share capital

	Amount
Balance as at 31st March 2021	884
Changes in Equity share capital during the year	-
Balance as at 31st March 2022	884
Changes in Equity share capital during the year	-
Balance as at 31st March 2023	884

## B. Other equity

	Securities Premium	General Reserves	Retained earnings	Share based payment reserve	Remeasurements of the defined benefit plans	Effective portion of cash flow hedge	Total
<b>Balance as at 31st March 2021</b>	<b>1,577</b>	<b>18,552</b>	<b>2,37,340</b>	<b>752</b>	<b>(1,553)</b>	<b>335</b>	<b>2,57,003</b>
Profit for the year	-	-	33,913	-	-	-	33,913
Other comprehensive income for the year, net of income tax	-	-	-	-	(554)	(229)	(783)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>33,913</b>	<b>-</b>	<b>(554)</b>	<b>(229)</b>	<b>33,130</b>
Dividend Paid (refer note 39)	-	-	(7,515)	-	-	-	(7,515)
Recognition of share-based payments	-	-	-	175	-	-	175
<b>Balance as at 31st March 2022</b>	<b>1,577</b>	<b>18,552</b>	<b>2,63,738</b>	<b>927</b>	<b>(2,107)</b>	<b>106</b>	<b>2,82,793</b>
Profit for the year	-	-	43,801	-	-	-	43,801
Other comprehensive income for the year, net of income tax	-	-	-	-	(816)	(224)	(1,040)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>43,801</b>	<b>-</b>	<b>(816)</b>	<b>(224)</b>	<b>42,761</b>
Dividend Paid (refer note 39)	-	-	(7,957)	-	-	-	(7,957)
Recognition of share-based payments	-	-	-	370	-	-	370
<b>Balance as at 31st March 2023</b>	<b>1,577</b>	<b>18,552</b>	<b>2,99,582</b>	<b>1,297</b>	<b>(2,923)</b>	<b>(118)</b>	<b>3,17,967</b>

See accompanying notes to the financial statements

In terms of our report of even date

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

Firm Registration Number - FRN 117366W/W100018

**Saira Nainar**

Partner

Membership No: 040081

**For and on behalf of the Board**

**Ganesh Natarajan**

Chairman (Non-Executive) - Board

**Ashish Gaikwad**

Managing Director

**Indu Daryani**

Company Secretary

**Pulkit Goyal**

Chief Financial Officer

Place : Pune

Date : May 17, 2023

## Notes to the financial statements

### Note 1 - General Information:

Honeywell Automation India Limited (the 'Company') is engaged primarily in the business of Automation & Control systems on turnkey basis and otherwise. The Company is a public limited company incorporated and domiciled in India and has its registered office at 56,57 Hadapsar Industrial Estate, Pune – 411013, Maharashtra, India. The Company is listed on the Bombay Stock Exchange, Mumbai (BSE) and the National Stock Exchange (NSE).

The financial statements are approved for issue by the Company's Board of Directors on May 17, 2023.

### Note 2 - Significant Accounting Policies:

#### A. Statement of Compliance

These financial statements are prepared in accordance with Indian Accounting Standard (Ind AS), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ("the Act") (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued there after.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

#### Operating cycle for current and non-current classification :

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle, based on the duration of the specified project/contract/product line/service including the defect liability period, wherever applicable and extends up to the realization of receivables (including retention monies) within the agreed credit period normally applicable to this industry.

#### B. Basis of Preparation and Presentation

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following material items that have been measured at fair value as required by relevant Ind AS:

- i) Derivative financial instruments
- ii) Certain financial assets and financial liabilities measured at fair values (as required by the relevant Ind AS)
- iii) Share based payment transactions and
- iv) Defined benefit and other long term employee benefits

Historical cost is generally based on the fair value of the consideration given in exchange of goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the assets or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and disclosure purpose in these financial statement is determined on such basis, except for share-based transactions that are within scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly;

Level 3 inputs are unobservable inputs for the asset or liability.

Amounts in the financial statements are presented in Indian Rupees in lakhs and rounded off as permitted by Schedule III to the Companies Act, 2013. Per share data are presented in Indian Rupees to two decimal places.

#### C. Property, Plant and Equipment

Property, Plant and Equipment are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any.

Items of Property, Plant and Equipment that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements. Any expected loss is recognised immediately in the Statement of Profit and Loss.

Losses arising from the retirement of, and gains or losses arising from disposal of Property, Plant and Equipment are recognised in the Statement of Profit and Loss.

Freehold land is not depreciated.

The Company depreciates Property, Plant and Equipment over their estimated useful lives using the straight-line

## NOTES TO THE FINANCIAL STATEMENTS

method. The estimated useful lives of assets are as follows:

<b>Class of Assets</b>	<b>Useful Lives</b>
Buildings	30 years
Plant and Machinery	4 - 10 years
Computers and Networks	3 - 5 years
Vehicles	4 - 5 years
Office Equipment	5 - 6 years
Furniture and Fixture	5 - 10 years

Based on technical evaluation, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence, the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Assets installed in leased premises are depreciated over lease period or useful life of assets whichever is lower.

The estimated useful life of the Property, Plant and Equipment are reviewed at the end of each financial year, with the effect of any changes in estimate accounted for on a prospective basis.

### D. Intangible Assets and Amortization

Intangible assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives. The amortisation period and the amortisation method are reviewed at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

Losses arising from the retirement of, gain or losses arising from disposal of an intangible asset are recognised in the Statement of Profit and Loss. The Purchased Software are amortized over a period of 3 years.

The estimated useful life of the intangible assets are reviewed at the end of each financial year, with the effect of any changes in estimate accounted for on a prospective basis.

### E. Impairment of Property, Plant and Equipment and Intangible Assets

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (property, plant and equipment and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such

indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

### F. Inventories

Inventories comprise of raw material, work in progress, finished goods, stock in trade and are stated at lower of cost and net realisable value. Cost is determined using the technique of standard cost method, which approximates the actual cost using the Moving Weighted Average basis. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads. 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.

### G. Revenue Recognition

- i) The Company earns revenue primarily from turnkey projects with respect to automation and related control systems, AMC services and other business solutions. Revenue from construction of plants and systems with performance obligations satisfied over time are recognized using input method. Revenue from such contracts is recognized over time because of the continuous transfer of control to the customer. With control transferring over time, revenue is recognized based on the extent of progress towards completion of the performance obligation. Cost based input method of progress is used because it best depicts the transfer of control to the customer that occurs as costs are incurred. Under the cost based cost method, the extent of progress towards completion is measured based on the proportion of costs incurred to date to the total estimated costs at completion of the performance obligation. Cost estimates on significant contracts are reviewed on a periodic basis, or when circumstances change and warrant a modification to a previous estimate. Cost estimates are largely based on negotiated or estimated purchase contract terms, historical performance trends and other economic projections. Significant factors that influence these estimates include if the desired site is made available on time, inflationary trends, technical and schedule risk, internal and subcontractor performance trends, business volume assumptions, asset utilization



and anticipated labour agreements. Provisions for anticipated losses on long-term contracts are recorded in full when such losses become evident, to the extent required.

- ii) Revenue from contract with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration Company expects to be entitled in exchange for those goods or services. Service sales, principally representing software development are recognized over the contractual period or as services are rendered.
- iii) The terms of a contract or the historical business practice can give rise to variable consideration due to, but not limited to, cash-based incentives, rebates, performance awards, or credits. Variable consideration is estimated at the most likely amount receivable from customers. Estimated amounts are included in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized for such transaction will not occur, or when the uncertainty associated with the variable consideration is resolved. Estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of our anticipated performance and all information (historical, current and forecasted) that is reasonably available.
- iv) A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration excluding any amounts presented as a receivable.
- v) A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

## H. Foreign Currency Transactions

- i) Functional currency  
The functional currency of the Company is the Indian rupee. These financial statements are presented in Indian rupees (rounded off to Lakhs).
- ii) Initial Recognition  
On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency

amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

### iii) Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

All monetary assets and liabilities in foreign currency are restated at the end of accounting period. Exchange differences on restatement of all other monetary items are recognised in the Statement of Profit and Loss.

## I. Employee Benefits

The Company participates in various employee benefit plans. Post-employment benefits are classified as either defined contribution plans or defined benefit plans:

- i) Superannuation fund:  
Contribution towards superannuation fund for certain employees is made to the Life Insurance Corporation, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.
- ii) Provident Fund:  
Provident Fund contributions are made to a Trust administered by the Company. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of the period/ year and any shortfall in the fund size maintained by the Trust set up by the Company is additionally provided for.
- iii) Gratuity:  
The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972 (as amended from time to time). The Gratuity Plan provides a lump sum payment to eligible employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each reporting period.
- iv) Compensated Absences:  
Accumulated compensated absences, which are expected to be availed or encashed within 12 months

## NOTES TO THE FINANCIAL STATEMENTS

from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

### v) Termination Benefits:

Termination benefits in the nature of voluntary retirement benefits are recognised in the Statement of Profit and Loss as and when incurred.

Actuarial gain or losses and remeasurements:

Actuarial gains or losses on defined benefit obligations are recognized in other comprehensive income. Further, the profit or loss does not include an expected return on plan assets. Instead net interest recognized in profit and loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income.

Remeasurements comprising actuarial gains or losses and return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are not reclassified to profit and loss in subsequent periods.

## J. Share Based Payments

Certain employees of the Company receive remuneration in the form of equity settled instruments given by the ultimate holding company (Honeywell International Inc.), for rendering services over a defined vesting period. Equity instruments granted are measured by reference to the fair value of the instrument at the date of grant.

The expense is recognized in the statement of profit and loss with a corresponding increase to the share based payment reserve, as a component of equity. The equity instruments generally vest in a graded manner over the vesting period. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants. The stock compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest.

## K. Income Tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period.

Current tax:-

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

Deferred tax:-

Deferred tax is recognized using the balance sheet approach. Deferred tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements.

Deferred tax asset are recognized to the extent that it is probable that taxable profit will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

## L. Provisions and Contingencies

Provisions: Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are discounted to its present value as appropriate.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous contracts are measured at the present value of lower of the expected net cost of fulfilling the contract and the expected cost of terminating the contract.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more

uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is termed as a contingent liability.

Contingent assets are disclosed where an inflow of economic benefits is probable.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date. Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

## M. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease. The assessment is based on:

- (1) whether the contract involves the use of a distinct identified asset,
- (2) whether the Company obtains the right to substantially all the economic benefit from the use of the asset throughout the period, and
- (3) whether the Company has the right to direct the use of the asset.

The Company has hired office premises under non-cancellable operating lease arrangements at stipulated rentals.

Right-of-use assets represent right to use an underlying asset during the reasonably certain lease term, and lease liabilities represent obligation to make lease payments arising from the lease. The lease terms include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance lease payments.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The Company primarily uses incremental borrowing rate, which is based on the information available at the lease commencement date, in determining the present value of the lease payments.

A right-of-use asset and corresponding lease liability are not recorded for leases with an initial term of 12 months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes lease payments as operating expense as incurred over the lease term.

The Company has also elected practical expedient available within the standard:

- not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

## N. Financial Instruments

Financial assets and financial liabilities are recognised when a company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in Statement of Profit and Loss.

## O. Financial Assets

All purchases or sales of financial assets are recognised and derecognised on a trade date basis including delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

### i. Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

## NOTES TO THE FINANCIAL STATEMENTS

- a) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- b) the contractual terms of the instrument give rise on specified date to cash flows that are solely payments of principal and interest on the principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI) (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- a) the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- b) the contractual terms of the instrument give rise on specified date to cash flows that are solely payments of principal and interest on the principal and interest on the principal amount outstanding.

Interest income is recognised in profit and loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit and loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to the Statement of Profit and Loss.

All other financial assets are subsequently measured at fair value.

### ii. Effective interest method

The effective interest method is a method of calculating the amortised cost of debt instrument and of allocating interest over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income recognised on an effective interest basis for debt instruments other than those financial assets classified as FVTPL. Interest income is recognised in profit and loss and is included in "Other income".

### iii. Financial assets at fair value through profit or loss (FVTPL):

Investments in equity instruments are classified as FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investment in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet amortised cost criteria or FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduced a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporate any dividend or interest earned on the financial asset and is included in 'Other income'. Dividend on financial asset at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that economic benefits associated with dividend will flow to the entity, the dividend does not represent recovery of part of cost of the investment and the amount of dividend can be measured reliably.

