

# Honeywell

**HONEYWELL AUTOMATION INDIA LIMITED**

**2019-20**  
Annual Report

**Honeywell**

**Board of Directors (As on May 22, 2020)**

Mr. Suresh Senapaty	(Chairman & Independent Director)
Ms. Neera Saggi	(Independent Director)
Mr. Ashish Gaikwad	(Managing Director)
Mr. Akshay Bellare	(Director)
Mr. Ashish Modi	(Director)
Mr. Davies Walker	(Director)

**Senior Management Team (As on May 22, 2020)**

Mr. Ashish Gaikwad	Head – Process Solutions
Mr. Ritwiji Kulkarni	Head – Building Solutions
Mr. Rahul Sharma	Head – Global Services
Mr. Gajanan Lahane	Head – Global Manufacturing
Mr. Hemant Khattar	Building Management System Leader
Mr. Girish Karhadkar	Sensing & IOT Leader
Mr. Amit Tantia	Chief Financial Officer
Mr. Amit Pandey	Head – Legal
Mr. Mahesh Joshi	Head – Human Resources
Mr. Nikhil Thakkar	Head – Audit & Internal Controls

**Company Secretary**

Ms. Farah Irani

**Registrar & Transfer Agent:**

TSR Darashaw Consultants Pvt. Ltd.  
(Previously TSR Darashaw Ltd.)  
6-10, Haji Moosa Patrawala Ind. Estate,  
20, Dr. E. Moses Road, Mahalaxmi,  
Mumbai 400 011.  
Email: [csg-unit@tsrdarashaw.com](mailto:csg-unit@tsrdarashaw.com)  
Website: <http://www.tsrdarashaw.com>

**Auditors**

Deloitte Haskins & Sells LLP  
Chartered Accountants

**Bankers**

Citibank N. A.

**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/en-us/global/en-in/hail>

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NOTICE is hereby given that the **THIRTY SIXTH ANNUAL GENERAL MEETING (AGM) of HONEYWELL AUTOMATION INDIA LIMITED** will be held on Tuesday, August 18, 2020 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, 2020, together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare final dividend of INR 75/- per equity share for the financial year 2019-20.
3. To consider appointing a Director in place of Mr. Ashish Gaikwad (DIN: 07585079) who retires by rotation and being eligible offers himself for re-appointment.
4. To re-appoint Deloitte Haskins & Sells LLP, Chartered Accountants as Statutory Auditors of the Company for a further term of 5 years

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

“**RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, (“the Act”) read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018), be and are hereby appointed as the Statutory Auditors of the Company to hold office for a term of 5 (Five) years from the conclusion of this Annual General Meeting till the conclusion of the 41<sup>st</sup> Annual General Meeting, at such remuneration as may be recommended/approved by the Audit Committee/Board of Directors of the Company from time to time.

**SPECIAL BUSINESS:**

5. **To approve appointment of Mr. Akshay Bellare as a Director of the Company.**

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Rules made thereunder and pursuant to the recommendation of the Nomination and Remuneration Committee and approval accorded by the Board of Directors of the Company, Mr. Akshay Bellare (DIN: 07914236), who was appointed by the Board of Directors as an Additional (Non-Executive) Director of the Company with effect from October 22, 2019, and who holds office upto the date of this Annual General Meeting, in terms of Section 161 of the Act, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

6. **To approve appointment of Mr. Ashish Modi as a Director of the Company.**

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Rules made thereunder and pursuant to the recommendation of the Nomination and Remuneration Committee and approval accorded by the Board of Directors of the Company, Mr. Ashish Modi (DIN: 07680512), who was appointed by the Board of Directors as an Additional (Non-Executive) Director of the Company with effect from October 22, 2019, and who holds office upto the date of this Annual General Meeting, in terms of Section 161 of the Act, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

7. **To approve appointment of Mr. Davies Walker as a Director of the Company.**

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

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152, and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Rules made thereunder and pursuant to the recommendation of the Nomination and Remuneration Committee and approval accorded by the Board of Directors of the Company, Mr. Davies Walker (DIN: 08737978), who was appointed by the Board of Directors as an Additional (Non-Executive) Director of the Company with effect from May 13, 2020, and who holds office upto the date of this Annual General Meeting, in terms of Section 161 of the Act, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

8. **To amend the Articles of Association of the Company.**

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

**“RESOLVED THAT** pursuant to the (i) provisions of Sections 14 and other applicable provisions, if any, of the Companies Act, 2013 read with the rules and regulations made thereunder (“Companies Act”) including any amendment, re-enactment or statutory modification thereof and such other statutes, notifications, circulars, rules and regulations as may be applicable and relevant, each as amended, modified or restated, (ii) the approval of the Board of Directors of the Company (“Board”) on May 22, 2020 and subject to such approvals, permissions, consents and sanctions, as may be required from any regulatory authority, if applicable, and further subject to such conditions and modifications as may be prescribed by such regulatory authority while granting such approvals, consents, permissions and sanctions, and which may be agreed to by the Board, the new set of draft articles of association of the Company in conformity with the provisions of the Companies Act, be and are hereby approved and adopted in substitution, and to the entire exclusion of the regulations contained in the existing articles of association of the Company.”

9. **To ratify remuneration of Cost Auditor.**

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

**“RESOLVED THAT** pursuant to Section 148 (3) read with Rule 14 of Companies (Audit and Auditors) Rules, 2014 and all other applicable provisions, if any, of the Companies Act, 2013, the Company hereby ratifies the remuneration of INR 6,65,000/- (Rupees Six Lakhs Sixty-Five Thousand only) plus GST and re-imbursalment of out-of-pocket expenses payable to C S Adawadkar & Co., Cost Accountants (Firm Registration No. 100401), who were appointed by the Board of Directors as Cost Auditor of the Company to conduct audit of cost records made and maintained by the Company pertaining to various products covered under cost audit for financial year ending March 31, 2021.”

**NOTES:**

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as “MCA Circulars”) permitted the holding of the Annual General Meeting (“AGM”) through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
2. Statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts in respect of Ordinary and Special Business under Item Nos. 4 to 9 are annexed hereto.
3. As required under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) and Secretarial Standard 2 issued by the Institute of Company Secretaries of India, the relevant details of Directors seeking appointment/re-appointment at the AGM are given in the annexure to the AGM notice.

4. As this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
5. 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 [jbbhave@gmail.com](mailto:jbbhave@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
6. In case of any queries regarding the Annual Report or any matter to be placed at the AGM, Members are requested to write to us at least ten (10) days before the AGM through email on [HAIL.InvestorServices@Honeywell.com](mailto:HAIL.InvestorServices@Honeywell.com). The same will be replied by the Company suitably. Documents referred to in this Notice will be made available for inspection as per applicable statutory requirements.
7. 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.
8. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
9. 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 financial year ended December 31, 2012 or any subsequent years are requested to make their claim by emailing the signed documents at [csg-unit@tsrdarashaw.com](mailto:csg-unit@tsrdarashaw.com) on or before August 21, 2020 and courier/post the original signed documents at the Company's Registered office or to the Office of the Registrar and Transfer Agents: TSR Darashaw Consultants Pvt. Ltd. (previously TSR Darashaw Ltd.) 6-10, Haji Moosa Patrawala Ind. Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai-400011. Pursuant to MCA General Circular No. 16/2020 dated April 13, 2020 and in view of the Covid-19 Pandemic situation, the Company will be transferring the unpaid/unclaimed amounts of dividend(s) and shares to the IEPF in September 2020. The Company therefore extends the last date for making application/request to the Company/Registrar for claiming aforesaid unpaid /unclaimed Final Dividend for the financial year ended December 31, 2012 to Friday, August 21, 2020, so that the unpaid/unclaimed dividend(s) and shares are not transferred to the IEPF. 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/en-us/global/en-in/hail>
10. The Record Date for determining the names of member eligible for final dividend on equity shares for the financial year 2019-20, if approved by the members at the AGM, is Tuesday, August 11, 2020. The payment of such dividend subject to deduction of tax at source will be made on or before Friday, September 11, 2020.
11. Members holding shares in dematerialised 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 Darashaw Consultants Pvt. Ltd. (previously TSR Darashaw Ltd.).
12. In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time and Regulation 44 of the Listing Regulations, the Company has provided a facility to the Members to exercise their votes electronically through the electronic means. The facility of casting the votes using an electronic voting system ("remote e-voting") will be provided by National Securities Depository Limited (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 to the Notice.

13. 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 Darashaw Consultants Pvt. Ltd. (previously TSR Darashaw Ltd).
14. The Ministry of Corporate Affairs (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/en-us/global/en-in/hail>
15. 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., Tuesday, August 11, 2020 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 Thursday, August 13, 2020 (9.00 a.m. IST) and ends on Monday, August 17, 2020 (5.00 p.m. IST). The instruction for remote e-voting is detailed out in the Annexure to this AGM Notice. During this period, Members holding shares either in physical form or in dematerialised form, as on Tuesday, August 11, 2020 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.
16. Mr. Jayavant B. Bhawe, of J. B. Bhawe & Co., 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. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again. The scrutiniser shall close the e-voting facility after expiry of 15 minutes from the conclusion of voting at the AGM. The scrutiniser shall first count the votes casted electronically at the meeting and there after unblock the votes cast through remote e-voting and shall make, not later than two 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.
17. The results declared along with the report of the Scrutiniser shall be placed on the website of the Company at the following link: <https://www.honeywell.com/en-us/global/en-in/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.
18. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website <https://www.honeywell.com/en-us/global/en-in/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 <https://www.evoting.nsdl.com>

**To support the 'Green Initiative', members who have not registered/update their email addresses and mobile number are requested to register/update the same with TSR Darashaw Consultants Pvt. Ltd. (previously TSR Darashaw Ltd.) at <https://green.tsrdarashaw.com/green/events/login/ho> by following the instructions provided therein/their respective depository participants.**

19. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
20. Members may note that the Income Tax Act, 1961, ("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 tax at source (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	7.5% 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 a resident individual if the total dividend to be received by them during Financial Year 2020-21 does not exceed Rs. 5,000 and also in cases where members provide Form 15G / Form 15H (applicable to individuals aged 60 years or more) subject to conditions specified in the IT Act. 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.

**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 Double Tax Avoidance Agreement (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 2020-21 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.tw. Section 195 of the IT Act

In case of **Foreign Institutional Investors / Foreign Portfolio Investors**, tax will be deducted under Section 196D of the IT Act @ 20% (plus applicable surcharge and cess).

**The shareholders will receive an email from *HAIL.Dividend2020@Honeywell.com* requesting the respective shareholder to submit/upload the aforementioned documents on the link <https://zfrmz.com/A1c5U8NwRVOiS5JQ5iWC> (QR Code given below), the documents have to be furnished on or before August 11, 2020. No communication would be accepted from members after August 11, 2020 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.**

21. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.



**By Order of the Board of Directors of  
Honeywell Automation India Limited**

**Farah Irani**  
Company Secretary  
Pune, May 22, 2020



**STATEMENT SETTING OUT MATERIAL FACTS***Pursuant to Section 102 of the Companies Act, 2013***Item No. 4:**

At the 31<sup>st</sup> Annual General Meeting of the Company held on July 21, 2015, Deloitte Haskins & Sells LLP, Chartered Accountants, (Firm Registration No. 117366W/W-100018), were appointed as Statutory Auditors of the Company to hold office for a period of 5 years; from the conclusion of the 31<sup>st</sup> Annual General Meeting up to the conclusion of the Sixth following Annual General Meeting.

The Board of Directors of the Company at their meeting held on May 22, 2020, pursuant to the recommendation of the Audit Committee, have recommended, the re-appointment of Deloitte Haskins & Sells LLP (FRN: 117366W/W-100018), Chartered Accountants as the Statutory Auditors of the Company to hold office for a further term of 5 (five) years, from the conclusion of the ensuing 36<sup>th</sup> Annual General Meeting up to the conclusion of the 41<sup>st</sup> Annual General Meeting of the Company. Deloitte Haskins & Sells LLP have confirmed their eligibility for re-appointment under Section 139 read with Section 141 of the Companies Act, 2013.

The proposed remuneration payable to the Statutory Auditor for the said term on an annual basis is as under:

Particulars	Proposed per annum* 2020-21 to 2025-26
Statutory Audit Fees and Limited Review Fees	INR 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.

The Board recommends the Ordinary Resolution set out at Item No.4 of the notice for approval by the members. None of the Directors or Key Managerial Personnel (KMP) or relatives of Directors and KMPs are concerned or interested, financially or otherwise, in the Resolution.

**Item No. 5:**

The Board of Directors of the Company pursuant to the recommendation of the Nomination and Remuneration Committee, appointed Mr. Akshay Bellare (DIN: 07914236) as an Additional (Non-Executive) Director of the Company with effect from October 22, 2019, pursuant to Section 161 of the Companies Act, 2013. Mr. Akshay Bellare holds office upto the date of this AGM of the Company. The Company has received a notice in writing from a member proposing candidature of Mr. Akshay Bellare for the office of a Director in terms of Section 160(1) of the Companies Act, 2013.

Disclosure under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SS 2- Secretarial Standard on General Meetings and the brief profile of Mr. Akshay Bellare is provided in the Annexure to this Notice. The Board recommends the passing of the resolution set out at Item No. 5 of the Notice. Except Mr. Akshay Bellare, none of the other Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution.

**Item No. 6:**

The Board of Directors of the Company pursuant to the recommendation of the Nomination and Remuneration Committee, appointed Mr. Ashish Modi (DIN: 07680512), as an Additional (Non-Executive) Director of the Company with effect from October 22, 2019, pursuant to Section 161 of the Companies Act, 2013. Mr. Ashish Modi holds office upto the date of this AGM of the Company. The Company has received a notice in writing from a member proposing candidature of Mr. Ashish Modi for the office of a Director in terms of Section 160 (1) of the Companies Act, 2013.

Disclosure under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SS 2- Secretarial Standard on General Meetings and the brief profile of Mr. Ashish Modi is provided in the Annexure to this Notice. The Board recommends the passing of the resolution set out at Item No. 6 of the Notice. Except Mr. Ashish Modi, none of the other Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution.

**Item No. 7:**

The Board of Directors of the Company pursuant to the recommendation of the Nomination and Remuneration Committee, appointed Mr. Davies Walker (DIN: 08737978), as an Additional (Non-Executive) Director of the Company with effect from May 13, 2020, pursuant to Section 161 of the Companies Act, 2013. Mr. Davies Walker holds office upto the date of this AGM of the Company. The Company has received a notice in writing from a member proposing candidature of Mr. Davies Walker for the office of a Director in terms of Section 160 (1) of the Companies Act, 2013.

Disclosure under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SS 2- Secretarial Standard on General Meetings and the brief profile of Mr. Davies Walker is provided in the Annexure to this Notice. The Board recommends the passing of the resolution set out at Item No. 7 of the Notice. Except Mr. Davies Walker, none of the other Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution.

**Item No. 8:**

The existing Articles of Association of the Company ("Articles") are in line with the erstwhile Companies Act, 1956, which are no longer in full conformity with the Act. The Act is now in full force and with the coming into force of the Act several articles of the existing Articles require alteration / deletions. Given this position, it is considered expedient to wholly replace the existing Articles by a new set of articles of association.

The members may please note that pursuant to Section 14 of the Act, an amendment to the Articles would be effective upon the receipt of the approval of the members of a company by way of special resolution. Accordingly, the Board of Directors recommends that the resolution as set out in Item No. 8 of this AGM Notice for approval of the members of the Company be passed by way of a Special Resolution.

None of the Directors / Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financial or otherwise, in the resolution.

**Item No. 9:**

The Company is required to have the audit of its cost records 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, on the recommendation of the Audit Committee at its meeting held on May 22, 2020, had approved the appointment and remuneration of CS Adawadkar & Co., Cost Accountants (Firm Registration No. 100401) as the Cost Auditor of the Company to conduct audit of cost records made and maintained by the Company pertaining to various products covered under cost audit for financial year commencing on 1-April-2020 and ending on 31-March-2021 at a remuneration of INR 6,65,000/- (Rupees Six Lakhs Sixty-Five Thousand only) plus GST and re-imbursalment of out-of-pocket expenses.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, 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. 9 of the notice for ratification of the remuneration payable to the Cost Auditor for the financial year ending March 31, 2021.

The Board recommends the Ordinary Resolution set out at Item No. 9 of the notice for approval by the members. None of the Directors or Key Managerial Personnel (KMP) or relatives of Directors and KMPs are concerned or interested, financially or otherwise, in the Resolution.

#### DETAILS OF DIRECTORS SEEKING APPOINTMENT/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}

Name of the Director	Mr. Ashish Gaikwad	Mr. Akshay Bellare	Mr. Ashish Modi	Mr. Davies Walker
DIN	07585079	07914236	07680512	08737978
Age (in years)	51	59	41	44
Date of appointment on the Board	October 1, 2016	October 22, 2019	October 22, 2019	May 13, 2020
Qualification	Bachelor's Degree in Electrical and Electronics Engineering from Birla Institute of Technology and Science (BITS), Pilani.	Bachelor's degree in chemical engineering from the Indian Institute of Technology (IIT) and a doctorate in Chemical Engineering from West Virginia University. Six Sigma Black Belt certified	B.E. in Mechanical Engineering from the National Institute of Technology in Trichy, India; M.S. in Mechanical Engineering from Rensselaer Polytechnic Institute in New York; and an MBA in Finance from The Wharton School, University of Pennsylvania.	B.A. in Chinese language, B.S. in Information Systems and MBA from Brigham Young University's Marriott School of Business.
Experience & Brief profile and nature of expertise in specific functional areas	As provided below separately	As provided below separately	As provided below separately	As provided below separately
Directorships held in other companies	1	1	Nil	Nil
Memberships / Chairmanships of committees across all other public limited companies	Nil	Nil	Nil	Nil
Relationship with other Directors /Manager / Key Managerial Personnel	None	None	None	None
Shareholding in the Company	200	Nil	Nil	Nil
No. of Board / Committee Meetings attended during the year	5 / 5	3 / 2	2 / 1	Not Applicable during the Financial Year 2019-20

As per Regulation 26 of the Listing Regulations, details of Chairmanship/Membership of the Audit Committee and Stakeholders Relationship Committee are provided.

Directorship in foreign companies, membership in governing councils, chambers and other bodies, partnership in firms etc. are not included and directorship in private company and Section 8 Company is included.

#### **Experience, brief profile and nature of expertise in specific functional areas – Mr. Ashish Gaikwad**

Mr. Ashish Gaikwad was appointed as Managing Director, Honeywell Automation India Limited (HAIL) in 2016. Mr. Ashish Gaikwad brings close to 30 years of experience 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.

Mr. Ashish Gaikwad began his career as a software engineer with Honeywell Process Solutions 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 U.S.A. Mr. Ashish Gaikwad has a rich experience in several fields in the process solutions industry, including software application development, process simulation, advanced process control and process optimisation, operational excellence, and enterprise collaboration, to name a few.

Mr. Ashish Gaikwad has been recognised for several of his business achievements, including with the President's Club (2002) for his contribution to win India's largest enterprise software program at Indian Oil Corporation. Under his leadership, the Company was recognised as the best multi-national company 2018, and named Star MNC of the Year at the Business Standard Annual Awards, 2019.

#### **Experience, brief profile and nature of expertise in specific functional areas – Mr. Akshay Bellare**

Mr. Akshay Bellare was appointed President, Honeywell India, in October 2019. In this role, he is responsible for the continued growth of India operations across Honeywell's four strategic business groups: Aerospace, Honeywell Building Technologies (HBT), Performance Materials and Technologies (PMT), and Safety and Productivity Solutions (SPS). Mr. Akshay Bellare partners with businesses to explore new opportunities, while focusing on megatrends and market adjacencies to strengthen Honeywell's position in India.

Mr. Akshay Bellare moved to India in 2016 as Vice President and General Manager of Honeywell Technology Solutions (HTS) India, the engineering and technology development arm of Honeywell. He spearheaded the transformation of HTS India into a market-focused and customer-centric organisation that enables innovation and business growth with speed and agility.

Previously, Mr. Akshay Bellare was based in New Jersey, U.S.A., where he held several executive roles at Honeywell's PMT business. He was Vice President, Engineering and Functional Excellence, PMT, and led the design and building of new manufacturing plants, enabled commercialisation of new products, and steered transitions and site consolidations, resulting in significant improvement of PMT manufacturing asset reliability, utilisation and productivity. He has also served as Chief Technology Officer, Fluorine Products, where he led the commercialisation of Honeywell's low-global-warming potential refrigerants. Earlier, as Director, Technology, Resins and Chemicals, he helped develop and commercialise new nylon products.

Prior to joining Honeywell, Mr. Akshay Bellare held R&D leadership roles with Union Carbide Corporation and Dow Chemical Company in the U.S.

#### **Experience, brief profile and nature of expertise in specific functional areas – Mr. Ashish Modi**

Mr. Ashish Modi is VPGM Honeywell Building Technologies (HBT) India. In this role, he leads the strategy and operations for HBT in India to drive focus and attention on accelerating growth in one of the fastest growing economies in the world.

Prior to joining Honeywell, Mr. Ashish Modi was working with OYO where he served as Vice President and Region Head. He has also worked with McKinsey in Houston and MTI Microfuelcells, Inc. in their New York office. Earlier in his career, he

has spent seven years at Honeywell in various leadership roles including Vice President and Chief Operating Officer for Honeywell Connected Plant in Houston; Global Vice President and General Manager for Advanced Solutions business; and LSS business Leader for both APAC and India.

**Experience, brief profile and nature of expertise in specific functional areas – Mr. Davies Walker**

Mr. Davies Walker is the VP and CFO for Honeywell Process Solutions (HPS), one of the world's leading suppliers of automation and control systems. Mr. Davies Walker is responsible for all aspects of leading global finance operations, including its operating performance, fundamentals and strategic growth programs. He directs the annual operating review process, oversees financial reporting and analysis, drives continuous improvement of finance processes, and acts as Chief Operating Officer.

Mr. Davies Walker most recently served as VP and CFO for Honeywell UOP, where he partnered with the leadership to drive record financial results during a tumultuous period for the industry. He worked cross functionally to implement working capital improvements that reduced inventories by 30 percent, and greatly improved customer advances. He also supported the expansion of manufacturing operations to better meet customer demand.

Prior to this, he served as Finance Director for UOP's Catalysts Adsorbents & Specialties business. Mr. Davies Walker also served as Financial Planning & Analysis Director, Renewable Energy and Chemicals Director, Investor Relations Manager, and Global Financial Planning and Analysis Manager for Electronic Materials.

Prior to Honeywell, Mr. Davies Walker held roles in the software industry with Infotrax Systems, Deutsche Bank, Tenfold Corporation, and IBM.

**By Order of the Board of Directors of  
Honeywell Automation India Limited**

**Farah Irani**  
Company Secretary

Pune, May 22, 2020

**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/en-us/global/en-in/hail>

**INSTRUCTIONS FOR ATTENDING THE ANNUAL GENERAL MEETING THROUGH AUDIO VISUAL MEANS (OAVM) AND REMOTE E-VOTING ELECTRONIC VOTING BY MEMBERS**

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020, physical attendance of the Members to the AGM venue is not required and Annual General Meeting (AGM) be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
3. The Members can join the AGM in the VC/OAVM mode 30 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 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, Chairpersons of the Audit Committee, Nomination and Remuneration Committee, Risk Management Committee and Stakeholder's Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorised agency. The facility of casting votes by a member using remote e-voting system as well as e-voting on the date of the AGM will be provided by NSDL.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at <https://www.honeywell.com/en-us/global/en-in/hail>. The Notice can also be accessed from the 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 the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e., [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

**THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE ASUNDER:-**

**The remote e-voting period begins on Thursday, August 13, 2020 at 09.00 A.M. IST and ends on Monday, August 17, 2020 at 5.00 P.M. IST**

**The remote e-voting module shall be disabled by NSDL for voting thereafter.**

**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: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>**

**Step 2: Cast your vote electronically on NSDL e-Voting system.**

**Details on Step 1 is mentioned below:**

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

1. 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 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password 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.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL e-services 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 :

<b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical</b>	<b>Your User ID is:</b>
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 101456 then user ID is 101456001***

1. Your password details 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 below in process for those shareholders whose email ids are not registered

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.nsdl.com](http://www.evoting.nsdl.com).
  - b) Physical User Reset Password?” (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.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.
  - 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.

**Details on Step 2 is given below:****How to cast your vote electronically on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
3. Select “EVEN” of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. 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.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**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. to the Scrutiniser by e-mail to [jbbhave@gmail.com](mailto:jbbhave@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
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 toll free no.: 1800-222-990 or send a request to Sarita Mote 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@tsrdarashaw.com*.  
In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID 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@tsrdarashaw.com*.
2. Alternatively, member may send an e-mail request to *evoting@nsdl.co.in* for obtaining User ID and Password by proving the details mentioned in Point (1) or (2) as the case may be.

**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 the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company 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. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Members will be required to 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/ask questions during the meeting may register themselves as a speaker may send their request mentioning their name, demat account number/folio number, email id, mobile number at *HAIL.InvestorServices@Honeywell.com* atleast 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* atleast 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.

Dear Members,

The Directors present the **THIRTY SIXTH ANNUAL REPORT** with the audited financial statements of the Company for the financial year ended March 31, 2020.

Key highlights of financial performance of your Company for the financial year 2019-20 are provided below:

#### 1. FINANCIAL RESULTS:

(INR in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019	Year on Year Change
<b>Sales &amp; Other Income</b>	<b>338,766</b>	<b>324,561</b>	4%
Operating profit	73,400	57,426	28%
Less: Interest	687	348	97%
Less: Depreciation	4,058	1,589	155%
Profit before tax for the year	68,655	55,489	24%
Less: Income tax and deferred tax expenses	19,507	19,605	0%
<b>Profit after tax for the year</b>	<b>49,148</b>	<b>35,884</b>	37%
Profit brought forward from the previous year	153,616	121,143	27%
<b>Profit available for appropriations</b>	<b>202,764</b>	<b>157,027</b>	29%

Revenue from operations registered a growth of 3.6%, Profit before tax is 20.9% of revenue from operations as compared to 17.5% in previous year. Exports revenue decreased over previous year by 1.3%. This growth was achieved despite competitive challenges on pricing and COVID -19 pandemic.

#### 2. DIVIDEND:

Payment of final dividend @ INR 75/- per equity share of face value of INR 10/- each was recommended by the Board of Directors at their meeting held on May 22, 2020 (Previous Year: INR 45/- 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 INR 6,631 lakhs. Your 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 19-2020, after all appropriation and adjustments was INR 197,967 Lakhs.

#### 3. OPERATIONS:

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

#### 4. INDUSTRY OUTLOOK:

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

**5. HONEYWELL OPERATING SYSTEM (HOS):**

Your Company continues to be focused on Honeywell Operating System (HOS) which encompasses end-to-end business system institutionalisation to enable and sustain exceptional growth along with productivity improvements through Total Customer Experience, New Product Introduction, Order to Cash and Integrated Business Planning. The foundation of HOS is Lean/Six Sigma, Order to Cash, Velocity Product Development, Agile CMMI, Honeywell User Experience, Commercial Excellence and Working Capital.

The Pune Fulgaon Factory and Global Services are at Silver level. Your Company is aspiring for higher level of HOS maturity allowing them to be competitive by improving Total Customer Experience through demonstrating agility of a small company and benefits of the scale of larger organisation, excellence in Key Business Processes, Functional Transformation and Foundational initiatives.

**6. HUMAN RESOURCES:**

Honeywell believes in the immense potential of its human capital and acknowledges that our employees are the core growth engine for the Company. Your Company is committed to creating an inclusive, performance oriented and entrepreneurial culture that allows us to bring the best out of every individual and team. Honeywell is committed to creating an equal opportunity workplace, which promotes openness and diversity. Your 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.

Your 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, 2020, the Company's employee strength was 3,310 as compared to 3,251 (full-time employees) as on March 31, 2019. The women employee represents 17.2% of our workforce. The Company is fully compliant with the prevailing law namely Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**7. DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

During the period under review and till date of this Report, the following changes have taken place in the composition of the Board of Directors:

1. Resignation of Mr. Vikas Chadha (DIN:06624266) and Mr. Brian Buffington (DIN:08060965) (Non-Executive Directors) with effect from close of business hours on October 21, 2019 as they moved to a different role within Honeywell Group Company. The Board places on record its appreciation of the valuable contribution made by Mr. Vikas Chadha and Mr. Brian Buffington during their tenure as Directors.
2. Appointment of Mr. Akshay Bellare (DIN:07914236) and Mr. Ashish Modi (DIN:07680512) (Additional Directors) with effect from October 22, 2019 subject to the approval of shareholders at the forthcoming Annual General Meeting. Necessary resolution for appointment of Mr. Akshay Bellare and Mr. Ashish Modi as Directors has been included in the Notice convening the AGM, and the details of the proposal are mentioned in the Annexure to AGM Notice. The Board recommends appointment of Mr. Akshay Bellare and Mr. Ashish Modi as Directors.
3. Expiration of tenure of Mr. N. Srinath (DIN:00058133) as an Independent Director effective close of business hours as on December 14, 2019 (from December 15, 2014 to December 14, 2019). The Board places on record its appreciation of the valuable contribution made by Mr. N. Srinath during his tenure as a Director.
4. Resignation of Ms. Nisha Gupta (DIN:02331771) (Director) with effect from close of business hours on May 12, 2020 due to other professional commitments. The Board places on record its appreciation of the valuable contribution made by Ms. Nisha Gupta during her tenure as a Director.

5. Appointment of Mr. Davies Walker (DIN: 08737978) (Additional Director) with effect from May 13, 2020 subject to the approval of shareholders at the forthcoming Annual General Meeting. Necessary resolution for appointment of Mr. Davies Walker has been included in the Notice convening the AGM, and the details of the proposal are mentioned in the Annexure to AGM Notice. The Board recommends appointment of Mr. Davies Walker as a Director.

As per the provisions of the Companies Act, 2013, 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.

Mr. Ashish Gaikwad, Managing Director, Mr. Amit Tantia, Chief Financial Officer and Ms. Farah Irani, Company Secretary are the Key Managerial Personnel (KMP) of the Company, pursuant to the provisions of Companies Act, 2013, as on the date of this Report.

#### **8. BOARD MEETINGS:**

During the financial year under review, the Board of Directors of your Company duly met five times on May 13, 2019; August 9, 2019; October 25, 2019; February 3, 2020 and February 4, 2020. The intervening period between two Board meetings was well within the maximum gap of 120 days as prescribed under the provisions of the Companies Act, 2013.