### iv. Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instrument at FVTOCI, trade receivables, other contractual right to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the company expects to receive, discounted at the original effective interest rate (or credit-Adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the company measures the loss allowance for that financial instrument at an amount equal to 12 month expected credit losses. 12 month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the company again measures the loss allowance based on 12 month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default accruing over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financials asset that results from transactions that are within the scope of Ind AS 115, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix based on judgement considering past experience.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

## v. Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flow from the asset expired or when it transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred assets the Company recognises its retained interest in the asset and then associated liability for amounts it may have to pay.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial assets.

On derecognition of a financial asset other than in its entirety, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of relative fair values of those part on the date of the transfer. The difference between carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit and loss if such gain or loss would have otherwise been recognised in profit and loss on disposal of that financial asset. A cumulative gain or loss that has been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair value of those parts.

## vi. Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit and loss.

Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.

For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured amortised cost. Thus,



## NOTES TO THE FINANCIAL STATEMENTS

the exchange difference on the amortised cost are recognised in profit and loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

### vii. Derivative financial instruments and hedge accounting

In the ordinary course of business, the Company uses certain derivative financial instruments to reduce business risks which arise from its exposure to foreign exchange fluctuations. The instruments are confined principally to foreign exchange forward contracts. The instruments are employed as hedges of transactions included in the financial statements or for highly probable forecast transactions/firm contractual commitments.

Derivatives are initially accounted for and measured at fair value from the date the derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period

The Company adopts hedge accounting for forward contracts. At the inception of each hedge, there is a formal, documented designation of the hedging relationship. This documentation includes, inter alia, items such as identification of the hedged item or transaction and the nature of the risk being hedged. At inception each hedge is expected to be highly effective in achieving an offset of changes in fair value or cash flows attributable to the hedged risk. The effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at the inception and on an ongoing basis. The ineffective portion of designated hedges is recognised immediately in the statement of profit and loss.

When hedge accounting is applied:

- a. for fair value hedges of recognised assets and liabilities, changes in fair value of the hedged assets and liabilities attributable to the risk being hedged, are recognised in the statement of profit and loss and compensate for the effective portion of symmetrical changes in the fair value of the derivatives.
- b. for cash flow hedges, the effective portion of the change in the fair value of the derivative is recognised directly in equity and the ineffective portion is taken to the statement of profit and loss. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of a nonfinancial asset or liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of a non-financial asset or a liability, amounts deferred in equity are recognised in the statement of profit and

loss in the same period in which the hedged item affects the statement of profit and loss.

In cases where hedge accounting is not applied, changes in the fair value of derivatives are recognised in the statement of profit and loss as and when they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the statement of profit and loss for the period.

## P. Financial Liabilities and Equity Instruments

### i. Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of financial liability and equity instrument.

### ii. Equity instruments

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue cost.

### iii. Financial liabilities

All financial liabilities are subsequently measured at amortised cost using effective interest method of FVTPL.

#### iii. a) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or designated as at FVTPL.

Financial liability at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit and loss. The net gain or loss recognised in profit and loss incorporates any interest paid on the financial liability and is included in 'Other Income'.

#### b) Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held for trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amount of financial liabilities that are subsequently measured at amortised cost



are determined based on the effective interest method. Interest expenses that is not capitalised as part of cost of an asset is included in 'finance cost'.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

#### c) Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instrument and are recognised in other income.

The fair value of financial liabilities denominated in foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liability that are measured at FVTPL, the foreign exchange component forms part of fair value gains or losses and is recognised in the Statement of Profit and Loss.

#### iv) Derecognition of financial liabilities

The Company derecognises financial liability when, and only when, the Company obligations are discharged, cancelled and have expired. An exchange between with a lender of debt instrument is substantially different term is accounted for as and extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of a term of existing financial liability is accounted for as and extinguishment of the original financial liability and recognition of new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit and loss.

### **Q. New Accounting Standards, Amendments to Existing Standards, Annual Improvements, Interpretations, etc. applicable to the Company effective subsequent to March 31, 2023**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

#### Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

#### Ind AS 12 – Income Taxes

This amendment has narrowed the scope of the initial recognition exemptions so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The Company is evaluating the impact, if any, in its financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors – This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The Company has evaluated the amendment and there is no impact on its financial statements.

### **Note 3 –Critical Judgements, estimations and assumptions in applying Accounting Policies**

In the application of the Company's accounting policies, which are described in note 2, the directors of the company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty 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 within the next financial year.

1. The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Company estimates the probability of collection of accounts receivable by analysing historical payment patterns, customer

## NOTES TO THE FINANCIAL STATEMENTS

- concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.
2. The Company uses the percentage-of-completion method in accounting for its contract revenue. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.
  3. Provision for warranty is considered based on the rolling average warranty expense incurred in the preceding 12 months, the warranty period for which ranges from 12 months to 24 months as per provisions of the contracts.
  4. In case of Property, Plant and Equipment and Intangible assets, the charge in respect of periodic depreciation/ amortisation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.
  5. Ind AS 116 requires lessee to determine 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. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. 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 the Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the company has concluded that no material changes are required to lease period relating to the existing lease contracts. Refer note no 2 (M).

**Note 4 - Property, Plant and Equipment and capital work-in-progress**

(₹ in lakhs)

Particulars / Class of Assets	As at 31st March 2023	As at 31st March 2022
<b>Carrying amounts of :</b>		
Freehold land	30	30
Buildings	5,519	6,210
Plant and machinery	2,230	3,194
Computers and networks	1,912	1,596
Furniture and fixtures	511	633
Office equipments	1,798	1,369
Vehicles	-	-
	<b>12,000</b>	<b>13,032</b>
Capital work-in-progress (Refer note 41)	240	214
	<b>12,240</b>	<b>13,246</b>

(₹ in lakhs)

Particulars / Class of Assets	Freehold land	Buildings	Plant and machinery	Computers and networks	Furniture and fixtures	Office equipments	Vehicles	Total
<b>Cost or deemed cost</b>								
<b>Balance at March 31, 2021</b>	<b>30</b>	<b>8,265</b>	<b>6,863</b>	<b>5,383</b>	<b>1,271</b>	<b>1,832</b>	<b>-</b>	<b>23,644</b>
Additions	-	391	187	916	30	198	-	1,722
Disposals/ assets written off	-	-	(321)	(801)	(1)	(34)	-	(1,157)
<b>Balance at March 31, 2022</b>	<b>30</b>	<b>8,656</b>	<b>6,729</b>	<b>5,498</b>	<b>1,300</b>	<b>1,996</b>	<b>-</b>	<b>24,209</b>
Additions	-	-	437	1,661	49	736	-	2,883
Disposals/ assets written off	-	-	(813)	(72)	(11)	-	-	(896)
<b>Balance at March 31, 2023</b>	<b>30</b>	<b>8,656</b>	<b>6,353</b>	<b>7,087</b>	<b>1,338</b>	<b>2,732</b>	<b>-</b>	<b>26,196</b>
<b>Accumulated depreciation and impairment (if any)</b>								
<b>Balance at March 31, 2021</b>	<b>-</b>	<b>1,754</b>	<b>2,870</b>	<b>3,435</b>	<b>503</b>	<b>443</b>	<b>-</b>	<b>9,005</b>
Eliminated on disposal/ assets written off	-	-	(192)	(784)	(0)	(23)	-	(999)
Depreciation expenses	-	692	857	1,251	164	207	-	3,171
<b>Balance at March 31, 2022</b>	<b>-</b>	<b>2,446</b>	<b>3,535</b>	<b>3,902</b>	<b>667</b>	<b>627</b>	<b>-</b>	<b>11,177</b>
Eliminated on disposal/ assets written off	-	-	(192)	(59)	(6)	-	-	(257)
Depreciation expenses	-	691	780	1,332	166	307	-	3,276
<b>Balance at March 31, 2023</b>	<b>-</b>	<b>3,137</b>	<b>4,123</b>	<b>5,175</b>	<b>827</b>	<b>934</b>	<b>-</b>	<b>14,196</b>
<b>Carrying Amount</b>								
<b>Balance at March 31, 2022</b>	<b>30</b>	<b>6,210</b>	<b>3,194</b>	<b>1,596</b>	<b>633</b>	<b>1,369</b>	<b>-</b>	<b>13,032</b>
<b>Balance at March 31, 2023</b>	<b>30</b>	<b>5,519</b>	<b>2,230</b>	<b>1,912</b>	<b>511</b>	<b>1,798</b>	<b>-</b>	<b>12,000</b>

## NOTES TO THE FINANCIAL STATEMENTS

### Note 5 - Intangible assets

(₹ in lakhs)

Particulars / Class of Assets	As at 31st March 2023	As at 31st March 2022
Computer software	2	3
	<b>2</b>	<b>3</b>

Particulars / Class of Assets	Computer software
<b>Cost or deemed cost</b>	
<b>Balance at March 31, 2021</b>	<b>81</b>
Additions	-
Disposals/ write off	(1)
<b>Balance at March 31, 2022</b>	<b>80</b>
Additions	-
Disposals/ write off	-
<b>Balance at March 31, 2023</b>	<b>80</b>
<b>Accumulated amortisation and impairment (if any)</b>	
<b>Balance at March 31, 2021</b>	<b>77</b>
Amortisation expenses	-
<b>Balance at March 31, 2022</b>	<b>77</b>
Amortisation expenses	1
<b>Balance at March 31, 2023</b>	<b>78</b>
<b>Carrying Amount</b>	
<b>Balance at March 31, 2022</b>	<b>3</b>
<b>Balance at March 31, 2023</b>	<b>2</b>

During the year ended March 31, 2023 and March 31, 2022, there is no movement in property, plant and equipment and intangible asset on account of revaluation, business combination, impairment.

The aggregate depreciation has been included under depreciation and amortization expense in the statement of Profit and Loss.

## Note 6 - Trade receivables

(₹ in lakhs)

	As at 31st March 2023	As at 31st March 2022
<b>Non-Current</b>		
<b>Undisputed trade receivables</b>		
(a) Secured, considered good	-	-
(b) Unsecured, considered good	851	387
Less: Expected credit loss allowance for doubtful trade receivables	(8)	(79)
<b>Total</b>	<b>843</b>	<b>308</b>
<b>Current</b>		
<b>Undisputed trade receivables</b>		
(a) Secured, considered good	-	-
(b) Unsecured, considered good	98,208	71,066
Less: Expected credit loss allowance for doubtful trade receivables	(4,432)	(3,553)
	<b>93,776</b>	<b>67,513</b>
(c) Unsecured, considered credit impaired	-	3
Less: Expected credit loss allowance for doubtful trade receivables	-	(3)
	-	-
<b>Total</b>	<b>93,776</b>	<b>67,513</b>

Also, refer note 21.1(B) below and note 29 for related party balances and note 37 -B for ageing.

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. This provision matrix is based on judgement considering past experience. The provision matrix at the end of reporting period is as follows:

### Ageing

	Expected credit loss %	
	31st March 2023	31st March 2022
0-90 days past due (Including contractual long term unbilled)	0.47%	0.59%
More than 90 days past due	15.77%	13.72%

Age of trade receivables

(₹ in lakhs)

	As at 31st March 2023	As at 31st March 2022
0-90 days past due	72,296	47,215
More than 90 days past due	26,763	24,241
<b>Total</b>	<b>99,059</b>	<b>71,456</b>

Movement in the expected credit loss allowance

(₹ in lakhs)

	As at 31st March 2023	As at 31st March 2022
Balance at beginning of the year	3,635	3,299
Add: Expected credit loss during the year	3,409	3,315
Less: Amounts recovered / reversed in the current year	(2,604)	(2,979)
<b>Balance at the end of the year</b>	<b>4,440</b>	<b>3,635</b>

## NOTES TO THE FINANCIAL STATEMENTS

The concentration of credit risk is limited due to the fact that the customer base is large.

The Company determines the allowance for expected credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company has specifically evaluated the potential impact with respect to customers which could have an immediate impact and the rest which could have an impact with expected delays. Basis this assessment, the allowance for doubtful trade receivables as at March 31, 2023 is considered adequate.

The Company is not having any trade receivables representing more than 5% of total trade receivables.

### Note 7 - Cash and cash equivalents

	(₹ in lakhs)	
	As at 31st March 2023	As at 31st March 2022
<b>Bank balances</b>		
In current accounts	38,493	26,368
Cheques on hand	-	-
Demand deposits (Original maturity less than 3 months)	9,600	2,700
<b>Total</b>	<b>48,093</b>	<b>29,068</b>

There are no repatriation restrictions with regards to cash and cash equivalents as at the end of the reporting period and prior periods.