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

#### **9. COMMITTEES OF BOARD:**

The Company's Board has the following committees as per the requirements of the Listing Regulations and Companies Act, 2013:

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.

#### **10. DECLARATION BY INDEPENDENT DIRECTORS:**

The Company has received necessary declarations from each Independent Director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of Independence laid down in and Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **11. BOARD EVALUATION:**

Pursuant to the provisions of the Companies Act, 2013, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 & Remuneration Committee and at the Board Meeting held on February 3, 2020 and improvement areas were discussed as well as reviewed the agreed action plan of previous year.

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

**12. 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, 2020 is given in Report on Corporate Governance, which forms a part of this Annual Report.

**13. CORPORATE SOCIAL RESPONSIBILITY:**

Your Company remains committed to making the world a better place and expanding community outreach. As part of its initiatives under Corporate Social Responsibility (CSR), the Company, in partnership with leading non-profit institutions, has developed effective programmes to address the needs in the communities it serves. The Annual Report on CSR activities, in accordance with Section 135 of the Companies Act, 2013, read with Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended from time to time, is annexed herewith as "Annexure - 1" and a copy of the CSR Policy is also available on the Company's website at the following link: <https://www.honeywell.com/content/dam/honeywell/files/india-hail/policies/corporate-social-responsibility-policy.pdf>

**14. AUDITORS:****Statutory Audit:**

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the rules framed thereunder, Deloitte Haskins & Sells LLP (Firm Registration No.117366W/W-100018) were appointed as the Statutory Auditors for a period of 5 years to hold office from the conclusion of the Annual General Meeting (AGM) of the Company held on July 21, 2015, subject to ratification of their appointment at every subsequent AGM. A resolution seeking ratification of their appointment till the 36<sup>th</sup> AGM was approved at the Annual General Meeting held on August 6, 2018.

Pursuant to the recommendation by the Audit Committee and subject to approval of members at the 36<sup>th</sup> Annual General Meeting of the Company, the Board recommends the re-appointment of Deloitte Haskins & Sells LLP (FRN: 117366W/W-100018), Chartered Accountants as Statutory Auditors of the Company for a term of 5 years from the conclusion of the 36<sup>th</sup> Annual General Meeting (AGM) up to the conclusion of the 41<sup>st</sup> Annual General Meeting of the Company. The details of the proposed remuneration is provided in the Notice of the 36<sup>th</sup> AGM.

**Statutory Auditors' Report:**

There are no qualifications, reservations or adverse remarks made by Deloitte Haskins & Sells LLP (Firm Registration No.117366W/W-100018), Statutory Auditors, in their report for the financial year ended March 31, 2020. The Notes on financial statements referred to in the Auditors' Report are self-explanatory.

Pursuant to provisions of section 143 (12) of the Companies Act, 2013, 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 Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, Cost Audit was applicable to your Company for the financial year 2019-20. The Cost Audit Report for the financial year ended March 31, 2020 is due to be filed by September 27, 2020.

In terms of the provisions of Section 148 and other applicable provisions of the Companies Act, 2013, read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, Cost Audit is applicable to your Company for the financial year 2020-21. The Board of Directors at its meeting held on May 22, 2020 pursuant to recommendation of the Audit Committee, appointed C S Adawadkar & Co., as the Cost Auditor for the financial year ending March 31, 2021 at a remuneration of INR 6,65,000/- plus GST and re-imbursalment of out-of-pocket expenses. The remuneration is placed before the Annual General Meeting for ratification of 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 Companies Act, 2013 for the financial year ended March 31, 2020.

**Secretarial Audit:**

In terms of the provisions of Section 204 of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company appointed Bokil Punde & Associates, Practicing Company Secretaries as Secretarial Auditors of the Company for the financial year 2019-20. The report of the Secretarial Auditors is enclosed as "Annexure - 2" to this report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

**15. RELATED PARTY TRANSACTIONS:**

The particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013, read with 8(2) of Companies (Accounts) Rules, 2014 are enclosed herewith as "Annexure - 3".

**16. RISK MANAGEMENT:**

Your Company has an Enterprise Risk Management framework, administered by the Risk 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 and financial risks that are key to achieving our business objectives. Risks are identified, evaluated and prioritised 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.

**17. COMPANY POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION:**

The Company policy on Directors' appointment and remuneration and other matters as provided in Section 178(3) of the Companies Act, 2013 is available on the website of the Company <https://www.honeywell.com/en-us/global/en-in/hail>

**18. WHISTLE BLOWER POLICY / VIGIL MECHANISM:**

In line with requirement under Section 177(9) and (10) and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has established a whistle blower/vigil mechanism for its employees and Directors to report their genuine concerns. The details of the same are explained in the Corporate Governance Report.

**19. INTERNAL FINANCIAL CONTROLS:**

The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the 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.

**20. 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(s) or Subsidiary Company(s).

**21. TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND**

As required under Section 124 of the Companies Act, 2013, the unclaimed dividend lying with the Company for a period of seven years pertaining to the financial year ended December 31, 2011, amounting to INR 257,500/- was transferred during the year 2019, to Investor Education and Protection Fund established by the Central Government.

Pursuant to the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Second Amendment Rules, 2017, for the dividend declared for the financial year ended December 31, 2012, the Company

had dispatched the communication individually to the concerned shareholders whose equity share(s) were liable to be transferred to IEPF under the rules for taking appropriate action(s). The Company had also issued public notice in newspapers as required under the IEPF Rules. The Company had uploaded the full details of such shareholders and shares due for transfer to IEPF on its Company's website at the following link:

<https://www.honeywell.com/content/dam/honeywell/files/india-hail/unclaimed-dividends/Unclaimed-Shares-for-Transfer-to-IEPF-as-on-February-2020.pdf>. The full details of shareholders and shares transferred to IEPF in the years 2017, 2018 and 2019 is available on the Company's website at the following link: <https://www.honeywell.com/en-us/global/en-in/hail>.

Members who have not encashed the dividend warrant(s) so far for the financial year ended December 31, 2012 or any subsequent years are requested to make their claim by emailing the signed documents at [csg-unit@tsrdarashaw.com](mailto:csg-unit@tsrdarashaw.com) on or before August 21, 2020 and courier/post the original signed documents at the Company(s) Registered office or to the Office of the Registrar and Transfer Agents: TSR Darashaw Consultants Pvt. Ltd. (previously TSR Darashaw Ltd.), 6-10 Haji Moosa Patrawala Ind. Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai-400011. 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.

## 22. PARTICULARS OF EMPLOYEES:

A statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in "Annexure 7" forming part of this 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 is available for inspection at the registered office of the Company during working hours. Any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request.

The ratio of the remuneration of each Director to the median employee's remuneration and other details prescribed in Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are attached to this Report as "Annexure 4" - Statement of Disclosure of Remuneration.

## 23. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

Your 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 (IC) 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.

## 24. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:

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

## 25. 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.

**26. SIGNIFICANT AND MATERIAL ORDERS:**

There are no significant and material orders during the financial year ended March 31, 2020 passed by the regulators or courts or tribunals impacting the going concern status and Company's operations.

**27. 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 Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014 and amendments thereto.

**28. 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".

**29. MANAGEMENT DISCUSSION & ANALYSIS / CORPORATE GOVERNANCE REPORT:**

The Management Discussion and Analysis Report and Corporate Governance Report pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are annexed and form part of the Annual Report.

**30. EXTRACT OF ANNUAL RETURN:**

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12 (1) of the Companies Management and Administration) Rules, 2014, an extract of the annual return in Form No. MGT-9 is annexed herewith as "Annexure 6". The Annual Return of the Company as required under the Companies Act, 2013, will be available on the website of the Company at <https://www.honeywell.com/en-us/global/en-in/hail>

**31. LEGAL COMPLIANCE REPORTING:**

The Head – Legal, the Company Secretary, and Chief Financial Officer of the Company monitor the legal compliance reporting process and advise the Company on compliance issues with respect to the laws of various jurisdictions in which the Company has its business activities.

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.

**32. CORPORATE GOVERNANCE REPORT:**

Your Company believes in adopting best practices of corporate governance.

As per regulation 34 of the Listing Regulations, a separate section on corporate governance practices followed by your Company, together with a certificate from J B Bhavé & Co., Company Secretaries, on compliance with corporate governance norms under the Listing Regulations, is provided in Corporate Governance Report which forms a part of this Annual Report.

**33. DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to provisions of Section 134(3)(c) and Section 134(5) of the Companies Act, 2013, your 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, 2020 and of the profit for the year April 1, 2019 to March 31, 2020;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the annual accounts on a going concern basis;
- e) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and 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.

**34. 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.

**35. DIVIDEND DISTRIBUTION POLICY:**

The SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 read with Notification dated July 8, 2016 mandate formulation of a dividend distribution policy by Top 500 listed entities based on market capitalisation. In compliance with the Regulation, the Company has formulated a dividend distribution policy prescribing the parameters for the dividend distribution. The policy is also available on the Company's website at the following link: <https://www.honeywell.com/content/dam/honeywell/files/india-hail/policies/dividend-distribution-policy.pdf>.

**36. BUSINESS RESPONSIBILITY REPORT:**

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandates inclusion of the Business Responsibility Report (BRR) as a part of the annual report for Top 500 listed entities based on market capitalisation. In compliance with the Regulation, the BRR forms part of this Annual Report.

**37. ACKNOWLEDGMENT:**

The Board of Directors would like to place on record its appreciation and thanks to all its employees for their contribution. The Board also places on record its appreciation of the valuable contributions made by Mr. N. Srinath, Mr. Vikas Chadha, Mr. Brian Buffington and Ms. Nisha Gupta during their tenure as Directors. 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 Board of Directors of  
Honeywell Automation India Limited**

Pune, May 22, 2020

**Suresh Senapaty**  
Chairman

**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/en-us/global/en-in/hail>

## ANNEXURE - 1

## Annual Report on Corporate Social Responsibility (CSR) Activities

**1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or program is as under:**

Your Company is committed to improving the world we live in by creating, supporting, and nurturing outstanding CSR programs and initiatives that make real, sustainable, and measurable impact on communities that Honeywell serves. Your Company offers programs, provides resources and financial support and encourages employee volunteerism where Honeywell can make a real, lasting impact in five critical areas: Science and Math Education, Family Safety and Security, Housing and Shelter, Sustainability, and Humanitarian Relief.

In FY 2019-20, your Company has contributed CSR funds to Honeywell Hometown Solutions India Foundation (HHSIF), to be deployed across multiple programs as below:

1. Safe Kids at Home India program with Safe Kids Foundation India, an educational home safety program for teachers and parents to help prevent and reduce burns and scalds among children in Pune.
2. Honeywell Safe Water Network Initiative with Safe Water Network, has provided safe drinking water access to people in districts of Telangana via safe water stations. Further, the program has been expanded to districts of Maharashtra which is expected to be completed following the lockdown.
3. Honeywell Science Experience program with Agastya International Foundation in all ten cities: Bengaluru, Pune, Delhi, Gurugram, Faridabad, Noida, Mysore, Madurai, Chennai and Hyderabad benefitting students and teachers via science centers, mobile labs and student mentors.
4. Honeywell Safe Schools with SEEDS, a tailor-made approach to address the unique issues of each school or location involving structural assessment of each school by engineers and architects; evaluation of risk perception; and examination of preparedness in the face of any natural or manmade disaster.
5. Honeywell Science Academy with Avasara Leadership Institute providing deep, transformative, residential science education program to disadvantaged girl students in Pune.
6. Honeywell has partnered with Society for Innovation and Development (SID) under Indian Institute of Science (IISc), a STEM incubator to support startups in creating technologies and applications with outcomes impacting society at large. As on March 31, 2020, the program has shortlisted startups for funding and product development.

The Company in partnership with SEEDS India, distributed ration kits and hygiene kits to families impacted by the lockdown across Pune, Delhi, Gurugram, Madurai and Bengaluru. The Company with the help of safe water network, helped sensitise communities about the need for high hygiene standards and social distancing.

Read the CSR Policy at the weblink: <https://www.honeywell.com/content/dam/honeywell/files/india-hail/policies/corporate-social-responsibility-policy.pdf>

**2. The current composition of CSR Committee**

- Mr. Akshay Bellare, Chairman (w.e.f. May 13, 2020)
- Ms. Nisha Gupta, Chairperson (upto May 12, 2020)
- Ms. Neera Saggi (w.e.f. December 15, 2019)
- Mr. Ashish Modi (w.e.f. December 15, 2019)
- Mr. N. Srinath (upto December 14, 2019)
- Mr. Ashish Gaikwad (upto December 14, 2019)

3. **Average net profit of the Company for last three financial years (pursuant to Section 198 of the Companies Act, 2013):** INR 41,412 lakhs
4. **Prescribed CSR expenditure (2% of the amount as in item 3 above):** INR 828 lakhs (being 2% of the amount as in item 3 above). Against this our CSR spending for the financial year 2019-20 was INR 828 lakhs.
5. **Details of CSR spent during the financial year (FY) 2019-20**

**(a) Total amount spent for the financial year:**

During the period under review, your Company has contributed a sum of INR 828 lakhs towards its CSR commitment to Honeywell Hometown Solutions India Foundation (HHSIF). Of this:

1. INR 106 lakhs was contributed towards Safe Kids at Home, implemented by Safe Kids Foundation India, a not-for-profit organisation over FY 2019-20 and FY 2020-21.
2. INR 76 lakhs was contributed towards the Honeywell Safe Water Network Initiative to be implemented by Safe Water Network, a not-for-profit organisation, over FY 2019-20 and FY 2020-21.
3. INR 201 lakhs was contributed towards the Honeywell Science Experience programme in partnership with Agastya International Foundation, a not-for-profit organisation, that will deploy these funds over FY 2019-20 and FY 2020-21.
4. INR 269 lakhs was contributed towards the Honeywell Safe Schools, implemented by SEEDS (Sustainable Environment and Ecological Development Society), a not-for-profit organisation over FY 2019-20 and FY 2020-21.
5. INR 51 lakhs was contributed towards the Honeywell Center for Advancing Girls in Science, implemented by Avasara Leadership Institute, a not-for-profit organisation over FY 2019-20 and FY 2020-21.
6. INR 71 lakhs was contributed towards Technology Business Incubator, implemented by SID (Society for Innovation and Development) at IISc Bengaluru, a not-for-profit organisation over FY 2019-20 and FY 2020-21.
7. INR 54 lakhs spent towards dedicated administrative expenditure of HHSIF for managing Company's CSR programs over FY 2019-20.

**(b) Manner in which the amount was spent during the financial year:**

(1)	CSR project or activity identified	(1)	Safe Kids at Home with Safe Kids Foundation India, an educational home safety program for teachers and parents to help prevent and reduce burns and scalds among children in Pune.
		(2)	Honeywell Safe Water Network initiative for setting up safe drinking water stations in Telangana and Maharashtra
		(3)	Honeywell Science Experience with Agastya International Foundation, for setting up science centres, mobile science labs, and student mentors in Bengaluru, Delhi, Gurugram, Pune, Faridabad, Noida, Madurai, Chennai, Mysore and Hyderabad.
		(4)	Honeywell Safe Schools with SEEDS, a tailor-made approach to address the unique issues of each school or location involving structural assessment of each school by engineers and architects; evaluation of risk perception and examination of preparedness in the face of any natural or manmade disaster.