The deposits maintained by the Company with banks and financial institutions comprise time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

### Note 8 - Bank balances other than Cash and cash equivalents

	(₹ in lakhs)	
	As at 31st March 2023	As at 31st March 2022
<b>Other bank balances</b>		
Long term deposits with original maturity more than 3 months but less than 12 months	1,89,800	1,71,500
Unpaid dividend account	58	54
<b>Total</b>	<b>1,89,858</b>	<b>1,71,554</b>



**Note 9 - Other financial assets**
**(₹ in lakhs)**

	As at 31st March 2023	As at 31st March 2022
<b>Non-Current</b>		
Deposits against bank guarantee	128	1,242
Unsecured security deposits [net of expected credit loss allowance ₹ 191 Lakhs, (31st March 2022 ₹ 155 Lakhs)]	1,169	1,120
Earnest money deposits [net of expected credit loss allowance ₹ 220 Lakhs, (31st March 2022 ₹ 305 Lakhs)]	-	-
Foreign currency forward contracts designated in hedge accounting relationships	58	-
Unbilled services (refer note 21.1(B))	107	163
<b>Total</b>	<b>1,462</b>	<b>2,525</b>
<b>Current</b>		
Deposits against bank guarantee	1,355	233
Interest accrued on deposits with banks	2,875	1,697
Foreign currency forward contracts designated in hedge accounting relationships	20	333
Unsecured security deposits	137	36
Earnest money deposits	11	76
Contract assets		
Amounts due from customers under construction contracts (refer note 21.1(B) and note below [net of expected credit loss allowance of ₹ 2,959 Lakhs; (31st March 2022 ₹ 1,624 Lakhs)])	45,688	64,713
Unbilled services (refer note 21.1(B)) [net of expected credit loss allowance of ₹ 366 Lakhs; (31st March 2022 ₹ 351 Lakhs)]	3,588	4,837
Other financial assets [net of expected credit loss allowance of ₹ 165 Lakhs; (31st March 2022 NIL)]	654	-
<b>Total</b>	<b>54,328</b>	<b>71,925</b>

Movement in the expected credit allowance on amounts due from customers under construction contracts
**(₹ in lakhs)**

	As at 31st March 2023	As at 31st March 2022
Balance at beginning of the year	1,624	1,929
Add: Expected credit loss during the year	2,691	1,191
Less: Amounts recovered / reversed during the year	(1,356)	(1,496)
Balance at the end of the year	2,959	1,624

The expected credit loss is calculated considering the likelihood of change in billing patterns, liquidation and recoverability plans. Basis this assessment, the allowance for amounts due from customers under construction contracts as at March 31, 2023 is considered adequate.

## NOTES TO THE FINANCIAL STATEMENTS

### Note 10 - Income tax assets and Income tax liabilities

(₹ in lakhs)

	As at 31st March 2023	As at 31st March 2022
Income tax assets [Net of Provision for tax ₹89,545 Lakhs; (31st March 2022 ₹1,38,436 Lakhs)]	4,442	10,197
	<b>4,442</b>	<b>10,197</b>
Income tax liabilities [Net of Advance Tax for tax ₹60,655 Lakhs; (31st March 2022 ₹NIL)]	4,637	-
	<b>4,637</b>	<b>-</b>

The income tax expense for the year can be reconciled to the accounting profit as follows:

(₹ in lakhs)

	As at 31st March 2023	As at 31st March 2022
Profit before tax	59,126	45,762
Tax expenses	15,325	11,849
Effective tax rate	<b>25.92%</b>	<b>25.89%</b>
Net impact of deduction/exemption and disallowance	-0.74%	-0.71%
Applicable Tax rate as per Income Tax Act	<b>25.17%</b>	<b>25.17%</b>

### Note 11 - Deferred tax asset (Net)

(₹ in lakhs)

	As at 31st March 2023	As at 31st March 2022
Deferred tax liability (A)	-	39
Deferred tax assets (B)	7,213	5,831
<b>Deferred tax assets (Net) (B-A)</b>	<b>7,213</b>	<b>5,792</b>

Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing taxation laws.

### 2022-23

	Opening Balance	Recognised in the Statement of Profit and Loss	Recognised in other comprehensive income	Closing balance
<b>Deferred tax assets / (liabilities) in relation to</b>				
Expected Credit Loss on trade and other receivables	1,528	629	-	2,157
Depreciation and amortisation	45	163	-	208
Gain / (loss) on hedging instruments	(84)	69	76	61
Provision for estimated cost to complete	921	144	-	1,065
Provision for compensated absences	542	25	-	567
Provision for other expenses *	1,499	(51)	-	1,448
Provision for gratuity and other retirement benefits *	329	(212)	274	391
Provision for Bonus *	328	336	-	664
Lease liabilities	134	4	-	138
Others	550	(36)	-	514
<b>Total</b>	<b>5,792</b>	<b>1,071</b>	<b>350</b>	<b>7,213</b>

\* Pertains to earlier years (Provision for other expenses - ₹ (29 lakhs), Provision for gratuity and other retirement benefits - ₹ 16 lakhs and Provision for Bonus - ₹ 400 lakhs)

## 2021-22

	Opening Balance	Recognised in the Statement of Profit and Loss	Recognised in other comprehensive income	Closing balance
<b>Deferred tax assets / (liabilities) in relation to</b>				
Depreciation and amortisation	(86)	131	-	45
Gain / (loss) on designated portion of hedging instruments	(142)	(19)	77	(84)
<b>Total</b>	<b>(228)</b>	<b>112</b>	<b>77</b>	<b>(39)</b>
Expected Credit Loss on trade and other receivables	1,476	52	-	1,528
Provision for estimated cost to complete	381	540	-	921
Provision for compensated absences	479	63	-	542
Provision for other expenses	1,537	(38)	-	1,499
Provision for gratuity and other retirement benefits	239	(14)	104	329
Provision for Bonus	650	(322)	-	328
Lease liabilities	94	40	-	134
Others	859	(392)	83	550
<b>Total</b>	<b>5,715</b>	<b>(71)</b>	<b>187</b>	<b>5,831</b>

## Note 12 - Other assets

(₹ in lakhs)

	As at 31st March 2023	As at 31st March 2022
<b>Non-current</b>		
Balances with Government authorities (including payments made under protest)	5,701	5,842
Prepaid expenses	369	-
<b>Total</b>	<b>6,070</b>	<b>5,842</b>
<b>Current</b>		
Balances with Government authorities (including GST, Customs)	4,755	6,493
Advances recoverable in cash or kind	1,679	1,176
Advances to employees	464	346
Prepaid expenses	276	172
<b>Total</b>	<b>7,174</b>	<b>8,187</b>

## Note 13 - Inventories

(₹ in lakhs)

	As at 31st March 2023	As at 31st March 2022
Inventories (lower of cost and net realisable value)		
Raw materials [includes in transit: ₹ 1,535 lakhs (31st March 2022 : ₹ 874 lakhs)]	7,333	2,424
Work-in-progress	4,020	2,373
Finished goods	203	201
Stock-in-trade (in respect of goods acquired for trading)	4,909	4,863
<b>Total</b>	<b>16,465</b>	<b>9,861</b>

## NOTES TO THE FINANCIAL STATEMENTS

The mode of valuation of Inventories is stated in note 2(F)

Refer note 29 for related party balances.

During the year ₹ 164 lakhs was recognised as write down of inventory. In previous year, reversal of write down of inventory was ₹ 77 lakhs

### Note 14 - Equity share capital

(₹ in lakhs)

	As at 31st March 2023	As at 31st March 2022
<b>Authorised:</b>		
10,000,000 (March 31, 2022: 10,000,000 ) equity shares of ₹ 10 each	1,000	1,000
	<b>1,000</b>	<b>1,000</b>
<b>Issued:</b>		
8,841,697 (March 31, 2022: 8,841,697 ) equity shares of ₹ 10 each	884	884
	<b>884</b>	<b>884</b>
<b>Subscribed and paid up:</b>		
8,841,523 (March 31, 2022: 8,841,523 ) equity shares of ₹ 10 each (fully paid up)	884	884
<b>Total</b>	<b>884</b>	<b>884</b>

#### (a) Rights, preferences and restrictions attached to the shares

Equity shares: The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

#### (b) Reconciliation of shares:

Particulars	As at 31st March 2023		As at 31st March 2022	
	Number of shares	Amount (₹ in Lakhs)	Number of shares	Amount (₹ in Lakhs)
<b>Equity shares</b>				
Balance as at the beginning and end of the year	88,41,523	884	88,41,523	884

#### (c) Shares held by the holding company

Particulars	As at 31st March 2023		As at 31st March 2022	
	Number of shares	Amount (₹ in Lakhs)	Number of shares	Amount (₹ in Lakhs)
<b>Equity shares:</b>				
HAIL Mauritius Limited (Holding company) (earlier, Honeywell Asia Pacific Inc.)	66,31,142	663	66,31,142	663

\*There are no changes in promoter's shareholding during the year ended March 31, 2023 and March 31, 2022

**(d) Number of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

Particulars	As at 31st March 2023		As at 31st March 2022	
	Number of shares	Percentage	Number of shares	Percentage
HAIL Mauritius Limited (Holding company) (earlier, Honeywell Asia Pacific Inc.)	66,31,142	75	66,31,142	75

- e) 66,31,142 (March 31, 2022 : 66,31,142 ) Equity shares constituting 75% (March 31, 2022 : 75%) of the paid-up capital of the Company are held by Honeywell International Inc., the ultimate holding company, through its 100% subsidiary, HAIL Mauritius Limited (earlier, Honeywell Asia Pacific Inc.).
- f) The Company has neither allotted any shares as fully paid up bonus shares nor pursuant to contract(s) payment being received in cash during 5 years immediately preceding March 31, 2023.

**Note 15 - Other equity**

(₹ in lakhs)

	As at 31st March 2023	As at 31st March 2022
<b>Securities Premium (A) (*)</b>	1,577	1,577
<b>Share based payment reserve (B)</b>	1,297	927
<b>General Reserve (C)</b>	18,552	18,552
<b>Other comprehensive Income (D)</b>		
Remeasurements of the defined benefit plans (net)	(2,923)	(2,107)
Effective portion of cash flow hedge (net)	(118)	106
<b>Retained Earnings (E)</b>	2,99,582	2,63,738
<b>Total (A+B+C+D+E)</b>	<b>3,17,967</b>	<b>2,82,793</b>

(\*) The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve

**Note 16 - Provisions**

(₹ in lakhs)

	As at 31st March 2023	As at 31st March 2022
<b>Non Current</b>		
Gratuity and other retirement benefits (refer note 36)	1,615	2,388
Provision for Warranty (refer note 35)	115	198
	<b>1,730</b>	<b>2,586</b>
<b>Current</b>		
Compensated absences	2,252	2,153
Gratuity and other retirement benefits (refer note 36)	5,262	2,228
Provision for Warranty and other potential claims (refer note 35)	468	621
Provision for litigations/ disputes (refer note 35)	1,907	1,576
Provision for estimated cost to complete on contracts (refer note 35)	4,233	3,659
	<b>14,122</b>	<b>10,237</b>

## NOTES TO THE FINANCIAL STATEMENTS

### Note 17 - Lease liabilities

(₹ in lakhs)

	As at 31st March 2023	As at 31st March 2022
<b>Non Current</b>		
Lease liabilities (refer note 2 (M) and note 30)	1,751	3,634
<b>Total</b>	<b>1,751</b>	<b>3,634</b>
<b>Current</b>		
Current maturities of lease liabilities (refer note 2 (M) and note 30)	1,883	1,940
<b>Total</b>	<b>1,883</b>	<b>1,940</b>

### Note 18 - Trade payables\*

(₹ in lakhs)

	As at 31st March 2023	As at 31st March 2022
<b>Non current</b>		
Total outstanding dues of micro enterprises and small enterprises; and	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	-	211
<b>Total</b>	<b>-</b>	<b>211</b>
<b>Current</b>		
Total outstanding dues of micro enterprises and small enterprises; and	6,691	4,210
Total outstanding dues of creditors other than micro enterprises and small enterprises	65,784	68,034
<b>Total</b>	<b>72,475</b>	<b>72,244</b>

\* Refer note 37-B for ageing schedule from due date of payment and note 42 for struck off companies. Refer note 29 for related party transactions.