		(5)	Honeywell Centre for Advancing Girls in Science with Avasara Leadership Institute to provide deep transformative, residential science education programme to disadvantaged girl students in Pune.
		(6)	Society for Innovation and Development (SID), under Indian Institute of Science (IISc), a STEM incubator to support startups in creating technologies and applications with outcomes impacting society at large.
(2)	Sector in which the Project is Covered	(1)	Special education
		(2)	Safe drinking water
		(3)	Special education
		(4)	Special education
		(5)	Special education
		(6)	Technology incubator
(3)	Projects or programmes		
	(1) Local area or other	(1)	Pune, Bengaluru, Madurai, Mysore, Chennai, Hyderabad, Faridabad, Noida, Gurugram, Delhi, multiple districts of Telangana, Dehradun, Haridwar.
	(2) Specify the State and district where projects or programmes was undertaken	(2)	Maharashtra, Karnataka, Tamil Nadu, Telangana, Haryana, Uttar Pradesh, Delhi, Uttarakhand.
(4)	Amount outlay (budget) projects or programmes wise	(1)	Safe Kids at Home: INR 106 lakhs
		(2)	Honeywell Safe Water Network initiative: INR 76 lakhs
		(3)	Honeywell Science Experience: INR 201 lakhs
		(4)	Honeywell Safe Schools: INR 269 lakhs
		(5)	Honeywell Center for Advancing Girls in Honeywell Science Academy: INR 51 lakhs
		(6)	Technology Business Incubator: INR 71 lakhs
		(7)	Honeywell Hometown Solutions India Foundation: INR 54 lakhs
(5)	Amount spent on the projects or programmes Subheads		INR 828* lakhs
	(1) Direct expenditure on projects or Programme		* includes dedicated administrative expenditure incurred by Honeywell Hometown Solutions India Foundation for managing Company's CSR programs
	(2) Overheads		-
(6)	Cumulative expenditure up to the reporting period		INR 828 lakhs
(7)	Amount spent: Direct or through implementing Agency		Honeywell Hometown Solutions India Foundation Address: 5th Floor, Unitech Trade Centre, Sushant Lok Phase I, Block C, Sector 43, Gurugram – 122 002, Haryana, India

		<p>To receive entire grant and implement CSR activities through NGO partners:</p> <p>(1) Safe Kids at Home Address: 5th Floor, Vasant Vilas, 31, Dr. D.D. Sathe Marg, Mumbai – 400 004, India</p> <p>(2) Safe Water Network Address: The Centrum, Room 1, TB-3, III Floor, 369-370 Main Mehrauli-Gurugram Road, Sultanpur, New Delhi – 110 030, India</p> <p>(3) Agastya International Foundation No. 101, Varsav Plaza, 12, Jayamahar Main Road, Bengaluru – 560 046, India</p> <p>(4) Sustainable Environment and Ecological Development Society Address: 15-A, Institutional Area R.K. Puram Sector-4 New Delhi -110022, India</p> <p>(5) Avasara Leadership Institute Address: 19, Goodwill Co-op Housing Society, ITI Road, Aundh, Pune – 411 007, India</p> <p>(6) Society for Innovation and Development Address: Indian Institute of Science (IISc), IISc Campus Bangalore, Karnataka - 560012, India</p>
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## 6. Responsibility Statement

The CSR Committee confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and policy of the Company.

**Neera Saggi**

Director

Pune, May 22, 2020

**Akshay Bellare**

Chairman, CSR Committee

**ANNEXURE 2**

Form No. MR-3

**SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED ON 31<sup>st</sup> March, 2020**

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

To,  
The Members,  
**HONEYWELL AUTOMATION INDIA LIMITED**  
L29299PN1984PLC017951  
56 & 57, Hadapsar Industrial Estate,  
Pune-411013

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by HONEYWELL AUTOMATION INDIA LIMITED (herein after called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Due to the prevailing COVID 19 outbreak and Lockdown declared by the Government of India, physical verification of documents was not feasible thus all the verification of documents was carried out through electronic mode. On the basis of our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company (through electronic mode), its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31 March 2020 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

- i. The Companies Act, 2013 (the Act) and the rules made there under;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') [As amended by the Finance (No. 2) Act, 2019] and the rules made thereunder;
- iii. The Depositories Act, 1996 [As amended by finance Act, 2018] and the Regulations and Bye-laws framed thereunder;
- 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, as applicable to the Company.
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (Not Applicable to the Company during the audit period)

- d. The Securities and Exchange Board of India (Share based employees benefits) Regulations, 2014; (Not Applicable to the Company during the audit period)
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable to the Company during the audit period)
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and Securities and Exchange Board of India (Delisting of Equity Shares) (Amendment) Regulations, 2016; (Not Applicable to the Company)
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not Applicable to the Company during the audit period)

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India.
- (ii) Listing Agreement entered into by the Company with Bombay Stock Exchange Limited and National Stock Exchange of India Limited (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

We further report that having regards to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, no other law was applicable specifically to the Company.

We further report that:

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance (and with shorter notice consent, wherever applicable), and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

We further report that as represented by the Company and relied upon by us 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.

We further report that during the audit period no specific events / actions took place having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

**For Bokil Punde & Associates,  
Company Secretaries**

**CS Bhavana Rokade**  
Partner

Date : May 22, 2020  
Place : Pune

M. N. 21950 | C.P. No. 20300  
UDIN: A021950B000268372

**ANNEXURE - 3****Form No. AOC-2 -Particulars of contracts/arrangements made with related parties****For the Financial Year Ended March 31, 2020***(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 Companies Act, 2013 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, 2020, which were not on 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 (INR 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	8,995
		Sale of engineering services, purchase of services	Ongoing		33,649
		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	21,056
		Sale of engineering services, purchase of services	Ongoing		-
		Sale or purchase of fixed assets	Ongoing		1
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	5,482
		Sale of engineering services, purchase of services	Ongoing		7,027
		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 Board of Directors of  
Honeywell Automation India Limited**

**Suresh Senapaty**  
Chairman

Pune, May 22, 2020



## ANNEXURE - 4

## Statement of Disclosure of Remuneration

Information as required under the provisions of Section 197(12) of the Companies Act, 2013, 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 (KMP) for the financial year ended March 31, 2020**

Name	Designation	Ratio of remuneration to median remuneration of employees <sup>(1)</sup>	Percentage increase in remuneration <sup>(2)</sup>	Remuneration as a % of net profit for 2019-20
Mr. Ashish Gaikwad	Managing Director	21:1	12.0%	0.7%
Mr. Amit Tantia	Chief Financial Officer	10:1	12.0%	0.3%
Ms. Farah Irani	Company Secretary	2:1	9.5%	0.05%

(1) Remuneration does not include long term incentives by Honeywell International Inc.

(2) Based on cost to Company as at the end of respective years.

**(b) Remuneration disclosures for Independent Directors for the financial year ended March 31, 2020**

(INR In lakhs)

Name	Designation	Sitting Fees	Commission	Total Remuneration
Mr. Suresh Senapaty	Chairman & Independent Director	7.80	22.00	29.80
Mr. N. Srinath (upto December 14, 2019)	Independent Director	5.70	14.00	19.70
Ms. Neera Saggi	Independent Director	6.60	20.00	26.60

**(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 3,310 permanent employees on the rolls of Company as on March 31, 2020.
- There was an increase of 9.9% in the median remuneration of employees, which was in line with the performance of the Company.
- The revenue growth during 2019-20 over 2018-19 was 3.6% and profit before tax grew by 23.7%.
- Average percentage increase in salaries of employees other than KMPs was 11.5%. The average increase in the remuneration of KMPs was 11.2%.
- The variable remuneration availed by the Executive Directors is determined on the following parameters:
  - Annual Operating Plan (AOP) with focus on Key Result Areas (KRAs)/ Measurable Key Performance Indicators (KPIs) and implementation of the strategy of the Company and financial performance.
- During the financial year 2019-20, no employee received remuneration in excess of the highest paid Director.
- The remuneration paid is as per the remuneration policy of the Company.

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

**Suresh Senapaty**  
Chairman

Pune, May 22, 2020

**ANNEXURE - 5****Conservation of Energy, Technology Absorption and Foreign Exchange****A) CONSERVATION OF ENERGY:**

Your 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:

1. The Sapphire building located in our Hadapsar office has witnessed few changes under the Honeywell 2.0 project guidelines. Old AHU's have been replaced with higher and more efficient AHU's. UV filters have been installed to improve the office area air quality.
2. New and efficient air conditioner units that have an alternate operation based on timer installed in data and UPS rooms have led to better temperatures control resulting in 20% reduction in energy in addition to safer operational environment.
3. At Fulgaon factory, we have supported in Solar power generation within facility and saving power through green energy – 700 kWp there by savings of INR 4/- per kWh.
4. At Fulgaon factory we have installed Energy Management system has been installed to monitor hourly Energy consumption of each area and taking up analysis on the same.
5. Our new office at Chennai meets the Honeywell 2.0 guidelines and HVAC system has been installed with latest VRV system with precise temperature control for the comfort of the occupants and there by saving of 15% on Energy consumption, basis as compared to previous office.

**B) TECHNOLOGY ABSORPTION:**

Your Company continues to have access to some of the latest products and technologies of Honeywell International Inc., the ultimate holding Company, and roll out these new products and technologies in the Indian market.

**C) FOREIGN EXCHANGE EARNINGS AND OUTGO:**

	(INR in lakhs)
(i) Foreign exchange earned	144,256
(ii) Foreign exchange used	103,497

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

**Suresh Senapaty**  
Chairman

Pune, May 22, 2020

**ANNEXURE - 6****FORM NO. MGT 9****EXTRACT OF ANNUAL RETURN****As on financial year ended on March 31, 2020***Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company  
(Management & Administration) Rules, 2014.***I. REGISTRATION & OTHER DETAILS:**

1	CIN	L29299PN1984PLC017951
2	Registration date	January 13, 1984
3	Name of the company	Honeywell Automation India Limited
4	Category/sub-category of the company	Public Company Limited by shares Non Government Company
5	Address of the registered office and contact Details	56 & 57, Hadapsar Industrial Estate, Pune – 411013 Tel No.: +91 20 7114 8888
6	Whether listed company	Yes
7	Name, address & contact details of the registrar and transfer agent, if any.	TSR Darashaw Consultants Pvt. Ltd. (previously TSR Darashaw Ltd.) 6-10 Haji Moosa Patrawala Industrial Estate 20 Dr. E. Moses Road, Mahalaxmi, Mumbai – 400011 Ph: +91-22-6656 8484   Fax: +91-22-6656 8494 Email: <a href="mailto:csg-unit@tsrdarashaw.com">csg-unit@tsrdarashaw.com</a> Website: <a href="http://www.tsrdarashaw.com">www.tsrdarashaw.com</a>

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

(All the business activities contributing 10% or more of the total turnover of the Company shall be stated)

Sr. No.	Name and description of main products / services	NIC code of the product/service	% of total turnover of the company
1	Manufacture of electronic systems and components	26	56
2	Repair and maintenance	33	31
3	Trading of machinery, equipment and supplies	46	13

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name and address of the Company	CIN/GLN	Holding / Subsidiary/ Associate	% of shares held	Applicable Section
1	HAIL Mauritius Limited 5 <sup>th</sup> Floor, Ebene Esplanade 24 Cybercity, Ebene, 72201 Mauritius	Foreign company	Holding	75	Sections 2(46) and 2(87)

## IV SHARE HOLDING PATTERN (Equity share capital breakup as percentage of total equity)

## (i) Category-wise Share Holding

	Category of Shareholders	No. of Shares held at the beginning of the year i.e., 01.04.2019				No. of Shares held at the end of the year i.e., 30.03.2020				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(A)</b>	<b>Promoters</b>									
(1)	Indian									
(a)	Individuals / Hindu Undivided Family	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Central Government / State Governments(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (Specify)	0		0	0.00	0		0	0.00	0.00
	<b>Sub Total (A) (1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>(2)</b>	<b>Foreign</b>									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	6,631,142	0	6,631,142	75.00	6,631,142	0	6,631,142	75.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub Total (A) (2)</b>	<b>6,631,142</b>	<b>0</b>	<b>6,631,142</b>	<b>75.00</b>	<b>6,631,142</b>	<b>0</b>	<b>6,631,142</b>	<b>75.00</b>	<b>0.00</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)</b>	<b>6,631,142</b>	<b>0</b>	<b>6,631,142</b>	<b>75.00</b>	<b>6,631,142</b>	<b>0</b>	<b>6,631,142</b>	<b>75.00</b>	<b>0.00</b>
<b>(B)</b>	<b>Public Shareholding</b>									
<b>(1)</b>	<b>Institutions</b>									
(a)	Mutual Funds / UTI	1,315,691	100	1,315,791	14.88	1,204,337	100	1,204,437	13.62	-1.26
(b)	Financial Institutions / Banks	1,450	0	1,450	0.02	1,292	0	1,292	0.01	0.00
(c)	Central Government / State Governments(s)	285	0	285	0.00	285	0	285	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	26,484	0	26,484	0.30	0.30
(f)	Foreign Institutional Investors - Mauritius Base	1,893	0	1,893	0.02	289	0	289	0.00	-0.02
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00

	Category of Shareholders	No. of Shares held at the beginning of the year i.e., 01.04.2019				No. of Shares held at the end of the year i.e., 30.03.2020				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Foreign Portfolio Investors (Corporate)	41,420	0	41,420	0.47	59,690	0	59,690	0.68	0.21
(j)	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub Total (B) (1)</b>	<b>1,360,739</b>	<b>100</b>	<b>1,360,839</b>	<b>15.39</b>	<b>1,292,377</b>	<b>100</b>	<b>1,292,477</b>	<b>14.62</b>	<b>0.77</b>
<b>(2)</b>	<b>Non Institutions</b>									
(a)	Bodies Corporate	70,536	385	70,921	0.80	117,532	340	117,872	1.33	0.53
(b)	Individuals -									
i	Individual shareholders holding nominal share capital upto Rs. 1 lakh	634,702	72,539	707,241	8.00	674,155	55,910	730,065	8.26	0.26
ii	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	56,749	0	56,749	0.64	51,089	0	51,089	0.58	-0.06
(c)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Any Other									
(f)	Trust	885	0	885	0.01	745	0	745	0.01	0.00
(ii)	Directors & their relatives	0	200	200	0.00	200	0	200	0.00	0.00
(iii)	IEPF	12,704	0	12,704	0.14	13,484	0	13,484	0.15	0.01
(iv)	NBFC	161	0	161	0.00	50	0	50	0.00	0.00
(v)	QIB - Insurance Regd. with IRDA	0	0	0	0.00	1,850	0	1,850	0.02	0.02
(vi)	ALTERNATE INVESTMENT FUND	681	0	681	0.01	2549	0	2549	0.03	0.02
	<b>Sub total (B) (2)</b>	<b>776,418</b>	<b>73,124</b>	<b>849,542</b>	<b>9.61</b>	<b>861,654</b>	<b>56,250</b>	<b>917,904</b>	<b>10.38</b>	<b>0.77</b>
	<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>2,137,157</b>	<b>73,224</b>	<b>2,210,381</b>	<b>25.00</b>	<b>2,154,031</b>	<b>56,350</b>	<b>2,210,381</b>	<b>25.00</b>	<b>0.00</b>
	<b>TOTAL (A)+(B)</b>	<b>8,768,299</b>	<b>73,224</b>	<b>8,841,523</b>	<b>100.00</b>	<b>8,785,173</b>	<b>56,350</b>	<b>8,841,523</b>	<b>100.00</b>	<b>0.00</b>
(C)	Shares held by Custodians and against which Depository Receipts have been issued									
(1)	<b>Promoter and Promoter Group</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
(2)	<b>Public</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>8,768,299</b>	<b>73,224</b>	<b>8,841,523</b>	<b>100.00</b>	<b>8,785,173</b>	<b>56,350</b>	<b>8,841,523</b>	<b>100.00</b>	<b>0.00</b>

## (ii) Shareholding of Promoter

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year April 1, 2019			Shareholding at the end of the year March 31, 2020			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	HAIL Mauritius Limited	6,631,142	75.00	-	6,631,142	75.00	-	0.00

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

There was no change in the Promoter's shareholding during the Financial Year 2019-20.

## (iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs, ADRs and shares transferred to IEPF):

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year as on 01.04.2019				Purchase of Shares/Sale of Shares in Shareholding		Cumulative Shares during the year	
		No of Shares	% of total Shares of the Company	Date	Reason	No of Shares	% of total Shares of the Company	No of Shares	% of total Shares of the Company
1	Aditya Birla Sun Life Trustee Private Limited A/C	474,563	5.37			-	-	474,563	5.37
				05-Apr-2019	Increase	1944	0.02	476,507	5.39
				12-Apr-2019	Increase	1264	0.01	477,771	5.40
				12-Apr-2019	Decrease	-616	-0.01	477,155	5.40
				26-Apr-2019	Increase	1398	0.02	478,553	5.41
				03-May-2019	Increase	483	0.01	479,036	5.42
				10-May-2019	Increase	2121	0.02	481,157	5.44
				17-May-2019	Increase	1031	0.01	482,188	5.45
				21-Jun-2019	Decrease	-7830	-0.09	474,358	5.37
				28-Jun-2019	Increase	7830	0.09	482,188	5.45
				19-Jul-2019	Increase	936	0.01	483,124	5.46
				26-Jul-2019	Increase	1953	0.02	485,077	5.49
				26-Jul-2019	Decrease	-2000	-0.02	483,077	5.46
				02-Aug-2019	Increase	905	0.01	483,982	5.47
				09-Aug-2019	Decrease	-960	-0.01	483,022	5.46
				16-Aug-2019	Decrease	-2820	-0.03	480,202	5.43
				23-Aug-2019	Increase	685	0.01	480,887	5.44
				23-Aug-2019	Decrease	-685	-0.01	480,202	5.43
				20-Sep-2019	Increase	5975	0.07	486,177	5.50

Sl. No.	Name of the ShareHolder	Shareholding at the beginning of the year as on 01.04.2019				Purchase of Shares/Sale of Shares in Shareholding		Cumulative Shares during the year	
		No of Shares	% of total Shares of the Company	Date	Reason	No of Shares	% of total Shares of the Company	No of Shares	% of total Shares of the Company
				20-Sep-2019	Decrease	-5947	-0.07	480,230	5.43
				18-Oct-2019	Increase	10197	0.12	490,427	5.55
				18-Oct-2019	Decrease	-10170	-0.12	480,257	5.43
				22-Nov-2019	Increase	1801	0.02	482,058	5.45
				22-Nov-2019	Decrease	-1880	-0.02	480,178	5.43
				28-Feb-2020	Increase	11526	0.13	491,704	5.56
				28-Feb-2020	Decrease	-11789	-0.13	479,915	5.43
				<b>31-Mar-2020</b>	<b>At the end of the year</b>			<b>479,915</b>	<b>5.43</b>
2	Reliance Capital Trustee Company Limited A/C Reliance Growth Fund	640,732	7.25			-	-	<b>640,732</b>	<b>7.25</b>
				05-Apr-2019	Increase	15	0.00	640,747	7.25
				12-Apr-2019	Increase	72	0.00	640,819	7.25
				19-Apr-2019	Increase	28	0.00	640,847	7.25
				19-Apr-2019	Decrease	-522	-0.01	640,325	7.24
				26-Apr-2019	Increase	8	0.00	640,333	7.24
				03-May-2019	Decrease	-43	0.00	640,290	7.24
				10-May-2019	Decrease	-106	0.00	640,184	7.24
				17-May-2019	Increase	20	0.00	640,204	7.24
				24-May-2019	Decrease	-7	0.00	640,197	7.24
				31-May-2019	Increase	111	0.00	640,308	7.24
				31-May-2019	Decrease	-300	0.00	640,008	7.24
				07-Jun-2019	Increase	24	0.00	640,032	7.24
				07-Jun-2019	Decrease	-2050	-0.02	637,982	7.22
				14-Jun-2019	Decrease	-635	-0.01	637,347	7.21
				21-Jun-2019	Increase	11	0.00	637,358	7.21
				21-Jun-2019	Decrease	-2077	-0.02	635,281	7.19
				28-Jun-2019	Decrease	-5552	-0.06	629,729	7.12
				05-Jul-2019	Increase	30	0.00	629,759	7.12
				05-Jul-2019	Decrease	-3979	-0.05	625,780	7.08
				12-Jul-2019	Increase	13	0.00	625,793	7.08
				12-Jul-2019	Decrease	-478	-0.01	625,315	7.07
				19-Jul-2019	Increase	4	0.00	625,319	7.07
				19-Jul-2019	Decrease	-3659	-0.04	621,660	7.03
				26-Jul-2019	Increase	12	0.00	621,672	7.03

Sl. No.	Name of the ShareHolder	Shareholding at the beginning of the year as on 01.04.2019				Purchase of Shares/Sale of Shares in Shareholding		Cummlative Shares during the year	
		No of Shares	% of total Shares of the Company	Date	Reason	No of Shares	% of total Shares of the Company	No of Shares	% of total Shares of the Company
				26-Jul-2019	Decrease	-4675	-0.05	616,997	6.98
				02-Aug-2019	Decrease	-6922	-0.08	610,075	6.90
				09-Aug-2019	Increase	40359	0.46	650,434	7.36
				09-Aug-2019	Decrease	-40333	-0.46	610,101	6.90
				16-Aug-2019	Increase	5	0.00	610,106	6.90
				16-Aug-2019	Decrease	-13937	-0.16	596,169	6.74
				23-Aug-2019	Increase	6	0.00	596,175	6.74
				23-Aug-2019	Decrease	-611	-0.01	595,564	6.74
				30-Aug-2019	Decrease	-1657	-0.02	593,907	6.72
				06-Sep-2019	Increase	3	0.00	593,910	6.72
				06-Sep-2019	Decrease	-20491	-0.23	573,419	6.49
				13-Sep-2019	Increase	7	0.00	573,426	6.49
				20-Sep-2019	Increase	7	0.00	573,433	6.49
				20-Sep-2019	Decrease	-1370	-0.02	572,063	6.47
				27-Sep-2019	Increase	122	0.00	572,185	6.47
				27-Sep-2019	Decrease	-16861	-0.19	555,324	6.28
				04-Oct-2019	Increase	4	0.00	555,328	6.28
				04-Oct-2019	Decrease	-1000	-0.01	554,328	6.27
				11-Oct-2019	Increase	24	0.00	554,352	6.27
				11-Oct-2019	Decrease	-29015	-0.33	525,337	5.94
				18-Oct-2019	Increase	84	0.00	525,421	5.94
				18-Oct-2019	Decrease	-1119	-0.01	524,302	5.93
				25-Oct-2019	Decrease	-12319	-0.14	511,983	5.79
				01-Nov-2019	Increase	9	0.00	511,992	5.79
				01-Nov-2019	Decrease	-6500	-0.07	505,492	5.72
				08-Nov-2019	Increase	3	0.00	505,495	5.72
				08-Nov-2019	Decrease	-2633	-0.03	502,862	5.69
				15-Nov-2019	Decrease	-2240	-0.03	500,622	5.66
				22-Nov-2019	Decrease	-8670	-0.10	491,952	5.56
				29-Nov-2019	Decrease	-139	0.00	491,813	5.56
				06-Dec-2019	Decrease	-4105	-0.05	487,708	5.52
				13-Dec-2019	Increase	29	0.00	487,737	5.52
				13-Dec-2019	Decrease	-7297	-0.08	480,440	5.43
				20-Dec-2019	Decrease	-2	0.00	480,438	5.43



Sl. No.	Name of the ShareHolder	Shareholding at the beginning of the year as on 01.04.2019				Purchase of Shares/Sale of Shares in Shareholding		Cummlative Shares during the year	
		No of Shares	% of total Shares of the Company	Date	Reason	No of Shares	% of total Shares of the Company	No of Shares	% of total Shares of the Company
				27-Dec-2019	Increase	26	0.00	480,464	5.43
				27-Dec-2019	Decrease	-350	0.00	480,114	5.43
				31-Dec-2019	Increase	1	0.00	480,115	5.43
				31-Dec-2019	Decrease	-899	-0.01	479,216	5.42
				03-Jan-2020	Increase	30	0.00	479,246	5.42
				03-Jan-2020	Decrease	-3600	-0.04	475,646	5.38
				10-Jan-2020	Decrease	-17501	-0.20	458,145	5.18
				17-Jan-2020	Increase	51	0.00	458,196	5.18
				17-Jan-2020	Decrease	-18250	-0.21	439,946	4.98
				24-Jan-2020	Increase	39	0.00	439,985	4.98
				24-Jan-2020	Decrease	-355	0.00	439,630	4.97
				31-Jan-2020	Decrease	-2983	-0.03	436,647	4.94
				07-Feb-2020	Increase	12	0.00	436,659	4.94
				07-Feb-2020	Decrease	-2000	-0.02	434,659	4.92
				14-Feb-2020	Increase	7	0.00	434,666	4.92
				21-Feb-2020	Decrease	-46	0.00	434,620	4.92
				28-Feb-2020	Increase	10	0.00	434,630	4.92
				06-Mar-2020	Increase	30	0.00	434,660	4.92
				06-Mar-2020	Decrease	-2000	-0.02	432,660	4.89
				13-Mar-2020	Increase	170	0.00	432,830	4.90
				13-Mar-2020	Decrease	-994	-0.01	431,836	4.88
				20-Mar-2020	Decrease	-262	0.00	431,574	4.88
				27-Mar-2020	Increase	388	0.00	431,962	4.89
				27-Mar-2020	Decrease	-7	0.00	431,955	4.89
				31-Mar-2020	Increase	53	0.00	432,008	4.89
				<b>31-Mar-2020</b>	<b>At the end of year</b>			<b>432,008</b>	<b>4.89</b>
3	Sundaram Mutual Fund A/C	98,061	1.11				-	<b>98,061</b>	<b>1.11</b>
				05-Apr-2019	Decrease	-335	0.00	97,726	1.11
				31-May-2019	Decrease	-267	0.00	97,459	1.10
				07-Jun-2019	Decrease	-63	0.00	97,396	1.10
				14-Jun-2019	Decrease	-23	0.00	97,373	1.10
				02-Aug-2019	Decrease	-1000	-0.01	96,373	1.09
				06-Sep-2019	Decrease	-1987	-0.02	94,386	1.07

Sl. No.	Name of the ShareHolder	Shareholding at the beginning of the year as on 01.04.2019				Purchase of Shares/Sale of Shares in Shareholding		Cummlative Shares during the year	
		No of Shares	% of total Shares of the Company	Date	Reason	No of Shares	% of total Shares of the Company	No of Shares	% of total Shares of the Company
				20-Sep-2019	Decrease	-13	0.00	94,373	1.07
				04-Oct-2019	Decrease	-923	-0.01	93,450	1.06
				18-Oct-2019	Decrease	-649	-0.01	92,801	1.05
				25-Oct-2019	Decrease	-1360	-0.02	91,441	1.03
				01-Nov-2019	Decrease	-155	0.00	91,286	1.03
				27-Dec-2019	Decrease	-136	0.00	91,150	1.03
				03-Jan-2020	Decrease	-705	-0.01	90,445	1.02
				10-Jan-2020	Decrease	-87	0.00	90,358	1.02
				17-Jan-2020	Decrease	-913	-0.01	89,445	1.01
				31-Jan-2020	Decrease	-165	0.00	89,280	1.01
				07-Feb-2020	Decrease	-1219	-0.01	88,061	1.00
				14-Feb-2020	Decrease	-622	-0.01	87,439	0.99
				<b>31-Mar-2020</b>	<b>At the end of the year</b>			<b>87,439</b>	<b>0.99</b>
4	Canara Robeco Mutual Fund A/C Canara Robeco Emerging Equities	40,963	0.46				-	<b>40,963</b>	<b>0.46</b>
				19-Apr-2019	Increase	62	0.00	41,025	0.46
				03-May-2019	Increase	37	0.00	41,062	0.46
				24-May-2019	Increase	66	0.00	41,128	0.47
				31-May-2019	Decrease	-231	0.00	40,897	0.46
				07-Jun-2019	Decrease	-444	-0.01	40,453	0.46
				12-Jul-2019	Decrease	-577	-0.01	39,876	0.45
				02-Aug-2019	Increase	8190	0.09	48,066	0.54
				02-Aug-2019	Decrease	-2000	-0.02	46,066	0.52
				09-Aug-2019	Increase	570	0.01	46,636	0.53
				16-Aug-2019	Increase	8000	0.09	54,636	0.62
				23-Aug-2019	Increase	1500	0.02	56,136	0.63
				30-Aug-2019	Increase	1750	0.02	57,886	0.65
				27-Sep-2019	Increase	6850	0.08	64,736	0.73
				11-Oct-2019	Increase	1000	0.01	65,736	0.74
				25-Oct-2019	Increase	865	0.01	66,601	0.75
				01-Nov-2019	Increase	1000	0.01	67,601	0.76
				13-Dec-2019	Increase	825	0.01	68,426	0.77
				27-Dec-2019	Increase	350	0.00	68,776	0.78

Sl. No.	Name of the ShareHolder	Shareholding at the beginning of the year as on 01.04.2019				Purchase of Shares/Sale of Shares in Shareholding		Cummlative Shares during the year	
		No of Shares	% of total Shares of the Company	Date	Reason	No of Shares	% of total Shares of the Company	No of Shares	% of total Shares of the Company
				07-Feb-2020	Decrease	-1450	-0.02	67,326	0.76
				14-Feb-2020	Decrease	-4026	-0.05	63,300	0.72
				21-Feb-2020	Decrease	-293	0.00	63,007	0.71
				06-Mar-2020	Increase	250	0.00	63,257	0.72
				27-Mar-2020	Increase	3436	0.04	66,693	0.75
				31-Mar-2020	Increase	1	0.00	66,694	0.75
				<b>31-Mar-2020</b>	<b>At the end of the year</b>			<b>66,694</b>	<b>0.75</b>
5	Uti-Mnc Fund	30,600	0.35					<b>30,600</b>	<b>0.35</b>
				27-Sep-2019	Increase	9,928	0.11	40,528	0.46
				11-Oct-2019	Increase	1,988	0.02	42,516	0.48
				22-Nov-2019	Increase	1,000	0.01	43,516	0.49
				06-Dec-2019	Increase	2,000	0.02	45,516	0.51
				13-Dec-2019	Increase	1,500	0.02	47,016	0.53
				17-Jan-2020	Increase	320	0.00	47,336	0.54
				20-Mar-2020	Increase	500	0.01	47,836	0.54
				<b>31-Mar-2020</b>	<b>At the end of the year</b>			<b>47,836</b>	<b>0.54</b>
6	Max Life Insurance Company Limited A/C	0	0.00					<b>0</b>	<b>0.00</b>
				27-Sep-2019	Increase	237	0.00	237	0.00
				30-Sep-2019	Increase	500	0.01	737	0.01
				04-Oct-2019	Increase	500	0.01	1,237	0.01
				11-Oct-2019	Increase	6000	0.07	7,237	0.08
				25-Oct-2019	Increase	10872	0.12	18,109	0.20
				01-Nov-2019	Increase	6261	0.07	24,370	0.28
				08-Nov-2019	Increase	104	0.00	24,474	0.28
				22-Nov-2019	Increase	8961	0.10	33,435	0.38
				13-Dec-2019	Increase	7529	0.09	40,964	0.46
				20-Dec-2019	Increase	72	0.00	41,036	0.46
				07-Feb-2020	Increase	376	0.00	41,412	0.47
				06-Mar-2020	Increase	253	0.00	41,665	0.47
				13-Mar-2020	Increase	2	0.00	41,667	0.47
				<b>31-Mar-2020</b>	<b>At the end of the year</b>		<b>0.00</b>	<b>41,667</b>	<b>0.47</b>