### Note 19 - Other financial liabilities

(₹ in lakhs)

	As at 31st March 2023	As at 31st March 2022
<b>Current</b>		
Unclaimed dividend	58	54
Foreign currency forward contracts designated in hedge accounting relationships	322	-
Creditors for capital goods	804	704
Provision for expenses	13,713	13,556
<b>Total</b>	<b>14,897</b>	<b>14,314</b>

### Note 20 - Other current liabilities

(₹ in lakhs)

	As at 31st March 2023	As at 31st March 2022
<b>Contract liabilities</b>		
Deferred revenue (refer note 21.1(B))	1,207	1,051
Amount due to customers under construction contract (refer note 21.1(B))	7,951	6,834
Advances from customers	2,267	1,162
Statutory dues (including Provident Fund and Tax deducted at Source)	3,279	3,171
<b>Total</b>	<b>14,704</b>	<b>12,218</b>



**Note 21 - Revenue from operations**

(₹ in lakhs)

	Year ended 31st March 2023	Year ended 31st March 2022
<b>Revenue from contracts with customers (refer note 21.1)</b>		
Manufactured products and jobs	1,64,967	1,53,270
Traded products	56,040	41,752
Sale of services	1,22,177	98,719
<b>Other operating revenue</b>		
Scrap sale	45	7
Refund of taxes and duties	1,530	1,084
<b>Total</b>	<b>3,44,759</b>	<b>2,94,832</b>

**Note 21.1 - Revenue from contracts with customers**

(₹ in lakhs)

	Year ended 31st March 2023	Year ended 31st March 2022
<b>A. Disaggregation of revenue</b>		
(a) Timing of revenue recognition		
Point in time	1,01,307	70,064
Over time	2,41,877	2,23,677
(b) Geographical location		
India	2,00,531	1,82,887
Other	1,42,653	1,10,854
(c) Type of contract		
Fixed price	2,50,116	2,22,700
Time and material	93,068	71,041

**B. Contract balances**

Progress on satisfying performance obligations under contracts with customers and the related billings and cash collections are recorded in accounts receivable and the unbilled receivables in Other Financial Assets. The customer advances are recorded as Other Current Liabilities. Unbilled receivables (Contract Assets) arise when the timing of cash collected from customers differs from the timing of revenue recognition, such as when contract provisions require specific milestones to be met before a customer can be billed. Those assets are recognized when the revenue associated with the contract is recognized prior to billing and derecognized when billed in accordance with the terms of the contract. Contract liabilities are recorded when a milestone is met triggering the contractual right to bill but revenue recognised over time is not recognized.

When contracts are modified to account for changes in contract specifications and requirements, the Company considers whether the modification either creates new or changes the existing enforceable rights and obligations. Contract modifications that are for goods or services that are not distinct from the existing contract, due to the significant integration with the original good or service provided, are accounted for as if they were part of that existing contract. The effect of a contract modification on the transaction price and the measure of progress for the performance obligation to which it relates, is recognized as an adjustment to revenue (either as an increase in or a reduction of revenue) on a cumulative catch-up basis. When the modifications include additional performance obligations that are distinct, they are accounted for as a new contract and performance obligation, which are recognized prospectively.

## NOTES TO THE FINANCIAL STATEMENTS

(₹ in lakhs)

	Year ended 31st March 2023	Year ended 31st March 2022
(a) Opening balances		
Contract receivables (net of expected credit loss allowance)	67,821	92,522
Contract assets (net of expected credit loss allowance)	69,713	56,636
Contract liabilities	7,885	4,901
Closing balances		
Contract receivables (net of expected credit loss allowance)	94,619	67,821
Contract assets (net of expected credit loss allowance)	49,383	69,713
Contract liabilities	9,158	7,885
(b) Revenue recognised from opening balance of contract liability	7,110	4,411
(c) Revenue recognised in the reporting year from performance obligations satisfied (or partially satisfied) in previous years	-	-

The net change was primarily driven by the increase in recognition of revenue as performance obligations were satisfied exceeding milestone billings.

### C. Performance obligation

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. When contracts with customers require highly complex integration or manufacturing services that are not separately identifiable from other promises in the contracts and, therefore, not distinct, then the entire contract is accounted for as a single performance obligation. Performance obligations are satisfied as of a point in time or over time. Performance obligations are supported by contracts with customers, providing a framework for the nature of the distinct goods, services or bundle of goods and services. The timing of satisfying the performance obligation is typically indicated by the terms of the contract.

Typical payment terms of fixed-price over time contracts include progress payments based on specified events or milestones, or based on project progress. For some contracts the Company may be entitled to receive an advance payment. The Company provides standard warranty on its products and records obligation on the same based on past trend.

### D. Transaction price

(₹ in lakhs)

	Year ended 31st March 2023	Year ended 31st March 2022
Amount of transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied)	98,260	85,537
<b>Reconciliation of revenue</b>		
Contracted Price	3,43,581	2,93,829
Liquidated Damages	(397)	(88)
Revenue as per Statement of Profit & Loss	3,43,184	2,93,741

The Company has applied the practical expedient for certain revenue streams to exclude the value of remaining performance obligations for contracts with an original expected term of one year or less. Performance obligations recognized as at the year end will be satisfied over the course of future periods. The disclosure of the timing for satisfying the performance obligation is based on the requirements of contracts with customers. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts and periodic revalidations.

## Note 22 - Other Income

(₹ in lakhs)

	Year ended 31st March 2023	Year ended 31st March 2022
Interest income earned on financial assets that are not designated as a fair value through the Statement of Profit and Loss		
i) Bank Deposits	8,698	5,519
ii) Other financial assets carried at amortised cost	78	154
Foreign exchange gain/ (loss) (net) *	(221)	1,926
Interest on income tax and VAT refund	3,007	-
Liabilities no longer required written back	180	433
Profit on sale of Property, Plant and Equipment (net)	15	25
Miscellaneous income	1,068	177
<b>Total</b>	<b>12,825</b>	<b>8,234</b>

\* Foreign exchange gain/ (loss) is clubbed under Other Income

## Note 23 - Cost of materials consumed

(₹ in lakhs)

	Year ended 31st March 2023	Year ended 31st March 2022
Raw materials consumed		
Opening inventory	2,424	2,052
Add: Purchases (net)	1,51,951	1,25,106
Less: Inventory at the end of the year	7,333	2,424
<b>Cost of raw materials consumed</b>	<b>1,47,042</b>	<b>1,24,734</b>

## Note 24 - Changes in inventories of finished goods, work-in-progress and stock in trade

(₹ in lakhs)

	Year ended 31st March 2023	Year ended 31st March 2022
(Increase)/ decrease in stock		
Stock at the beginning of the year		
Finished goods	201	213
Work in progress	2,373	2,149
Stock-in-trade (in respect of goods acquired for trading)	4,863	5,127
<b>Total (A)</b>	<b>7,437</b>	<b>7,489</b>
Stock at the end of the year		
Finished goods	203	201
Work in progress	4,020	2,373
Stock-in-trade (in respect of goods acquired for trading)	4,909	4,863
<b>Total (B)</b>	<b>9,132</b>	<b>7,437</b>
<b>(Increase)/ decrease in stock (A-B)</b>	<b>(1,695)</b>	<b>52</b>

## NOTES TO THE FINANCIAL STATEMENTS

### Note 25 - Employee benefits expense

(₹ in lakhs)

	Year ended 31st March 2023	Year ended 31st March 2022
Salaries, wages and bonus	57,599	50,940
Share based payment (Refer note 33)	370	175
Contribution to Provident and Other Funds (refer note 36)	3,702	3,600
Staff welfare expenses	919	1,039
<b>Total</b>	<b>62,590</b>	<b>55,754</b>

### Note 26 - Finance cost

(₹ in lakhs)

	Year ended 31st March 2023	Year ended 31st March 2022
Interest cost on lease liabilities (Refer note 30)	306	430
Interest payable to MSME (Refer note 32)	71	114
Other interest cost	19	5
<b>Total</b>	<b>396</b>	<b>549</b>

### Note 27 - Other expenses

(₹ in lakhs)

	Year ended 31st March 2023	Year ended 31st March 2022
Power and fuel	1,195	1,169
Rent [(refer note 2 (M) and 30)]	529	420
Rates and taxes	1,086	196
Repairs and maintenance		
Plant and machinery	192	64
Others	931	1,271
	1,123	1,335
Auditors remuneration		
As Statutory auditors (including limited reviews)	42	40
Tax Audit services	11	11
Others	1	-
Out of pocket expenses	-	-
	54	51
Travelling and conveyance	19,421	17,184
Warranty expenses (refer note 35)	146	335
Communication expenses	330	303
Insurance	143	223
Sales commission	4	137
Professional fees	2,891	5,970
Bad debts written off (net of expected credit loss allowance) (refer note 27.1)	4,252	1,555
Corporate overhead allocations (refer note 29)	14,358	10,729
Expenditure towards Corporate Social Responsibility (refer note 38 and 29)	1,161	1,236
Bank Charges	254	322
Miscellaneous expenses	13	92
<b>Total</b>	<b>46,960</b>	<b>41,257</b>

## Note 27.1 - Bad debts written off (net of expected credit loss allowance)

(₹ in lakhs)

	Year ended 31st March 2023	Year ended 31st March 2022
Bad debts written off	1,769	1,192
Expected credit loss allowance	2,483	363
Bad debts written off (net of expected credit loss allowance)	<b>4,252</b>	<b>1,555</b>

## Note 28 - Segment information

Information reported to the Chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses only on one business segment i.e. Automation & Control Systems. There are no other reportable segments.

### Geographical Information:

The Company operates in two principal geographical areas, viz. India and Others. Revenue by location of operations and information about its non- current assets is given below:

(₹ in lakhs)

Particulars	Revenue from customer for the year ended		Non current assets* as at	
	31st March 2023	31st March 2022	31st March 2023	31st March 2022
India	2,02,106	1,83,978	15,326	18,289
Other	1,42,653	1,10,854	-	-
<b>Total</b>	<b>3,44,759</b>	<b>2,94,832</b>	<b>15,326</b>	<b>18,289</b>

\* Property, Plant and Equipment, Right-Of-Use Assets, Capital work in progress and Intangible assets used in the Company's business have not been identified to "India" or "Other", as they are used interchangeably.

The Company generates more than 10% of the revenue only from Honeywell group.

## Note 29 - Related Party Disclosure :

List of related parties (as identified and certified by the Management)

<b>i) Parties where control exists</b>	
	HAIL Mauritius Limited, Holding company (previously Honeywell Asia Pacific Inc.)
	Honeywell International Inc., Ultimate holding company
	<b>Other related parties with whom transactions have taken place during the year:</b>
<b>ii) Fellow Subsidiaries</b>	
Ademco Asia Pacific Limited	Honeywell Middle East FZE
Ademco Smart Homes Technology (Tianjin) Co., Ltd.	Honeywell Middle East Limited
AO Honeywell	Honeywell NV [Belgium]
Automation and Control Solutions Limited	Honeywell Oy
Automation and Control Solutions, S. de R.L. de C.V.	Honeywell Peru S.A.
Bryan Donkin RMG Canada Ltd.	Honeywell Portugal Automacao e Controlo S.A.
Bryan Donkin RMG Gas Controls Ltd.	Honeywell Process Solutions France
Cataleasco, Inc.	Honeywell Pte. Ltd.
Eclipse Combustion Equipment (Suzhou) Co. Ltd	Honeywell Romania s.r.l.
Eclipse Combustion Private Limited	Honeywell S.A. [France]
Eclipse, Inc.	Honeywell S.A.I.C.
Elster GmbH	Honeywell S.r.l.
Elster Holdings US, Inc.	Honeywell Sensing and Control
Elster Instromet India Private Limited	Honeywell Sensing and Control (China) Co., Ltd.