Sl. No.	Name of the ShareHolder	Shareholding at the beginning of the year as on 01.04.2019				Purchase of Shares/Sale of Shares in Shareholding		Cumulative Shares during the year	
		No of Shares	% of total Shares of the Company	Date	Reason	No of Shares	% of total Shares of the Company	No of Shares	% of total Shares of the Company
7	Aadi Financial Advisors LLP	35,758	0.40					<b>35,758</b>	<b>0.40</b>
				30-Mar-2019	No Change	0	0.00	35,758	0.40
				<b>31-Mar-2020</b>	<b>At the end of the year</b>		<b>0.00</b>	<b>35,758</b>	<b>0.40</b>
8	Life Insurance Corporation of India	0	0.00					<b>0</b>	<b>0.00</b>
				03-Jan-2020	Increase	3,560	0.04	3,560	0.04
				10-Jan-2020	Increase	18,161	0.21	21,721	0.25
				17-Jan-2020	Increase	2,924	0.03	24,645	0.28
				24-Jan-2020	Increase	355	0.00	25,000	0.28
				07-Feb-2020	Increase	1,484	0.02	26,484	0.30
				<b>31-Mar-2020</b>	<b>At the end of the year</b>		<b>0.00</b>	<b>26,484</b>	<b>0.30</b>
9	Kuwait Investment Authority Fund 227	7,459	0.08					<b>7,459</b>	<b>0.08</b>
				05-Apr-2019	Increase	3,073	0.03	10,532	0.12
				11-Oct-2019	Increase	12,000	0.03	22,532	0.25
				<b>31-Mar-2020</b>	<b>At the end of the year</b>		<b>0.14</b>	<b>22,532</b>	<b>0.25</b>
10	L And T Mutual Fund Trustee Ltd- L And T Infrastructure Fund	0	0.00					<b>0</b>	<b>0.00</b>
				06-Sep-2019	Increase	14,500	0.16	14,500	0.16
				06-Sep-2019	Increase	5,500	0.06	20,000	0.23
				<b>31-Mar-2020</b>	<b>At the end of the year</b>		<b>0.00</b>	<b>20,000</b>	<b>0.23</b>

**(v) Shareholding of Directors and Key Managerial Personnel:**

Mr. Ashish Gaikwad, Managing Director holds 200 equity shares and Mr. Amit Tantia, Chief Financial Officer holds 1 (one) share at the beginning and at the end of the financial year 2019-20. There was no purchase or sale of equity shares by Mr. Ashish Gaikwad and Mr. Amit Tantia during the said financial year. Other than Mr. Ashish Gaikwad and Mr. Amit Tantia, none of the Directors and Key Managerial Personnel of the Company held equity shares of the Company in the financial year 2019-20.

**V. INDEBTEDNESS:**

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

(INR in lakhs)

Particulars		Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
<b>Indebtedness at the beginning of the financial year</b>					
i)	Principal amount				
ii)	Interest due but not aid	NIL			
iii)	Interest accrued but not due				
<b>Total (i+ii+iii)</b>					
<b>Change in Indebtedness during the financial year</b>					
* Addition /Reduction		NIL			
<b>Net change</b>					
<b>Indebtedness at the end of the financial year</b>					
i	Principal amount Interest				
ii	Interest due but not paid	NIL			
iii	Interest accrued but not due				
<b>Total (i+ii+iii)</b>					

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:****A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(INR in lakhs)

S No.	Particulars of Remuneration	Mr. Ashish Gaikwad Managing Director
1	Gross salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	186.63
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-
2	Stock option*	78.67
3	Sweat equity	-
4	Commission	-
5	Others (non-taxable allowances, retirement and other long-term incentives)	74.62
	<b>Total</b>	<b>339.92</b>
	Ceiling as per the Act	3348.0 (Being 5% of net profits computed in accordance with Section 198 of the Companies Act, 2013)

\*Stock option includes restricted stock units and stock options granted by ultimate holding company, Honeywell International Inc.

**B. Remuneration to other Directors**

(INR in lakhs)

S.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. Suresh Senapaty	Mr. N. Srinath (upto December 14, 2019)	Ms. Neera Saggi	
1	<b>Independent Directors</b>				
	Fee for attending Board / Committee Meetings	7.80	5.70	6.60	20.10
	Commission	22.00	14.00	20.00	56.00
	Others, please specify	-	-	-	-
	<b>Total (1)</b>	<b>29.80</b>	<b>19.70</b>	<b>26.60</b>	<b>76.10</b>
2	<b>Other Non-Executive Directors (Mr. Vikas Chadha, Ms. Nisha Gupta, Mr. Brian Buffington, Mr. Akshay Bellare, Mr. Ashish Modi and Mr. Davies Walker)</b>				
	Fee for attending Board / Committee Meetings	Nil			Nil
	Commission				
	Others, please specify				
	<b>Total (2)</b>	<b>Nil</b>			<b>Nil</b>
	<b>Total (B) = (1+2)</b>	<b>76.10</b>			
	<b>Total Managerial Remuneration (A+B)</b>	<b>416.02</b>			
	<b>Overall ceiling as per the Act</b>	<b>7365.6</b> (Being 11% of net profits computed in accordance with Section 198 of the Companies Act, 2013)			

**C. Remuneration to Key Managerial Personnel other than MD/Manager/Whole-time Director**

(INR in lakhs)

SN.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount
		Mr. Amit Tantia	Ms. Farah Irani	
	<b>Name</b>			
	Designation	CFO	CS	
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	117.89	21.84	139.73
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	
2	Stock option	-	-	
3	Sweat equity	-	-	
4	Commission	-	-	
5	Others (non-taxable allowances, retirement and other long-term incentives)	13.38	1.88	15.26
	<b>Total</b>	<b>131.27</b>	<b>23.72</b>	<b>154.99</b>

## VII PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of penalty/ punishment/ compounding fees imposed	Authority [RD/NCLT /Court]	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty					
Punishment	-	-		NIL	
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment	-	-		NIL	
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment	-	-		NIL	
Compounding					

There were no penalties / punishment / compounding of offences for breach of any section of the Companies Act, 2013 or Companies Act, 1956 against the Company or its Directors or other Officers in default, if any, during the financial year under review.

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

**Suresh Senapaty**  
Chairman

Pune, May 22, 2020

**PERFORMANCE OF KEY FINANCIAL INDICATORS AND HIGHLIGHTS 2019-20**

INR in Crores

	<b>Year ended March 31, 2020</b>	<b>Year ended March 31, 2019</b>	<b>Variation</b>
Revenue from Operations	3,290	3,175	Up 3.6%
Operating Income (%)	22.3%	18.1%	Up 420 basis points
Net Income (%)	14.9%	11.3%	Up 360 basis points

**INDUSTRY OUTLOOK AND OPPORTUNITIES:**

Your Company's operating results are influenced by macro-economic developments including COVID-19 pandemic which can have effect on the trends such as industrial production, capital spending, commercial and infrastructure construction, commodity prices, and foreign exchange variations.

**India Economic Overview**

Global headwinds and challenges on the domestic front moderated the growth of Indian economy to 4.2% in FY20 down from 6.1% in FY19. The slowdown in FY20 resulted from a disruptive global trade environment, sluggish domestic demand, stress in the financial sector and from the COVID-19 outbreak in the last quarter. The government also took bold measures like tax cuts, sector relief packages and monetary easing to support the economy. While these measures were expected to lift the economy in FY21, the recent breakout of COVID-19 pandemic may delay the recovery. (MOSPI - Ministry of Statistics and Program Implementation)

As a result, India's growth in FY21 is estimated to drop drastically as we expect not only exports but also domestic demand to be impacted, largely due to Covid-19 situation. Government's relief package of INR 20 Lakh Crore is a welcome step and will go a long way in boosting the economy.

**COVID 19 Update**

The Company's principal sources of liquidity are cash, cash equivalents and the cash flow that is generated from operations. The Company continues to focus on operating cash flows, has no outstanding borrowings and it believes that the working capital is sufficient to meet its current requirements.

Current global economic conditions due to COVID-19 will adversely affect our customers who operate in oil and gas, real estate and automotive end markets. Further, supply chain disruptions including discontinued factory operations, customers delaying or freeing their discretionary spends, extended credit terms and logistical challenges has and may continue to add to the impact.

The Company has a diversified portfolio, The Company's business related to pharma, healthcare sector is likely to see a positive impact and Public Sector Undertakings (PSUs) /smart city projects are expected to witness an uptick after a temporary set-back.

We cannot accurately estimate the duration and the impact of the pandemic in the business; however we will continue to monitor and assess the situation on a regular basis. We have begun and will continue to act to offset revenue drop by managing our variable cost structure, rationalisation of discretionary spends, productivity drives etc.

Based on past performance, we expect that our operating cash flows will be sufficient to meet our future operating cash needs. Credit terms and liquidity constraints may impact our usual credit terms in short term but we believe that company has enough cash and liquidity to not allow disruption of business and continue to stay invested with our strategic partners, be it vendors or customers.

**Employee Health & Safety**

We continue to monitor the COVID-19 situation and its impact globally. We are prioritising the health and safety of our employees. Out of an abundance of 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:

- Limiting visitor site access to business essential purposes
- Enabling employees to work from home wherever required or possible
- Monitor social distancing and precautions as per the applicable guidelines

### **Industry Overview**

**Construction** - The construction capex is estimated to have declined 1-2% decline in FY20 much lower than the 13-14% growth logged in FY19. Going forward, with the concerted efforts from the government to boost investments in infrastructure, the share of investment in projects such as roads, metro, smart cities, data centers, warehouses, water supply, railways & airports in construction is expected to rise in the coming years. Growth in building segment is likely to be moderate as the number of new project launches is still on the lower side. However, tax incentive for buyers in affordable housing segment & capital outlay of INR 25,000 Crore to complete stalled projects is a step in the right direction. The central government also unveiled the national infrastructure pipeline with an investment plan of INR 102 Lakh Crore from 2020-25. This policy of high govt spending in infra is likely to energise demand in other sectors and lead to more fund flows and asset creation. However, for FY21, delays in project award during Q4'20 and Q1'21 coupled with few challenges expected on people availability can impact demand in the current year. (Source – Union Budget, CRISIL, PIB)

**Manufacturing** - The Indian government has been prompt in realising the importance and value addition of manufacturing to India and has unlocked several investments to sustain its position in the global market, including the flagship 'Make in India' initiative. But, despite efforts from the government, the manufacturing sector contracted by 0.7% in FY20. Auto sector, an important sector for the Indian economy, witnessed a sharp decline of 18% YoY in sales for the year, with low rural income and strained credit availability affecting purchases. The slowdown is expected to sustain in most sectors till H1'21 while recovery will follow the improvements in the Covid-19 situation. We expect demand from healthcare and pharmaceuticals sectors to rise significantly as a larger share of investments will be directed towards capacity addition. (Source – NSO, SIAM)

**Energy** - India's achievements in recent years in the energy sector have been termed as outstanding by the International energy agency (India 2020 – IEA). The domestic energy demand is expected to double over the next two decades. This has made India an attractive destination for foreign investors looking to grab a share of India's growth story. India is also aiming to ensure energy security by increasing domestic production and reducing its import dependence. The government targets raising share of renewables at 40%, accelerating investments in solar and wind outpacing investment in fossil fuel. Additional reform plans include biofuel development, investment and policy support to petrochemicals, updated technical standards for power plants and vehicles, and clean fuel. Government also announced in FY21 budget about allotting \$3 Bn for power and renewable energy and development of 10,800 Km of national gas grid. (Source – IEA, Union Budget)

Government initiatives are promoting global investments, collaborations, and global companies to set up plants in India. This way the Indian manufacturing and services sectors will transcend into the realm of digital and connected era meeting international standards. The constant support from the government and the Foreign Direct Investment (FDI) has initiated the evolution of new partnerships that focuses on adoption of technologies associated with industrial internet of things (IIoT). Technology-driven processes will further offer customers visibility, transparency and security surging growth of the Indian manufacturing market to become a manufacturing hub and a knowledge center in the future.

A major driver for your Company is that the Indian market is gaining traction toward offering services and technology that aim to digitally support and transform the existing and upcoming infrastructure and industrial projects. With high returns expected from automation technologies such as artificial intelligence (AI), IoT (connected devices), cloud services and industrial software solutions. Businesses and Government must invest in adopting these technologies to experience their vast benefits.

**OPERATIONS:**

- Process Solution business has a wide portfolio of industrial automation products and solutions that help customers operate safe, reliable, efficient, sustainable, and more 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/ life sciences, and metals, minerals and mining industries. The Process Solutions business had a strong year driven by providing our customers leading technologies from the plant floor to the boardroom as well as comprehensive lifecycle services to ensure more productive and stable operations.

Process Solutions will continue to stay focused on its core strategies to prevail over the economic environment, slow recovery in industrial production growth, and continued competitive pressure in the market. Given the diversity of products and solutions, your Company will strive to enhance its performance. As India moves to build energy security, drive gas-based economy, and encourage use of digital solutions, your Company is excited about the opportunities that will present themselves soon. Apart from the core markets and solutions your Company is well positioned to drive growth in areas such as pharmaceuticals, specialty chemicals, physical security and cyber security. Your Company is also enhancing its reach and coverage to serve the large and growing mass mid segment in India. To enable our growth in all these areas we will continue to focus on expanding our local engineering, product development, and manufacturing capabilities.

- Building Solutions business provides automation and control technologies that help make buildings green, safe, and productive. As part of its intelligent buildings suite, it provides 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™. It provides aftermarket services for various control systems as well as comprehensive utilities' operations and maintenance services for mechanical and electrical systems in buildings.

This business continued to demonstrate good results through the year. Its track record in infrastructure, transportation, Smart Cities, information technology, pharmaceutical, Industrial and commercial space verticals helped expand its presence in its markets of interest, while also positioning it well in this space. There has been a continued government funding on building core infrastructure such as airports, metro and railways and safe cities. In the future, value-added services like analytics, energy optimisation, healthcare is expected to be an evolution in critical operator segment. In addition, your Company is exploring the opportunities to create India-specific integrated products to cater to different sectors in India.

- Building Management Systems business is a global leader in the connected buildings space and maintains a leadership position in India with the widest range of building automation technologies. The solutions and products of this business are already present across multiple verticals in India, which include large mission-critical facilities, government infrastructure like airports, stadiums, metro stations, IT, residential, industrial and hospitality buildings. Building Management Systems has a diverse business portfolio comprising of building control solutions and global field devices.

Building Management Systems business had a good business year. The portfolio was further enhanced with new product offerings like Mechanical PICVs, Variable Frequency drives and Piston type PRVs. Business will continue to stay focused on its core strategies through commercial excellence levers such as sales deployment, on-boarding, channel excellence and pipeline management. This will ensure that your Company continues to grow via its existing product portfolio. Exciting new initiatives such as Connected Buildings and upcoming new product launches will help your Company grow in an evolving market.

- Sensing and Internet of Things (IOT) has multiple diversified customer accounts from Transportation, Aerospace, Medical, Industrial Verticals. This business was focused on market demand and new segment identification during 2019. The Electronic Sensing portfolio which includes board mount Pressure Sensors, Airflow Sensors, Hall ICs, Temperature Sensors etc. helped the business to win in Medical, EVs segment.

Sales team put extra efforts within Railways and Stationary Power segment to generate long term sustainable business for our Packaged Sensors covering Pressure and other critical parameters. Your Company plans to focus on consolidation of small business accounts to Masters distributors and continue to focus on demand generation during this year. Allowing Company's direct sales team to focus on key account management with a wider portfolio. There is an exciting range of global and locally - developed products that are being introduced in the Indian market. Localisation of Child parts for our transportation accounts for few products like Stalk controls, pressure switches is planned to roll out from Pune for leveraging local manufacturing, better control on supply chain and quality and increased customer satisfaction.

- Global Services is fostering innovation and engineering the future industries across verticals in Process and Buildings automation by transforming the solutions and services aligned to Enterprise Connected Vision. It provides project engineering services, product customisation, and software development, driving productivity and cost competitiveness to several global Honeywell entities. This includes complete project management, systems design, engineering, sourcing, manufacturing, and testing undertaken at your Company's Pune facility.

Your Company assures “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 Services is making investments in talent development and retention strategies in the consultancy space for accelerated growth through newer verticals, Software and IIoT.

- Global Manufacturing business focuses on delivering high quality products and project solutions right and fast to India and global market. Your Company continues to invest in new product introductions, acquiring new customers and adding capacity through automation and digitization to support growth. Your Company continues to leverage localisation and other sourcing strategies to improve overall speed of delivery to customer and cost competitiveness. Your Company is focused on delivering quality product to customers through sustained efforts in area of build in quality and continuous improvement. The Company has recently setup line for face mask production at its Fulgaon factory in view of Covid-19 pandemic.

Global manufacturing continues to deliver good results year on year. Global Manufacturing Project business had a good growth year while the product business showed sustain growth. Your Company maintains high standards in area of HSE – Health, Safety and Environment compliance.

#### **LEADERSHIP AND TALENT:**

Your 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. Your Company leverages processes that have been the cornerstone of Honeywell's global growth. These include Honeywell Performance Development (HPD) and Management Resource Review (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, and proactive succession planning for all key positions across the organisation. Developing leadership capability in employees is a key expectation of every business leader, and your 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.

Your Company continues to invest in a multi-tiered framework to build leadership capability. This includes the India Leadership Connect (ILC) focused on development of top talent for senior leadership roles, the Leadership Skill Workshop (LSW) to build frontline managerial capability, the Honeywell HGR Leadership Forum focused on building self-awareness and networking among senior leaders in Honeywell India, and the Supervisory Development Program (SDP) to develop

supervisory skills and capability. In addition, your Company invests in building sales capability of frontline sales employees through classroom and online learning modules. Your Company continues to work towards building systemic enablers through continuous training on diversity and inclusiveness to encourage diversity in the organisation.

As on March 31, 2020 the Company's employee strength was 3,310 as compared to 3,251 (full-time employees) as on March 31, 2019.

#### **FINANCIALS:**

Overall revenue from operations was INR 3,290 Crore registering 3.6% growth. This growth was achieved despite competitive challenges on pricing. The domestic segment registered revenue of INR 1,847 Crore for the current year as compared to INR 1,714 Crore in the previous year. Revenue from exports was INR 1,443 Crore, registering a decline of 1.3% as over the previous year.

Overall profit after tax was INR 491 Crore. Your Company delivered a return of 14.9% on sales for the year (Previous year: 11.3%). Cost of Goods Sold (including excise duty) was 49.9% of Sales (Previous year: 51.9%).

Net Cash Flow from operations was INR 330 Crore, as compared to INR 312 Crore in the previous year, reflecting higher profitability and better working capital management. Your Company will continue to focus on working capital performance and positive operating cash flows.

Related party transactions for the financial year ending March 31, 2020 follow Section 188 of the Companies Act, 2013, and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **RISKS AND CONCERNS:**

Your Company generates a good percentage of its sales and profits from its business with Honeywell International Inc. and its affiliates. Your Company's ability to maintain or grow its business with Honeywell 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; and (iii) develop and retain employees and leaders with the necessary expertise. Honeywell-specific business considerations (independent of its shareholdings in the Company), including changes in Honeywell's strategies regarding utilisation of alternative opportunities available to it to source products and services currently provided by your 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. Overall aggressive competitive landscape, pricing pressures on sales 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 revenues and profits of your Company.

While your Company has diversified products and operates within varied industries, major macroeconomic developments pose some risks to growth which can have an impact on the performance. Diversification and strong industrial relations is helping manage these trends. Some of these trends are highlighted below:

1. The steep decline in global oil demand has increased volatility in oil prices as geopolitical uncertainties grow. This is going to impact the capital investment plans of upstream and downstream companies.
2. Public spending on infra creation is expected to uplift the subdued consumer spending, however, this will take time, given the COVID-19 situation. Greater emphasis is to be put on raising farm incomes as rural spending has stayed low in 2019.
3. Non-Banking Financial Company (NBFCs) are vital to the growth of Micro, Small, and Medium Enterprises (MSMEs) in India. As the amount of bad debt in banks' balance sheets remains high (9.2% in Sep'19), continued strain in India's banking system is causing limited liquidity available from banks. As a result, NBFCs are not in a good position to lend further thereby reducing the capex plans for realty players and MSMEs in manufacturing. (Source - FSG)

4. The ongoing global risk-off sentiment and likely steep monetary easing will pressure the rupee weaker, although this would be partially counteracted by a sharp plunge in oil prices. Over the long term, the rupee's overvaluation and structurally higher inflation relative to the US would exert downside pressure on the currency. (Source - Fitch)

**INTERNAL CONTROL:**

Your Company has established adequate internal control procedures which commensurates 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 optimisation of operations. It ensures documentation and evaluation of entity-level controls through existing policies and procedures, primarily to identify any significant gaps and define key actions for improvement. Your 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.

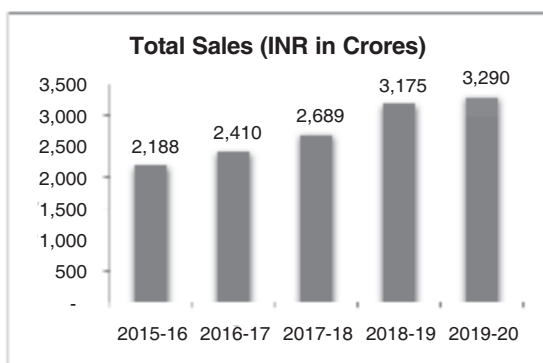
In addition to external audits, the financial and operating controls of your Company are reviewed regularly by the internal audit team as per the annual plan approved by the Audit Committee. All audit observations and follow-up actions thereon are tracked for resolution by the Internal Audit function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

Your Company's Code of Conduct sets out the fundamental standards to be followed by employees in their everyday actions. Your 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 work place, 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. Your Company also has a formal process to receive and address incidents related to business conduct lodged by employees and other stakeholders.

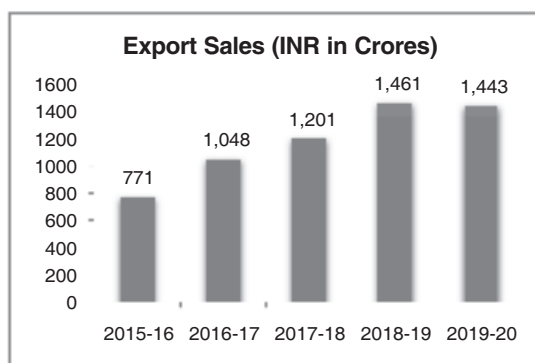
**SUMMARY:**

Your Company's mix of exports revenue increased as compared to the previous period. Overall revenue registered annualised growth of 3.6%. Net income was 14.9% of sales, as compared to 11.3% in the previous period. Increased competitive environment in both domestic and exports segments continue to be a challenge. This is being addressed through concerted efforts on operational excellence, driving productivity, and aggressive cost rationalisation. Your Company is continuously driving new productivity initiatives to remain committed to the journey of profitable growth.

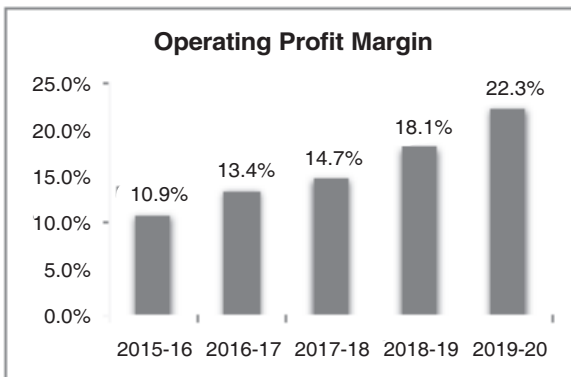
In accordance with SEBI (Amendment) Regulations 2018, the Company is required to give details of significant changes (change of 25% or more as compared to the immediately previous financial year). The relevant applicable information is as below. Further, the interest coverage ratio and debt equity ratio is not applicable to the Company as there is no debt.



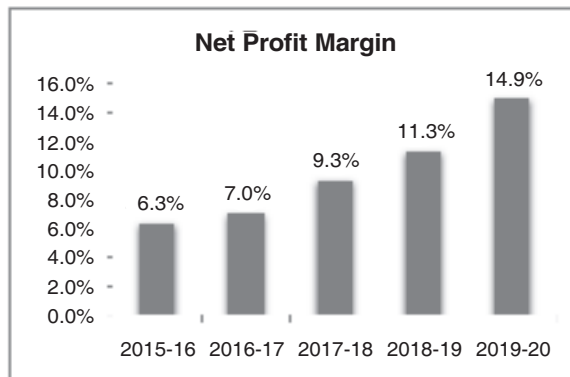
3.6% annualised sales growth delivered.



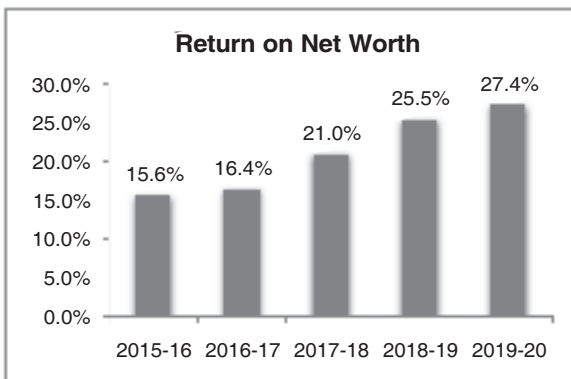
Exports sales 44% of total sales, decreased compared to 46% in the previous year



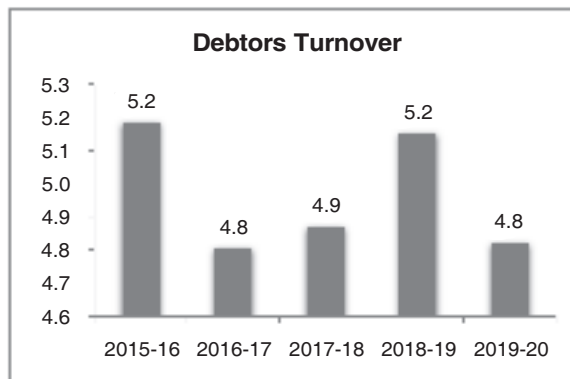
Operating profit margin increased by 4.2%



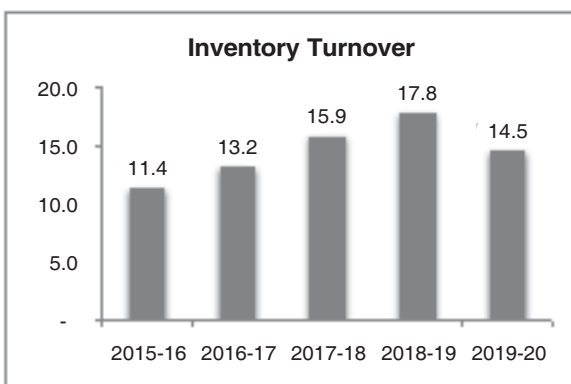
Net profit % increased by 360 bps as compared to previous year



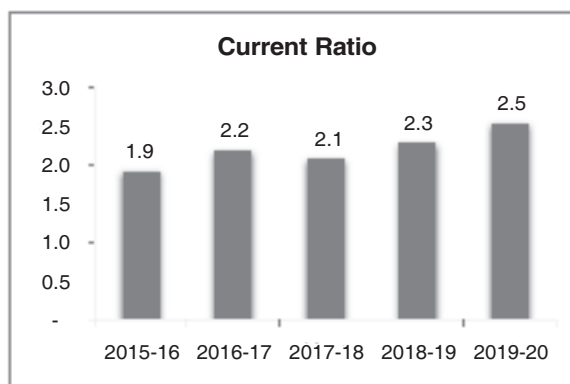
Return on Net Worth increased by 190 bps as compared to previous year



Debtors turnover ratio has reduced to 4.8 as compared to 5.2 in previous year



Inventory turnover reduced to 14.5 as compared to 17.8 in previous year



Current ratio increased to 2.5 as compared to 2.3 in previous year

## 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") and amendments as may be applicable from time to time.

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

Presently, the Board comprises of two Independent Directors (out of whom one is a Woman Director), a Managing Director, and three Non-Executive Directors. 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 Listing Regulations.

During the period under review and till date of this Report, the following changes have taken place in the composition of the Board of Directors:

1. Expiration of tenure of Mr. N. Srinath (DIN: 00058133) as an Independent Director effective close of business hours on December 14, 2019 (from December 15, 2014 to December 14, 2019).
2. Resignation of Mr. Vikas Chadha (DIN: 06624266) and Mr. Brian Buffington (DIN: 08060965) (Directors) with effect from close of business hours on October 21, 2019 as they moved to a different role within Honeywell Organisation.
3. Appointment of Mr. Akshay Bellare (DIN: 07914236) and Mr. Ashish Modi (DIN: 07680512) (Additional Directors) with effect from October 22, 2019.
4. Resignation of Ms. Nisha Gupta (DIN: 02331771) (Director) with effect from close of business hours on May 12, 2020 due to other professional commitments and appointment of Mr. Davies Walker (DIN: 08737978) (Additional Director) with effect from May 13, 2020.