## NOTES TO THE FINANCIAL STATEMENTS

<b>Other related parties with whom transactions have taken place during the year (continued):</b>	
<b>ii) Fellow Subsidiaries (continued):</b>	
Elster Metering Limited	Honeywell Southern Africa (Proprietary) Limited
Elster Metering Private Limited	Honeywell Sp. z o.o.
Elster s.r.o.	Honeywell Specialty Chemicals MTO
Elster Solutions GmbH	Honeywell spol. s.r.o. [Slovakia]
Elster Water Metering Limited	Honeywell Systems (Thailand) Limited
Elster - Instromet Services Saudi Arabia Ltd.	Honeywell Szabályozástechnikai Kft.
Elster American Meter Company, LLC	Honeywell Taiwan Limited
Elster-Instromet Sdn. Bhd.	Honeywell Technologies S.a.r.l.
Energy ICT N.V.	Honeywell Technology Solutions Lab Private Limited
Enraf B.V.	Honeywell Technology Solutions Qatar LLC
Enraf Tankssystem AG	Honeywell Teknoloji Anonim Sirketi
Enraf Tankssystem SA	Honeywell Turki-Arabia Limited
EnviteC-Wismar GmbH	Honeywell Uruguay FTZ S.R.L.
Foreign Enterprise Honeywell Ukraine	Honeywell (Vietnam) Company Limited
HAIL Mauritius Limited	Honeywell A/S [Denmark]
Hand Held Products, Inc.	Honeywell Advanced Limited
Honeywel Austrialia C. V.	Honeywell Aktiebolag
Honeywell & Co. Oman LLC	Honeywell Algerie Sarl
Honeywell (China) Advanced Solutions Co., Ltd.	Honeywell Analytics Inc.
Honeywell (China) Co., Ltd.	Honeywell Austria Gesellschaft m.b.H.
Honeywell (Tianjin) Limited	Honeywell Automation and Control Products Limited
Honeywell A.B.	Honeywell Automation Technology (China) Co.,Ltd
Honeywell Aerospace B.V.	Honeywell automatizacija i kontrola d.o.o. za savjetovanje i razvoj
Honeywell Aftermarket Europe S.A.S. [France]	Honeywell Healthcare Solutions GmbH
Honeywell AG	Honeywell Hometown Solutions India Foundation
Honeywell Algerie S.a.r.l.	Honeywell HPS s. r. o.
Honeywell Angola Lda	Honeywell International Philippines Inc.
Honeywell AS [Norway]	Honeywell International Sàrl
Honeywell ASCa Inc.	Honeywell International Sdn. Bhd.
Honeywell Asia Pacific Inc.	Honeywell Iraq LLC
Honeywell Austria GMBH	Honeywell Kuwait International For Computer Technology And Technical Services SPC
Honeywell Automation and Control Solutions Caribbean Limited	Honeywell Limited [Australia]
Honeywell Automation and Control Solutions South Africa (Pty) Ltd	Honeywell Limited [New Zealand]
Honeywell Automation and Controls Solutions Phillippines	Honeywell NV
Honeywell Automation Control Solutions (China) Co Ltd	Honeywell Products & Solutions Sàrl
Honeywell Automation Controls System LLP	Honeywell S.L.
Honeywell Automation Controls System LLP (Kazakhstan)	Honeywell SAS
Honeywell Automatizacija i Kontrola d.o.o. (Honeywell Automation & Control)	Honeywell Southern Africa (Proprietary) Limited
Honeywell Automotive Parts Services (Shanghai) Co., Ltd.	Honeywell Technology Solutions Qatar
Honeywell B.V.	Honeywell Teknoloji A.Ş. İstanbul Endüstri ve Ticaret Serbest Bölge Şubesi - Branch Office
Honeywell Bahrain W.L.L	Honeywell Trading (Shanghai) Co., Ltd.
Honeywell Building Solutions GmbH	Honeywell Uruguay S.R.L.
Honeywell BV	Honeywell Ventures 2 Limited - Azerbaijan Branch
Honeywell Chile S.A.	Honeywell, S.L. [Spain]



<b>Other related parties with whom transactions have taken place during the year (continued):</b>	
<b>ii) Fellow Subsidiaries (continued):</b>	
Honeywell Co., Ltd.	Honeywell, S.A. de C.V.
Honeywell Colombia S.A.S	Honeywell, spol. s r.o.
Honeywell Control Systems Limited	Integrated Technical Innovation Company for General Services & Trade LLC.
Honeywell Controls & Automation India Private Ltd.	Intelligrated Systems LLC
Honeywell Controls International Ltd.	Intermec Technologies (S) Pte Ltd
Honeywell do Brasil Ltd	Life Safety Distribution AG
Honeywell E.P.E.	Life Safety Germany GmbH
Honeywell Egypt LLC	Life Safety Distribution GmbH
Honeywell Electrical Devices & Systems India Limited	Matrikon Europe Limited
Honeywell Electronic Materials, Inc.	Maxon Corporation
Honeywell Engineering SDN.BHD.	Maxon International B.V.B.A.
Honeywell Enraf Americas, Inc.	Maxon Combustion Systems Limited
Honeywell Environmental and Combustion Controls (Tianjin) Co., Ltd.	MK Electric (Malaysia) Sdn. Bhd.
Honeywell EOOD	Movilizer GmbH
Honeywell Europe BV	Novar ED&S Limited
Honeywell Europe NV	Novar France S.A.S.
Honeywell GmbH	Novar GmbH
Honeywell Hometown Solution India Foundation	Novar Systems Limited
Honeywell Int Puerto Rico	Performix Solutions Private Ltd
Honeywell International (India) Private Limited	Performix, Inc.
Honeywell International Inc.	Pittway Sarl
Honeywell International Middle East Ltd.	Pittway Systems Technology Group Europe Limited
Honeywell International Sarl	PT Honeywell Indonesia
Honeywell International Sdn. Bhd.	PT Honeywell Indonesia Trading
Honeywell Iraq Company for Technology Solutions and Services Ltd	RMG Regel + Messtechnik GmbH
Honeywell Japan Ltd.	S.C.A.M.E. Sistemi S.r.l.
Honeywell Kuwait International for Technical and Computer Services SPC	Saia-Burgess Controls AG
Honeywell Kuwait K.S.C.	Salisbury Electrical Safety L.L.C.
Honeywell Life Safety AS	SINE GROUP PTY LTD
Honeywell Limited (Canada)	Trend Control Systems Limited
Honeywell Limited / Honeywell Limitee	Tridium Asia Pacific Pte. Ltd.
Honeywell Limited [Hong Kong]	Tridium, Inc.
Honeywell Limited [New Zealand]	UOP India Private Limited
Honeywell Ltd. (Australia)	UOP L.L.C.
Honeywell Marine SAS	UOP Limited
Honeywell Measurex (Ireland) Limited	Xtralis (UK) Limited
Honeywell Middle East B.V.	Honeywell Middle East Co Ltd AD
<b>iii) Parties with common key management personnel</b>	
Trinity Mobility Pvt Ltd	
<b>iv) Key Management Personnel</b>	
Mr. Ashish Gaikwad, Managing Director	
Mr. Pulkit Goyal, CFO	
Ms. Farah Irani, Company Secretary (Upto September 04, 2022)	
Ms. Indu Daryani, Company Secretary (With effect from November 21, 2022 )	

## NOTES TO THE FINANCIAL STATEMENTS

The Company's material related party transactions during the years ended March 31, 2023 and March 31, 2022 and outstanding balances as at March 31, 2023 and March 31, 2022 with whom the Company generally enters into transactions which are at arm's length and in the ordinary course of business.

(₹ in lakhs)

Transactions with Related Parties	Volume of transactions for year ended		Amount outstanding as at			
	31st March 2023	31st March 2022	31st March 2023		31st March 2022	
			Receivable	Payable / Provision	Receivable	Payable / Provision
<b>Sale of goods, services, assets and reimbursement of expenses</b>						
Ultimate Holding Company						
Honeywell International Inc.	22,073	16,307	4,030	-	3,129	-
<b>Total</b>	<b>22,073</b>	<b>16,307</b>	<b>4,030</b>	<b>-</b>	<b>3,129</b>	<b>-</b>
Fellow Subsidiaries						
Honeywell Kuwait K.S.C.	5,766	3,883	2,471	-	1,049	-
Honeywell & Co. Oman LLC	5,673	1,323	1,261	-	712	-
Honeywell Control Systems Limited	4,923	5,354	521	-	1,185	-
Honeywell GmbH	8,292	5,469	1,073	-	733	-
Honeywell Co., Ltd.	4,060	4,152	1,208	-	373	-
Honeywell Limited [Australia]	4,856	1,069	631	-	337	-
Honeywell Middle East B.V.	11,831	4,294	4,512	-	921	-
Honeywell Pte. Ltd.	7,132	11,809	993	-	1,026	-
Honeywell Technology Solutions Qatar	12,313	2,862	2,305	-	1,190	-
Honeywell Turki-Arabia Limited	6,659	6,652	2,114	-	2,439	-
Other Fellow Subsidiaries	44,257	32,382	12,843	-	8,399	-
<b>Total</b>	<b>1,15,762</b>	<b>79,249</b>	<b>29,932</b>	<b>-</b>	<b>18,364</b>	<b>-</b>
<b>Purchase of goods, services and assets (including GIT)</b>						
Ultimate Holding Company						
Honeywell International Inc.	16,287	11,122	-	4,445	-	6,822
<b>Total</b>	<b>16,287</b>	<b>11,122</b>	<b>-</b>	<b>4,445</b>	<b>-</b>	<b>6,822</b>
Fellow Subsidiaries						
Honeywell (China) Co., Ltd.	984	680	-	222	-	193
Honeywell (Tianjin) Limited	3,382	1,969	-	417	-	563
Honeywell Environmental and Combustion Controls (Tianjin) Co., Ltd.	2,596	525	-	487	-	64
Honeywell International (India) Private Limited	10,681	6,138	-	1,985	-	1,554
Honeywell Technology Solutions Lab Private Limited	873	986	-	172	-	270
Honeywell International Sàrl	7,988	7,320	-	1,534	-	1,163
Honeywell Measorex (Ireland) Limited	28,500	14,159	-	2,481	-	2,142
Honeywell Products & Solutions Sàrl	6,244	4,847	-	1,062	-	1,005
Honeywell Sensing and Control (China) Co., Ltd.	1,741	1,767	-	322	-	265

Transactions with Related Parties	Volume of transactions for year ended		Amount outstanding as at			
	31st March 2023	31st March 2022	31st March 2023		31st March 2022	
			Receivable	Payable / Provision	Receivable	Payable / Provision
Other Fellow Subsidiaries	5,898	8,543	-	1,910	-	8,310
<b>Total</b>	<b>68,887</b>	<b>46,934</b>	<b>-</b>	<b>10,592</b>	<b>-</b>	<b>15,529</b>
Others						
Parties with common key management personnel	230	589	-	51	-	499
<b>Total</b>	<b>230</b>	<b>589</b>	<b>-</b>	<b>51</b>	<b>-</b>	<b>499</b>
<b>Expenditure towards Corporate Social Responsibility</b>						
Fellow Subsidiaries						
Honeywell Hometown Solution India Foundation	1,161	1,236	-	-	-	-
<b>Total</b>	<b>1,161</b>	<b>1,236</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Dividends paid</b>						
Holding Company						
HAIL Mauritius Limited (previously Honeywell Asia Pacific Inc.)	5,968	5,634	-	-	-	-
<b>Total</b>	<b>5,968</b>	<b>5,634</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Remuneration to Key Management Personnel

(₹ in lakhs)

	Year ended 31st March 2023	Year ended 31st March 2022
Short term benefits	604	449
Post-employment benefits*	34	29
Other long-term benefits	19	8
Share-based payments	166	136

\* The Provision for post-employment benefit are determined by way of Actuarial Valuation for a Company as a whole.

The Company generates a large percentage of its sales and profits from its business with the Honeywell group (Honeywell), its major shareholder. Sales to Honeywell group accounted for approximately 40% and 32% of our total net sales for the year ended March 31, 2023 and year ended March 31, 2022 respectively. The Company's ability to maintain or grow its business with Honeywell depends upon a number of performance factors. However, the Company cannot be assured that its level of sales and profits associated with its relationship with Honeywell will continue. Honeywell-specific business considerations (independent of its shareholding in the Company), including changes in Honeywell's strategies regarding utilization of alternate opportunities available to it to source products and services currently provided by the Company (including from alternate sources which Honeywell may acquire or develop within its own group), may also reduce the level and/or mix of Honeywell's business with the Company.

## NOTES TO THE FINANCIAL STATEMENTS

### Note 30 - Leases

(₹ in lakhs)

	Year ended 31st March 2023	Year ended 31st March 2022
Depreciation charge for right-of-use assets	1,912	2,075
Interest expense on lease liabilities	306	430
Expense relating to short-term leases and leases of low-value assets	529	420
Expense relating to variable lease payments not included in the measurement of lease liabilities		
Cash outflow from operating leases	2,246	2,343
Additions to right-of-use assets during the year	-	309

### Maturity analysis of lease liabilities

As a lessee under operating leases (₹ in lakhs)

2023-24	2,060
2024-25	933
2025-26	381
2026-27	414
2027-28	182
<b>Total lease payments</b>	<b>3,970</b>
Less: Interest	336
<b>Total</b>	<b>3,634</b>

The leases that the Company has entered with lessors towards office premises are long term in nature.

### Note 31 - Earning per share (EPS)

EPS is calculated by dividing the profit attributable to the equity shareholders by the average number of shares outstanding during the year. The basic and diluted earnings per share have been calculated as under:

(₹ in lakhs)

	Year ended 31st March 2023	Year ended 31st March 2022
Profit after tax (Rs. in lakhs)	43,801	33,913
Weighted average number of equity shares	88,41,523	88,41,523
Basic/ Diluted earnings per share (Rs.)	495.40	383.57
Face value per share (Rs.)	10	10

### Note 32 - Disclosure in accordance with Section 22 of Micro, Small and Medium Enterprises Development Act, 2006

(₹ in lakhs)

Sr No	Particulars	31st March 2023	31st March 2022
i)	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the accounting period		
	-Principal amount outstanding	6,691	4,210
	-Interest thereon	71	114
ii)	The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting period	-	-

Sr No	Particulars	31st March 2023	31st March 2022
	- Interest paid in terms of Section 16	-	-
	- Delayed principal payments	3,910	10,467
iii)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006		
	- Normal Interest accrued during the year, for all the delayed payments, as per the agreed terms and not as payable under the Act	-	-
	- Normal Interest payable during the year, for the period of delay in making payment, as per the agreed terms and not as payable under the Act.	-	-
iv)	The amount of interest accrued and remaining unpaid at the end of each accounting period		
	- Total interest accrued during the period	71	114
	- Total Interest remaining unpaid out of the above as at the balance sheet date	71	114
v)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.		
	Outstanding interest at the end of current year	184	122
	Outstanding interest at the end of previous year	122	793

The Company has compiled this information based on intimations received from suppliers of their status as Micro or Small enterprises and / or its registration with the appropriate authority under Micro, Small and Medium Enterprises Development Act, 2006 (as amended from time to time).

## Note 33 - Share Based Payments

### Employee share option plan of the company

Honeywell International Inc. (HII), the ultimate holding company, may grant stock options and restricted stock awards to certain employees under its stock incentive plan.

**Stock Options**—The exercise price, term and other conditions applicable to each option granted under the stock plans are generally determined by the Management Development and Compensation Committee of the Board of Honeywell International Inc. The exercise price of stock options is set on the grant date and may not be less than the fair market value per share of the stock on that date. The fair value is recognized as an expense over the employee's requisite service period (generally the vesting period of the award). Options generally vest over a four-year period and expire after ten years.

**Restricted Stock Units**—Restricted stock unit (RSU) awards entitle the holder to receive one share of common stock for each unit when the units vest. RSUs are issued to certain employees as compensation at fair market value at the date of grant. RSUs typically become fully vested over periods ranging from three to seven years and are payable in Honeywell common stock upon vesting.

### Fair value of share options granted in the year

The fair value of each stock option award is estimated on the date of grant using the Black-Scholes option-pricing model. Expected volatility is based on implied volatilities from traded options on common stock of HII and historical volatility of common stock of HII. Monte Carlo simulation model is used to derive an expected term which represents an estimate of the time options are expected to remain outstanding. Such model uses historical data to estimate option exercise activity and post-vest termination behaviour. The risk-free rate for periods within the contractual life of the option is based on the U.S. treasury yield curve in effect at the time of grant.

## NOTES TO THE FINANCIAL STATEMENTS

The inputs used in the measurement of the fair values at grant date of the Stock options were as follows.

Grant Date	23-Feb-23	11-Feb-22	12-Feb-21	14-Feb-20	26-Feb-19	27-Feb-18	28-Feb-17	25-Feb-16	26-Feb-15
Exercise price (USD)	194.31	189.72	202.72	180.92	154.22	155.39	124.99	103.07	103.31
*Exercise price in equivalent INR	15,966	14,379	15,365	13,712	11,689	11,777	9,473	7,812	7,830
Expected volatility	22.42%	23.01%	24.84%	17.96%	18.38%	18.93%	18.96%	23.07%	21.55%
Option life	4.86	4.74	4.54	4.62	4.87	4.95	5.04	4.97	4.96
Dividend yield	2.51%	2.57%	2.32%	2.49%	2.65%	2.49%	2.81%	2.92%	1.98%
Risk-free interest rate	4%	1.81%	0.43%	1.42%	2.51%	2.71%	2.02%	1.29%	1.61%
Fair value per share	\$38.73	\$30.84	\$32.10	\$21.41	\$21.53	\$23.65	\$16.65	\$15.59	\$17.21
Fair value per share in equivalent INR*	3,182	2,337	2,433	1,623	1,632	1,792	1,262	1,182	1,304

\* Converted at ₹82.17 / USD (March 31, 2022 - ₹75.79/ USD)

The following share-based payment arrangements were in existence during the current and previous year :

Options series	Number	Grant date	Expiry date	Exercise price	Fair value at grant date	Equivalent fair value INR*
<b>Restricted stock option</b>						
2016 RSU	154	25.07.2019	NA	NA	\$162.85	13,381
2016 RSU	160	11.02.2022	NA	NA	\$176.91	14,537
2016 RSU	137	29.07.2021	NA	NA	\$219.49	18,035
2016 RSU	335	29.07.2021	NA	NA	\$219.49	18,035
2016 RSU	344	30.07.2020	NA	NA	\$138.63	11,391
2016 RSU	336	02.09.2020	NA	NA	\$157.99	12,982
2016DIV RSU	520	27.07.2017	NA	NA	\$131.69	10,821
2016DIV RSU	306	11.02.2022	NA	NA	\$189.72	15,589
2016DIV RSU	248	12.02.2021	NA	NA	\$202.72	16,658
2016DIV RSU	289	14.02.2020	NA	NA	\$180.92	14,866
2016DIV RSU	1,170	30.07.2020	NA	NA	\$151.05	12,412
2016 RSU	232	23.02.2023	NA	NA	\$194.31	15,966
2016 RSU	384	08.08.2022	NA	NA	\$181.78	14,937
2016DIV RSU	306	23.02.2023	NA	NA	\$194.31	15,966
2016DIV RSU	1,039	28.07.2022	NA	NA	\$189.18	15,545
<b>Stock options</b>						
2016	1,847	28-Feb-17	27-Feb-27	119.69	\$16.65	1,368
2016	2,192	27-Feb-18	26-Feb-28	148.79	\$23.65	1,943
2016	2,153	26-Feb-19	25-Feb-29	154.22	\$21.53	1,769
2016	2,336	14-Feb-20	14-Feb-30	180.92	\$21.41	1,759
2016	1,498	12-Feb-21	12-Feb-31	202.72	\$32.10	2,638
2016	1,834	11-Feb-22	11-Feb-32	189.72	\$30.84	2,534
2016	1,533	23-Feb-23	23-Feb-33	194.31	\$38.73	3,182

\* Converted at ₹82.17/ USD (March 31, 2022 - ₹75.79/ USD)



Movements in Restricted Stock Units during the year	Restricted Stock Units	
	2022-23	2021-22
	No of Units	No of Units
Balance at beginning of year	3,381	4,795
Adjustments during the year*	-	-
Granted during the year	3,999	298
Forfeited during the year	27	-
Vested and issued during the year	1,665	1,712
Expired during the year	-	-
Balance at end of year	5,688	3,381

Movements in share options during the year	Employee stock option plan			
	2022-23		2021-22	
	No of Options	Weighted average exercise price	No of Options	Weighted average exercise price
Balance at beginning of year	12,210		10,376	
Adjustments during the year*	-		-	
Granted during the year	1,533		1,834	
Forfeited during the year	-	168.10	-	165.56
Exercised during the year	350		-	
Expired during the year	-		-	
Balance at end of year	13,393		12,210	

\* Represents adjustments made by Honeywell International Inc., the ultimate holding company, pursuant to realignment of employees' entitlement.

## Restricted Stock Units vested and issued during the year

	Number Settled	Issue/ Vesting date
2016 RSU	154	25-Jul-21
2016 RSU	79	11-Feb-23
2016 RSU	69	29-Jul-22
2016 RSU	172	30-Jul-22
2016 RSU	331	2-Sep-21
2016DIV RSU	294	14-Feb-23
2016DIV RSU	567	30-Jul-22

## Note 34 - Contingent Liabilities and Commitments

### A) Contingent liabilities

(₹ in lakhs)

Particulars	31st March 2023	31st March 2022
a) Income tax liability that may arise in respect of matters in appeal	4,358	6,068
b) Excise duty claims against the Company	2	2
c) Sales tax liability that may arise in respect of matters in appeal	6,170	8,199
d) Customs duty claims against the Company	133	187
e) Third party Claims against the Company not acknowledged as debts	152	123

## NOTES TO THE FINANCIAL STATEMENTS

Note: It is not practicable for the Company to estimate the timing of cash outflow, if any, in respect of the above pending resolutions of the respective proceedings.

As at March 31, 2023, Contingent liability majorly represent demands arising on completion of assessment proceedings under the Income-tax Act, 1961 and other indirect tax act including excise, custom and sales tax.

These claims are on account of various issues of disallowances, or addition in liability by tax liabilities related to various issues including C- forms, WCT TDS etc.

These matters are pending before various appellate authorities and the Management including its tax advisors expect that its position will likely be upheld on ultimate resolution and will not have a material adverse effect on the Company's financial position and results of operations.

Third party claims against company not acknowledged as debts includes ongoing cases pending in commercial court/ Arbitral Tribunal in relation to claims/ counter claims raised by few vendors/ customers and HAIL for certain commercial teams disagreements.

B) Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances) - ₹ 450 ('lakhs) [31st March 2022 ₹ 502 ('lakhs)]

### Note 35 - Disclosure as required by IND AS -37

(₹ in lakhs)

	Year ended 31st March	Opening balance	Additions	Utilizations	Reversals	Total
<b>Provision for litigations/ disputes (A)</b>	2023	1,576	575	(244)	-	1,907
	2022	1,540	36	-	-	1,576
<b>Provision for warranty (B)</b>	2023	819	174	(382)	(28)	583
	2022	954	341	(470)	(6)	819
<b>Provision for estimated cost to complete on contracts (C)</b>	2023	3,659	4,165	(2,950)	(641)	4,233
	2022	1,534	3,490	(1,199)	(166)	3,659

#### A Litigations/ disputes mainly include:

- Provision for disputed statutory matters comprises matters under litigation with Sales Tax and Local authorities.
- The amount of provision made by the Company is based on the estimate made by the Management considering the facts and circumstances of each case.

To the extent the Company is confident that it may have a strong case that portion is disclosed under contingent liabilities.

- The timing and the amount of cash flows that will arise from these matters will be determined when the matters are settled with respective Appellate Authorities.

#### B Warranty

Provision for warranty is considered based on the rolling average warranty expense incurred in the preceding 12 months, the warranty period for which ranges from 12 months to 24 months as per provisions of the contracts.

#### C Provision for Estimated Cost to complete on Contracts

A provision for estimated cost to complete on construction contracts is recognized when it is probable that the total contract cost will exceed total contract revenue. The provision shall be utilized as and when the contract gets executed.

## Note 36 - Employee Benefit plans

### A Defined contribution plans

The company has recognized the following amounts in the Statement of Profit and Loss for the year.

(₹ in lakhs)

Sr no	Particulars	31st March 2023	31st March 2022
1	Contribution to employees' superannuation fund	43	57
	<b>Total</b>	<b>43</b>	<b>57</b>

### B Defined benefit plans (gratuity and other retirement benefits)

The Company also provides for gratuity, covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment.

Provident Fund contributions are made to a Trust administered by the Company for its qualifying employees. This defined benefit plans is administered by separate trust that is legally separated from the entity. The board of the trust is required by law and by its trust deed to act in the interest of the fund and of all the relevant stakeholders in the scheme; i.e. active employees, inactive employees, retirees, employers. The board of the fund is responsible for the investment policy with regard to the assets of the fund.

The Principal assumptions used for the purposes of the actuarial valuations were as follows:

Sr no	Particulars	31st March 2023	31st March 2022
1	Discount rate	7.20%	7.15%
2	Expected Future Return on PF assets	7.40%	7.60%
3	Rate considered for actuarial valuation of PF interest shortfall	8.10%	8.50%
4	Salary escalation rate	8.50%	8.50%
5	Mortality rate	Provident Fund and Gratuity : IALM (2012-14) Ultimate Pension : LIC (1994-96) Ultimate Rates	Provident Fund and Gratuity : IALM (2012-14) Ultimate Pension : LIC (1994-96) Ultimate Rates
6	Withdrawal rate	Age Based: Upto 30 years - 11.5% 31 to 44 years - 5.9% 45 to 50 years - 5.5% Above 50 years - 4.5%	Age Based: Upto 30 years - 11.5% 31 to 44 years - 5.9% 45 to 50 years - 5.5% Above 50 years - 4.5%
7	Retirement age	60 years	60 years

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

Total expense recognised in the statement of Profit and Loss

(₹ in lakhs)

Sr No.	Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
1	Current service cost	961	911
2	Past service cost		
3	Net Interest cost	95	60
	<b>Component of defined benefit costs recognised in profit and loss</b>	<b>1,056</b>	<b>971</b>

## NOTES TO THE FINANCIAL STATEMENTS

Sr No.	Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
4	Remeasurement of defined benefit liability	-	-
5	Return on plan assets (excluding amounts included in net interest expenses)	-	-
6	Actuarial (gain)/ losses arising from changes in demographic assumptions	-	-
7	Actuarial (gain)/ losses arising from changes in financial assumptions	(47)	(275)
8	Actuarial (gain)/ losses arising from changes in experience adjustments	398	548
9	Return on plan assets (greater)/ less than discount rate	21	156
10	Adjustments for restriction on defined benefit asset	-	-
	<b>Component of defined benefit costs recognised in other comprehensive income</b>	<b>372</b>	<b>429</b>
	<b>Total</b>	<b>1,428</b>	<b>1,400</b>

The current service cost and the net interest expenses for the year are included in 'Employee benefits expense' in the statement of profit and loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

Movements in the present value of the defined benefit obligation are as follows.

(₹ in lakhs)

Sr No.	Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
1	Present value of obligation as at beginning of the year	8,881	8,240
2	Current service cost	961	911
3	Interest cost	616	550
4	Remeasurement (gains)/losses:		
	Actuarial (gain)/ losses arising from changes in demographic assumptions	-	-
	Actuarial (gain)/ losses arising from changes in financial assumptions	(47)	(275)
	Actuarial (gain)/ losses arising from changes in experience adjustments	398	548
5	Curtailment cost/(credit)	-	-
6	Settlement cost/(credit)	-	-
7	Benefits paid	(845)	(998)
8	Acquisition/ Divestiture	(53)	(96)
9	Present value of obligation as at end of the year	9,911	8,880

Movements in the fair value of the plan assets are as follows.

(₹ in lakhs)

Sr No.	Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
1	Fair value of plan assets as at beginning of the year	7,286	7,146
2	Remeasurement gain/(loss)	(21)	(156)
3	Expected return on plan assets	521	489
4	Employers' contribution	300	873
5	Benefits payment from plan asset	(817)	(970)
6	Acquisition/ Divestiture (related to transfer of employees)	(53)	(96)
7	Fair value of plan assets as at end of the year	7,216	7,286

Amount recognized in the Balance Sheet (for gratuity and other retirement benefits) including a reconciliation of the present value of defined benefit obligation and the fair value of assets.

(₹ in lakhs)

Sr No.	Particulars	31st March 2023	31st March 2022
1	Present value of funded obligation	9,911	8,880
2	Fair value of plan assets	7,216	7,286
3	Net liability recognized in the Balance Sheet	2,695	1,594

Amount recognized in the Balance Sheet (for provident fund ) including a reconciliation of the present value of defined benefit obligation and the fair value of assets.

(₹ in lakhs)

Sr No.	Particulars	31st March 2023	31st March 2022
1	Present value of funded obligation	37,185	35,709
2	Fair value of plan assets	33,047	32,705
3	Net liability	4,138	3,004

A significant part of the plan assets are classified as Level 2 where the fair value is determined basis the observable inputs either directly or indirectly. The financial assets carried at fair value by the trust are mainly investments in Government securities, public and private sector bonds and mutual funds.

## Sensitivity Analysis

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the Present value of obligation (PVO) and aids in understanding the uncertainty of reported amounts.

- Sensitivity analysis for each significant actuarial assumptions viz. Discount rate and Salary escalation rate as of the end of the reporting period, showing how the defined benefit obligation would have been affected by changes is called out in the table above.
- The assumptions used in preparing the sensitivity analysis is  
Discount rate at +100bps and – 100 bps  
Salary escalation rate at +100 bps and -100 bps
- The method used to calculate the liability in these scenarios is by keeping all the other parameters and the data same as in the base liability calculation except for the parameters to be stressed.
- There is no change in the method from the previous period and the points/percentage by which the assumptions are stressed are same as that in the previous year.

## Impact of change in discount rate when base assumption is decreased/increased by 100 basis point

(₹ in lakhs)

Discount rate	March 31, 2023 Present value of Obligation	March 31, 2022 Present value of Obligation
a) Discount rate -100 basis point	10,941	9,852
b) Discount rate +100 basis point	9,029	8,052

## NOTES TO THE FINANCIAL STATEMENTS

### Impact of change in salary increase rate when base assumption is decreased/increased by 100 basis point

(₹ in lakhs)

Salary escalation rate	31st March 2023	31st March 2022
a) Salary escalation rate -100 basis point	8,990	8,018
b) Salary escalation rate +100 basis point	10,961	9,874

In presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using Projected Unit Credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the Balance sheet.

Percentage of each category of plan assets to total fair value of plan assets

Sr. No	Particulars	31st March 2023	31st March 2022
1	Insurer managed funds	100%	100%

Gratuity fund contributions are made to LIC.

The overall expected rate of return on assets is based on the expectation of the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.

The actual return on plan assets is as follows

(₹ in lakhs)

Sr. No	Particulars	For the year ended	
		31st March 2023	31st March 2022
a	Actual return on plan assets	500	333

### A note on other risks

**Investment risk-** The funds are invested with an external insurer (LIC of India). The insurer manages the Gratuity Fund and provides quarterly interest returns. Considering LIC is a state insurer with a sovereign guarantee and no history of defaults the investment risk is not significant.

**Interest Risk –** The Gratuity fund managed by an external insurer (LIC of India) is in the form of cash accumulation scheme with interest rates declared annually – A significant fall in interest (discount) rates may not be offset by an increase in value of Gratuity Fund, hence may pose an interest rate risk.

**Longevity Risk –** Since Gratuity is paid at retirement in form of lump sum and also during service at the time of termination to vested members, longevity risk is not applicable since maximum duration for benefit is till retirement age

**Salary Risk-** The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

### Expected future cash flow of defined benefit obligation:

(₹ in lakhs)

Year	Amount
Year -1	537
Year -2	697
Year -3	759
Year -4	721
Year -5	756
Years 6 to 10	4,188
<b>Total</b>	<b>7,658</b>



**Note 37 - Financial instruments**

Categories of financial instrument

Particulars	31st March 2023			31st March 2022		
	Within Twelve Months	After Twelve Months	Total	Within Twelve Months	After Twelve Months	Total
<b>Financial assets</b>						
Measured at amortised cost						
(i) Trade Receivables	85,171	9,448	94,619	58,713	9,108	67,821
(ii) Cash and cash equivalents	48,093	-	48,093	29,068	-	29,068
(iii) Bank balances other than (ii) above	1,89,858	-	1,89,858	1,71,554	-	1,71,554
(iv) Other financials assets						
(a) Deposits against bank guarantee	1,355	128	1,483	233	1,242	1,475
(b) Interest accrued on deposits with banks	2,875	-	2,875	1,697	-	1,697
(c) Security deposits	137	1,169	1,306	36	1,120	1,156
(d) Earnest money deposits	11	-	11	76	-	76
(e) Amounts due from customers under construction contracts	44,862	826	45,688	63,764	949	64,713
(f) Unbilled services	3,588	107	3,695	4,837	163	5,000
(g) Other financial assets	654	-	654	-	-	-
Measured at Fair Value through Other Comprehensive Income						
(a) Foreign currency forward contracts designated in hedge accounting relationships (Basis of Valuation : Level - 2 described in note 2.B )	20	58	78	333	-	333
<b>Financial Liabilities</b>						
Measured at amortised cost						
(i) Trade payables ^						
(A) Total outstanding dues of micro enterprises and small enterprises; and	6,691	-	6,691	4,210	-	4,210
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises	65,784	-	65,784	68,034	211	68,245
(ii) Other financials Liabilities						
(a) Creditors for capital goods	804	-	804	704	-	704
(b) Unclaimed dividend	58	-	58	54	-	54
(c) Provision for expenses *	13,713	-	13,713	13,556	-	13,556
(iii) Lease Liabilities	1,883	1,751	3,634	1,940	3,634	5,574
Measured at Fair Value through Other Comprehensive Income						
(a) Foreign currency forward contracts designated in hedge accounting relationships (Basis of Valuation : Level - 2 described in note 2.B )	322	-	322	-	-	-

\* Includes accruals towards government dues.

^Trade Payables are classified as current being payable on demand other than those classified as non-current.

## NOTES TO THE FINANCIAL STATEMENTS

### Financial risk management objectives

Company is exposed to foreign exchange risk on account of import risk and hedging activities; and export transactions which is monitored periodically. The Company leverages the global treasury operations of Honeywell to improve mitigation of risk relating to foreign exchange.

### Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

### Unhedged by derivative instruments/ or otherwise

(₹ in lakhs)

Particulars	31st March 2023	31st March 2022
<b>a) Liability - Trade Creditors</b>		
In GBP	8	2
(Equivalent approximate in ₹)	806	151
In USD	177	123
(Equivalent approximate in ₹)	14,538	9,348
In EURO	34	41
(Equivalent approximate in ₹)	3,018	3,473
In CAD *	0	-
(Equivalent approximate in ₹)	15	22
In AUD *	0	-
(Equivalent approximate in ₹)	18	4
In CNY	199	65
(Equivalent approximate in ₹)	2,373	782
In CHF *	(0)	-
(Equivalent approximate in ₹)	(1)	1
In SAR	-	-
(Equivalent approximate in ₹)	-	1
In DZD	5	5
(Equivalent approximate in ₹)	3	3
In RON *	0	-
(Equivalent approximate in ₹)	1	-
In ZAR	1	-
(Equivalent approximate in ₹)	2	1
<b>b) Asset - Trade Receivables</b>		
In GBP	2	6
(Equivalent approximate in ₹)	196	548
In EURO	8	5
(Equivalent approximate in ₹)	678	414
In USD	60	-
(Equivalent approximate in ₹)	4,948	-
In CNY	1	-
(Equivalent approximate in ₹)	8	-
<b>c) Asset - Bank Balances</b>		
In USD	307	157
(Equivalent approximate in ₹)	25,222	11,863

Particulars	31st March 2023	31st March 2022
In KRW	261	87
(Equivalent approximate in ₹)	16	5
In ZAR	2	2
(Equivalent approximate in ₹)	8	12

\*Amount below the rounding off norm adopted by the company

## Foreign currency exchange rate risk:

The fluctuation in foreign currency exchange rates may have potential impact on the income statement and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the Company. Considering the countries and economic environment in which the Company operates, its operation are subject to risks arising from fluctuations in exchange rates in those countries. The risk primarily relate to U.S. Dollars against the functional currency of Honeywell Automation India Limited.

The Company, as per its Hedging policy, uses forward contracts to hedge foreign exchange exposure. The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using forward contracts in accordance with its risk management policies.

The Company uses forward exchange contracts to hedge its exposure in foreign currency. The information on derivative instruments is as follows :

Particulars	As At	Currency	Bought/ Sold	Amount in foreign Currency (Lakhs)	Amount in ₹ Lakhs
Foreign Exchange Forward contracts (*)	March 31,2023	USD/INR	Sold	384	31,553
	March 31,2022	USD/INR	Sold	348	26,376

\* Converted at ₹ 82.17 / USD (March 31, 2022 - ₹ 75.79/ USD)

The Table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the balance sheet

(Amount in \$ lakhs)

	31st March 2023	31st March 2022
Not Later than one month	38	47
Later than one month but not later than three months	37	44
Later than three month but not later than one year	208	257
Later than one year but not later than two years	101	-

## Foreign currency sensitivity analysis

The Company is exposed mainly to the fluctuation in the value of USD and EURO. The following table details the company sensitivity to a 5% increase and decrease in functional currency against the relevant foreign currency. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjust there translation at the period end for a 5 % change in foreign currency rate.

## NOTES TO THE FINANCIAL STATEMENTS

(₹ in lakhs)

	31st March 2023	31st March 2022
<b>USD Impact</b>		
<b>5% Appreciation in USD</b>		
Impact on profit or loss for the year {Gain/(Loss)}	782	126
Impact on total equity as at the end of the year	782	126
<b>5% Depreciation in USD</b>		
Impact on profit or loss for the year {Gain/(Loss)}	(782)	(126)
Impact on total equity as at the end of the year	(782)	(126)
<b>EURO Impact</b>		
<b>5% Appreciation in EURO</b>		
Impact on profit or loss for the year {Gain/(Loss)}	(117)	(153)
Impact on total equity as at the end of the year	(117)	(153)
<b>5% Depreciation in EURO</b>		
Impact on profit or loss for the year {Gain/(Loss)}	117	153
Impact on total equity as at the end of the year	117	153

### **Credit risk management**

Credit risk refers to the risks that a counterparty may default on its contractual obligations resulting in financial loss to the Company. The Company deals only with credit worthy counterparties and takes appropriate measures to mitigate the risk of financial loss from defaults. Trade receivable consists of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

### **Liquidity risk management**

The Company manages liquidity risk by maintaining adequate reserves, banking facility and by continuously monitoring forecasts and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company has no outstanding borrowings. The Company believes that the working capital is sufficient to meet its current requirements.

### **Note 37 -A- Disclosure pursuant to Ind AS 1 "Presentation of financial statements":**

#### **(a) Current assets expected to be recovered within twelve months and after twelve months from the reporting date:**

(₹ in lakhs)

Particulars	Note reference	31st March 2023			31st March 2022		
		Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Inventories	13	16,465	-	<b>16,465</b>	9,861	-	<b>9,861</b>
Trade Receivables	6	85,171	8,605	<b>93,776</b>	58,713	8,800	<b>67,513</b>
Other financial assets	9	53,502	826	<b>54,328</b>	70,976	949	<b>71,925</b>
Other Current assets	12	7,174	-	<b>7,174</b>	8,187	-	<b>8,187</b>

**(b) Current liabilities expected to be settled within twelve months and after twelve months from the reporting date:**

(₹ in lakhs)

Particulars	Note reference	31st March 2023			31st March 2022		
		Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Trade Payables -dues of micro enterprises and small enterprises	18	6,691	-	<b>6,691</b>	4,210	-	<b>4,210</b>
Trade payables -dues of creditors other than micro enterprises and small enterprises	18	65,784	-	<b>65,784</b>	68,034	-	<b>68,034</b>
Lease liabilities	17	1,883	-	<b>1,883</b>	1,940	-	<b>1,940</b>
Other financial liabilities	19	14,897	-	<b>14,897</b>	14,314	-	<b>14,314</b>
Other current liabilities	20	13,705	999	<b>14,704</b>	11,459	759	<b>12,218</b>
Provisions	16	13,606	516	<b>14,122</b>	10,132	105	<b>10,237</b>

**Note 37 -B- Additional Disclosures pursuant to Schedule III to Companies Act, 2013:**
**Trade receivable ageing**

(₹ in lakhs)

Particulars		Outstanding for following periods from due date of payment					Not due	Unbilled	Total
		Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years			
i) Undisputed Trade receivables – considered good	2023	41,973	4,842	1,905	1,015	1,074	35,282	8,528	94,619
	2022	23,458	9,017	1,235	546	1,224	23,709	8,632	67,821
ii) Undisputed Trade Receivables – which have significant increase in credit risk	2023	-	-	-	-	-	-	-	-
	2022	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	2023	-	-	-	-	-	-	-	-
	2022	-	-	-	-	-	-	-	-
iv) Disputed Trade Receivables– considered good	2023	-	-	-	-	-	-	-	-
	2022	-	-	-	-	-	-	-	-
v) Disputed Trade Receivables – which have significant increase in credit risk	2023	-	-	-	-	-	-	-	-
	2022	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	2023	-	-	-	-	-	-	-	-
	2022	-	-	-	-	-	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### Trade payable ageing

(₹ in lakhs)

Particulars		Outstanding for following periods from due date of payment					Not due	Unbilled	Total
		Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years			
MSME - disputed dues	2023	-	-	-	-	-	-	-	-
	2022	-	-	-	-	-	-	-	-
MSME - undisputed dues	2023	117	63	114	7	10	6,380	-	6,691
	2022	435	34	1	81	4	3,655	-	4,210
Others - disputed dues	2023	-	-	-	-	-	-	-	-
	2022	-	-	-	-	-	-	-	-
Others - undisputed dues	2023	12,155	76	2,044	2,879	439	48,191	-	65,784
	2022	29,129	2,851	4,188	-	38	32,039	-	68,245

### Note 38

As set out in section 135 of the Companies Act, 2013 the Company is required to contribute/ spend ₹ 1,161 lakhs (previous year ended March 31, 2022: ₹ 1,236 lakhs) towards Corporate Social Responsibility activities, as calculated basis 2% of its average net profits of the last three financial years.

(₹ in lakhs)

	31st March 2023	31st March 2022
(i) Gross Amount required to be spent by the company during the year	1,161	1,236
(ii) Amount spent during the year,		
a. construction/ acquisition of any asset	-	-
b. on purposes, other than (a) above	1,116	1,236
(iii) The amount of shortfall at the end of the year out of the amount required to be spent by the Company during the year,	45	-
(iv) Total of previous years shortfall amount,	-	-

Company has contributed to Honeywell Hometown Solution India Foundation (HHSIF), trust controlled by Honeywell group for CSR activities. The trust has spent funds on activities such as "Education, Skill and Research" and "Sustainable and Holistic Community Development Program" etc. Refer note 29 for related party disclosure.

Unspent CSR contribution amounting to ₹ 45 lakhs is related to ongoing project and will be spent by HHSIF in next financial year considering the tenure of the project. The said amount is deposited in "Unspent CSR Account" in accordance with Section 135 of the Companies Act, 2013 within the prescribed time limit.

### Note 39

The financial statements were approved for issue by the board of directors on May 17, 2023 (previous year ended March 31, 2022 on May 12, 2022). The Board of Directors have recommended dividend of ₹ 95 per equity share for the financial year ended March 31, 2023 (previous year ended March 31, 2022: ₹ 90 per equity share) for approval of shareholders. The face value of the equity share is ₹ 10 each. This payment is subject to the approval of shareholders in the Annual General Meeting of the Company which is scheduled on August 11, 2023. This final dividend if approved by shareholders would result in a net cash outflow of approximately ₹ 8,399 lakhs (previous year ended March 31, 2022: ₹ 7,957 lakhs approved by shareholder in Annual General Meeting held on August 17, 2022).



**Note 40 -Ratio analysis**

Ratio	Numerator	Denominator	Current period	Previous period	% variance	Reason for Variance required only if variance more than 25%
Current Ratio	Current assets	Current liabilities	3.34	3.23	3%	Not Applicable
Debt-Equity Ratio	Total Debt	Shareholder's Equity	Refer Note below			
Debt Service Coverage Ratio	Earnings available for debt service	Debt Service	Refer Note below			
Return on Equity Ratio	Profit after tax	Average Shareholder's Equity	15%	13%	16%	Not Applicable
Inventory turnover ratio	Cost of goods sold	Average Inventory	13.93	15.93	-13%	Not Applicable
Trade Receivables turnover ratio	Net Sales	Average Accounts Receivable	4.23	3.66	15%	Not Applicable
Trade payables turnover ratio	Net Purchases	Average Trade Payables	2.53	1.85	37%	Increase in operations with better working capital management.
Net capital turnover ratio	Net Sales	Working Capital	1.20	1.19	1%	Not Applicable
Net profit ratio	Net Profit	Net Sales	13%	12%	11%	Not Applicable
Return on Capital employed	Earnings before interest and tax	Capital Employed	19%	16%	14%	Not Applicable
Return on investment	Return on investment	Average investments	Refer Note below			

\* The Company does not have Borrowings and Investment hence not applicable.

**Note 41- Capital work in progress**
**(₹ in lakhs)**

Particulars		Amount in CWIP for a period of				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	2023	209	31	-	-	240
	2022	214	-	-	-	214
Projects temporarily suspended	2023	-	-	-	-	-
	2022	-	-	-	-	-

Company does not have any overdue capital work in progress.

## NOTES TO THE FINANCIAL STATEMENTS

### Note 42 – Company does not have any transaction with Struck off companies except

(₹ in lakhs)

Name of the Company	Relationship of Struck off company	Transaction during the year	Balance outstanding as at year end
<b>2021-22</b>			
Flexitech Services P Ltd	Customer	Nil	- *
Extreme Buildspace Autotech Pvt Ltd	Vendor	Nil	- *
<b>2022-23</b>			
Flexitech Services P Ltd	Customer	Nil	- *
Extreme Buildspace Autotech Pvt Ltd	Vendor	Nil	- *

\* Less than ₹ 1 Lakh

### Note 43

The Company maintains the books of account electronically and it's back-up on daily-basis on a server located outside of India. These data are accessible in India at all times. The Company has noted the recent changes in the Rule 3 of Companies Act and is in the process of evaluating the options to comply with the revised rules. The Company will notify Registrar of Companies (ROC) about the person in control of the data in its Annual filing.

### Note 44

Figures for the previous year have been regrouped/reclassified wherever required.

#### For and on behalf of the Board

##### Ganesh Natarajan

Chairman (Non-Executive) – Board

##### Ashish Gaikwad

Managing Director

##### Indu Daryani

Company Secretary

##### Pulkit Goyal

Chief Financial Officer

Place : Pune

Date : May 17, 2023

## Glossary

Abbreviations/Terms Used	For
AC	Air Conditioner
Act	The Companies Act, 2013
AGM/the Meeting	39 <sup>th</sup> Annual General Meeting of Honeywell Automation India Limited
BCIR	Business Conduct Incident Report
Board	Board of Directors of Honeywell Automation India Limited
BRSR	Business Responsibility and Sustainability Report
BSE	BSE Limited
CDSL	Central Depository Services (India) Limited
CPCB	Central Pollution Control Board
CRA	Cell Risk Assessment
CSR	Corporate Social Responsibility
DNV	Det Norske Veritas
DP	Depository Participant
DTAA	Double Tax Avoidance Agreement
ECS	Electronic Clearing Service
EEE	Electrical and Electronic Waste
EIA	Environmental Impact Assessment
EPR	Extended Producer Responsibility
ESG	Environmental, Social and Governance
ESI	Employee State Insurance
FRR	Feeder Role Reviews
GDP	Gross Domestic Product
GHG	Greenhouse gas
GIC	General Insurance Corporation of India Limited
GST	Goods and Service Tax
HHSIF	Honeywell Hometown Solutions India Foundation
Honeywell	Honeywell Group/Enterprise
Honeywell International	Honeywell International Inc.
HPD	Honeywell Performance Development
HSE	Health Safety and Environment
HSEMS	Health Safety and Environment Management System
ICC	Internal Complaints Committee
IDP	Individual Development Plan
IEA	International Energy Agency
IEPF	Investor Education and Protection Fund
IIP	Index of Industrial Production
ILC	India Leadership Connect
Ind-AS	Indian Accounting Standard
IRDA	Insurance Regulatory and Development Authority

## GLOSSARY

Abbreviations/Terms Used	For
IREC	International Renewable Energy Certificate
ISIN	International Securities Identification Number
IT Act	The Income Tax Act, 1961
KL	Kilolitre
KMP	Key Managerial Personnel
kWh	Kilowatt-hours
LCA	Life Cycle Assessments
LDP	Leadership Development Program
LIC	Life Insurance Corporation of India
MCA	The Ministry of Corporate Affairs
Mg/nm <sup>3</sup>	Milligram per cubic nanometer
MMM	Mid Mass Market
MRR	Management Resource Review
MT	Metric Ton
NECS	National Electronic Clearing Service
NGRBC	National Guidelines on Responsible Business Conduct
Notice	Notice convening 39 <sup>th</sup> Annual General Meeting on Thursday, August 10, 2023 at 4:00 p.m. (IST)
NRC	Nomination and Remuneration Committee
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
O&G	Oil and gas
OAVM	Other Audio Visual Means
PAN	Permanent Account Number
PF	Provident Fund
PLI	Production Linked Incentives
PPAC	Petroleum Planning & Analysis Cell
PPE	Personal Protective Equipment
PROs	Producer Responsible Organizations
RTA/TSR/TCPL/Share Transfer Agent	Registrar and Transfer Agent - TSR Consultants Private Limited (formerly, TSR Darashaw Consultants Private Limited)
SBG	Strategic Business Group
SEBI	The Securities and Exchange Board of India
SEBI Listing Regulations/Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SLDP	Senior Leadership Development Program
SRC	Stakeholders' Relationship Committee
SS-2	Secretarial Standard 2 issued by the Institute of Company Secretaries of India
STEM	Science, Technology, Engineering, Mathematics
STP	Sewage Treatment Plants
TDS	Tax Deducted at Source

Abbreviations/Terms Used	For
The Company/Your Company/ HAIL	Honeywell Automation India Limited
UPS	Uninterrupted Power Supply
VC	Video Conferencing
WASH	Water, Sanitation and Hygiene
ZLD	Zero Liquid Discharge





**For more information**

[www.honeywell.com/in/en/hail](http://www.honeywell.com/in/en/hail)

**Honeywell Automation  
India Limited**

56 & 57, Hadapsar Industrial Estate,  
Pune – 411 013, Maharashtra

Tel: +91 20 7114 8888

[www.honeywell.com](http://www.honeywell.com)

E-mail: [HAIL.investorservices@honeywell.com](mailto:HAIL.investorservices@honeywell.com)



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**THE  
FUTURE  
IS  
WHAT  
WE  
MAKE IT**

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**Honeywell**