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

Mr. Suresh Senapaty's (DIN: 00018711) appointment as an Independent Director is for the period from March 8, 2016 to March 7, 2021. Ms. Neera Saggi's (DIN: 00501029) appointment as an Independent Director is for the period from February 4, 2019 to February 3, 2024.

The Independent Directors have given a certificate of independence to the Board of Directors. Pursuant to the aforementioned certificate, all the Independent Directors satisfy the criteria as defined under the Companies Act, 2013 ("the Act") and the Listing Regulations. Further, pursuant to the meeting of the Board of Directors held on February 3, 2020, the Board of Directors are of the opinion that Independent Directors fulfill the conditions specified in Listing Regulations and are independent of the management. Their appointment letters have been uploaded on your Company's website.

The composition of the Board of Directors and of various committees of the Board of Directors have been disclosed on your Company's website.

**Composition / Category of Directors / Attendance at Meetings / their Directorships and Committee Memberships in other companies as on March 31, 2020:**

Name and DIN	Category	No. of Board Meetings attended during 2019-2020	Attendance at the last AGM held on August 9, 2019	No. of directorships in other public limited Companies <sup>1</sup>	No. of committee positions held in other public limited Companies <sup>1</sup>	
					Chairperson	Member*
As on March 31, 2020						
Mr. Suresh Senapaty (DIN: 00018711)	Independent Non-Executive Chairman	5	Yes	2	1	1
Ms. Neera Saggi (DIN: 00501029)	Independent Non-Executive	5	Yes	7	Nil	7
Mr. Ashish Gaikwad (DIN: 07585079)	Non-Independent Executive, Managing Director	5	Yes	Nil	Nil	Nil
Mr. Akshay Bellare (DIN: 07914236) (w.e.f. October 22, 2019)	Non-Independent Non-Executive	3	N.A.	Nil	Nil	Nil
Ms. Nisha Gupta (DIN: 02331771) (upto May 12, 2020)	Non-Independent Non-Executive	5	Yes	Nil	Nil	Nil
Mr. Ashish Modi (DIN: 07680512) (w.e.f. October 22, 2019)	Non-Independent Non-Executive	2 <sup>^</sup>	N.A.	Nil	Nil	Nil
Mr. N. Srinath (DIN: 00058133) (upto December 14, 2019)	Independent Non-Executive	3 <sup>+</sup>	Yes	N.A. <sup>+</sup>	N.A. <sup>+</sup>	N.A. <sup>+</sup>
Mr. Vikas Chadha (DIN: 06624266) (upto October 21, 2019)	Non-Independent Non-Executive	2 <sup>+</sup>	Yes	N.A. <sup>+</sup>	N.A. <sup>+</sup>	N.A. <sup>+</sup>
Mr. Brian Buffington (DIN: 08060965) (upto October 21, 2019)	Non-Independent Non-Executive	1 <sup>^</sup>	No	N.A. <sup>+</sup>	N.A. <sup>+</sup>	N.A. <sup>+</sup>
Mr. Davies Walker (DIN: 08737978) (w.e.f. May 13, 2020)	Non-Independent Non-Executive	N.A.	N.A.	Nil <sup>&amp;</sup>	Nil <sup>&amp;</sup>	Nil <sup>&amp;</sup>

**Notes:**

1. As required by Regulation 26 of the Listing Regulations the disclosure includes Membership / Chairpersonship in Audit Committee and Stakeholder's Relationship Committee in public limited companies. Directorship and Committee positions held in Honeywell Automation India Limited have been excluded.

\* Number of memberships in Audit / Stakeholder's Relationship Committee includes the number of Chairmanship in Audit / Stakeholder's Relationship Committee, if any.

<sup>^</sup> Leave of absence was granted.

<sup>+</sup> Mr. N. Srinath and Mr. Vikas Chadha attended all Board Meetings for the Financial year 2019-20 during their tenure as Directors and the number of Directorships in other companies and committees' positions is not applicable as not Directors as on March 31, 2020.

<sup>&</sup> The number of Directorships in other companies' and committees' positions is provided as on the date of appointment i.e., May 13, 2020.

In addition to Honeywell Automation India Limited, the following Directors holds directorship (Non-Executive, Independent Director) in other listed entities as on March 31, 2020, as below:

- Ms. Neera Saggi: GE T&D India Limited, Swaraj Engines Limited, GE Power India Limited, TRF Limited and Tata Steel BSL Limited (Non-Executive, Independent Director)
- Mr. Suresh Senapaty: Healthcare Global Enterprises Limited (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 five times during the financial year ended March 31, 2020 on the following dates and the maximum interval between any two meetings did not exceed one hundred and twenty days:

- |                     |                     |                     |
|---------------------|---------------------|---------------------|
| 1. May 13, 2019     | 2. August 9, 2019   | 3. October 25, 2019 |
| 4. February 3, 2020 | 5. February 4, 2020 |                     |

In addition, one meeting of Independent Directors was held on February 3, 2020.

As required by Part A of Schedule II to the Listing Regulations, all the necessary information was placed before the Board from time to time.

### Skills, Expertise & Attributes for all Directors

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 Nomination and Remuneration Committee ensures the selection of Board members based on diversified skills and expertise which helps the Company to be compliant and maintain high standard 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, and absence of a mark (√) against Board member's name doesnot necessary mean absence of basic knowledge and skills.

Skills / Expertise / Competencies	Definition	Mr. Suresh Senapaty	Mr. N. Srinath#	Ms. Neera Saggi	Mr. Vikas Chadha*	Mr. Ashish Gaikwad	Ms. Nisha Gupta@	Mr. Brian Buffington*	Mr. Akshay Bellare^	Mr. Ashish Modi^
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.	√	√	√	√	√	√	√	√	√

# upto December 14, 2019, \* upto October 21, 2019, ^ w.e.f. October 22, 2019 and @ upto May 12, 2020

### Familiarisation Program for Independent Directors

Your Company has given training to Independent Directors to enable them to gain deeper understanding of your Company, its operations, business, senior management, policies, industry perspective, etc. The Directors are updated on a continual basis on any significant change. The details of familiarisation programs imparted by your Company are available on your Company's website at the following link:

<https://www.honeywell.com/content/dam/honeywell/files/india-hail/board-of-directors/details-of-familiarisation-program-for-independent-directors.pdf>

### 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 Part C of Schedule II to Regulation 18(3) of the 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 your 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:
  - matters required to be included in the Director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - changes, if any, in accounting policies and practices and reasons for the same;
  - major accounting entries involving estimates based on the exercise of judgment by Management;
  - significant adjustments made in the financial statements arising out of audit findings;
  - compliance with listing and other legal requirements relating to financial statements;
  - disclosure of any related party transactions;
  - 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 listed entity, 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 INR 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments.

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;
- statement of significant related party transactions (as defined by the Audit Committee), submitted by Management;
- Management letter/letters of internal control weaknesses issued by the statutory auditors;
- internal audit reports relating to internal control weaknesses; and
- the appointment, removal and terms of remuneration of the Head, Internal Audit
- Statement of deviations:
  - 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 Listing Regulations
  - Annual statement of funds utilised for purposes other than those stated in the Offer document/prospectus/ notice in terms of Regulation 32(7) of the Listing Regulations

The Audit Committee is vested with the necessary powers to achieve its objectives. The Committee has discharged such other role/function 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.

Mr. Suresh Senapaty, the Chairman of the Audit Committee, was present at the last Annual General Meeting held on August 9, 2019.

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

Presently, the Audit Committee consists of three Non-Executive Directors, out of which two are Independent Directors. The members of the Committee have the 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.

Mr. N. Srinath's tenure as an Independent Director expired effective close of business hours on December 14, 2019 and consequential cessation as a member of the Audit Committee effective close of business hours on December 14, 2019.

Further, Ms. Nisha Gupta resigned as a Director with effect from close of business hours on May 12, 2020 and consequential cessation as a Member of the Audit Committee with effect from close of business hours on May 12, 2020. Mr. Ashish Gaikwad was appointed as a member of the Audit Committee with effect from May 13, 2020.

The Audit Committee held four meetings during the financial year ended March 31, 2020 on the following dates and the maximum interval between any two meetings did not exceed one hundred and twenty days:

1. May 13, 2019      2. August 9, 2019      3. October 25, 2019      4. February 3, 2020

The composition of the Audit Committee and the attendance of members at the meetings held during the financial year ended March 31, 2020 are as follows:

Name of Director	No. of Meetings Applicable and Attended
Mr. Suresh Senapaty (Chairman, Independent Director)	4
Mr. N. Srinath (Independent Director) upto December 14, 2019	3
Ms. Nisha Gupta (Non-Executive Director) upto May 12, 2020	4
Ms. Neera Saggi (Independent Director)	4
Mr. Ashish Gaikwad (Managing Director) w.e.f. May 13, 2020	N.A.

#### 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;
- 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.
- Reviewing and recommending to the Board, all remuneration, in whatever form, payable to Managing Director, Key Managerial Personnel and Senior Management Personnel.

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

Presently, the Nomination and Remuneration Committee consists of three Non-Executive Directors and two being Independent Directors. The Chairperson is a Non-Executive and Independent Director (Regulation 19 of the Listing Regulations).

Mr. N. Srinath's tenure as an Independent Director expired effective close of business hours on December 14, 2019

and consequential cessation as a Member and Chairman of the Nomination and Remuneration Committee effective close of business hours on December 14, 2019. Ms. Neera Saggi, Non-Executive Independent Director was appointed as a Member and Chairperson of the Nomination and Remuneration Committee with effect from December 15, 2019. Further, Mr. Vikas Chadha resigned as a Director with effect from close of business hours on October 21, 2019 and consequential cessation as a Member of the Nomination and Remuneration Committee with effect from close of business hours on October 21, 2019. Mr. Akshay Bellare was appointed as a member of the Nomination and Remuneration Committee with effect from October 22, 2019.

The Nomination and Remuneration Committee held four meetings during the financial year ended March 31, 2020 on the following dates:

1. May 13, 2019                      2. August 9, 2019                      3. October 25, 2019                      4. February 3, 2020

The composition of the Nomination and Remuneration Committee and the attendance of members at the meetings held during the year 2019-20 are as follows:

Name of Director	No. of Meetings Applicable	No. of Meetings Attended
Mr. N. Srinath (Chairman, Independent Director) upto December 14, 2019	3	3
Ms. Neera Saggi (Chairperson, Independent Director) w.e.f. December 15, 2019	1	1
Mr. Suresh Senapaty (Independent Director)	4	4
Mr. Vikas Chadha (Non-Executive Director) upto October 21, 2019	2	2
Mr. Akshay Bellare (Non-Executive Director) w.e.f. October 22, 2019	2	2

The Committee met on February 3, 2020 to appraise and decide the commission and compensation payable to Mr. Ashish Gaikwad, Managing Director and other key managerial personnel as defined under the Companies Act, 2013 for the financial year 2020-21. Further, pursuant to the rapidly deteriorated economic conditions resulting out of COVID-19 pandemic, the Nomination and Remuneration Committee and the Board of Directors revisited its decision and decided not to give merit increase effective April 1, 2020 payable to Managing Director and other key managerial personnel as defined under the Companies Act, 2013.

Mr. N. Srinath, the Chairman of the Nomination and Remuneration Committee was present at the last Annual General Meeting of your Company held on August 9, 2019.

### 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, Mr. Suresh Senapaty and Ms. Neera Saggi, Independent Directors, met on February 3, 2020 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 (Regulation 25 of the Listing Regulations). All ratings for the Board, Committees, and the Non-Executive Directors were favorable. The Board committed to provide strategic oversight to the businesses of your Company and need to reflect the success rate of succession.

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 your Company calculated in accordance with the provisions of Section 198 of the Companies Act, 2013. 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, Stakeholder's Relationship Committee and Risk Management Committee attended by them are mentioned as under:

- Board Meeting - INR 60,000/- per meeting
- Audit Committee - INR 50,000/- per meeting
- Other Committees - INR 40,000/- per meeting

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 2019-20 for attending the Board meetings and various Board constituted Committee Meetings are as under:

**Non-Executive Directors**

(INR in Lakhs)

Name of Director	Sitting Fees	Commission	Shareholding (No. of shares)
Mr. Suresh Senapaty (Independent)	7.80	22.00	NIL
Mr. N. Srinath (Independent) (upto December 14, 2019)	5.70	14.00	NIL
Ms. Neera Saggi (Independent)	6.60	20.00	NIL
Mr. Vikas Chadha (upto October 21, 2019)	N.A.	N.A.	NIL
Ms. Nisha Gupta (upto May 12, 2020)	N.A.	N.A.	NIL
Mr. Brian Buffington (upto October 21, 2019)	N.A.	N.A.	NIL
Mr. Akshay Bellare (w.e.f. October 22, 2019)	N.A.	N.A.	NIL
Mr. Ashish Modi (w.e.f. October 22, 2019)	N.A.	N.A.	NIL
Mr. Davies Walker (w.e.f. May 13, 2020)	N.A.	N.A.	NIL

**Managing Director**

(INR in Lakhs)

Name	Salary, perquisites & allowances for the financial year 2019-20	Others (non-taxable allowances, retirement and other long-term incentives)	Stock Options*	Total
Mr. Ashish Gaikwad	186.63	74.62	78.67	339.92

\* 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, 2016:

(Mr. Ashish Gaikwad)

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

**6. Stakeholder's Relationship Committee**

The Stakeholder's Relationship Committee is constituted in accordance to Section 178 of the Companies Act, 2013 and Regulation 20 of Listing Regulations, 2015 in order to consider and resolve the grievances of the equity shareholders of your Company, including complaints related to transfer of shares, non-receipt of annual report, non-receipt of declared dividends, etc. The said Committee has been authorised to approve the transfer /transmission of shares and issue of duplicate share certificates.

In order to expedite the process, the Board of Directors has also delegated the authority severally to the Company Secretary, Chief Financial Officer and Head-Legal to approve the share transfers/transmissions and accordingly, they severally approve the transfer/transmission of shares as and when required from time to time.

As on March 31, 2020, the Committee has three members Ms. Nisha Gupta, Non-Executive Director as the Chairperson, Mr. Suresh Senapaty and Mr. Ashish Gaikwad.

Mr. N. Srinath's tenure as an Independent Director expired effective close of business hours on December 14, 2019 and consequential cessation as a Member of the Stakeholders' Relationship Committee effective close of business hours on December 14, 2019. Mr. Suresh Senapaty, Non-Executive Independent Director was appointed as a Member of the Stakeholder's Relationship Committee with effect from December 15, 2019.

Further, Ms. Nisha Gupta resigned as a Director with effect from close of business hours on May 12, 2020 and consequential cessation as a Member and Chairperson of the Stakeholders' Relationship Committee with effect from close of business hours on May 12, 2020. Mr. Akshay Bellare was appointed as a Member and Chairman of the Stakeholder's Relationship Committee with effect from May 13, 2020.

The Committee met on May 13, 2019 and February 3, 2020 during the financial year ended March 31, 2020. All the members were present at the meetings.

The composition of the Stakeholder's Relationship Committee and the attendance of members at the meetings held during the year 2019-20 are as follows:

Name of Director	No. of Meetings Applicable	No. of Meetings Attended
Ms. Nisha Gupta (Chairperson, Non-Executive Director) upto May 12, 2020	2	2
Mr. N. Srinath (Independent Director) upto December 14, 2019	1	1
Ms. Suresh Senapaty (Independent Director) w.e.f. December 15, 2019	1	1
Mr. Ashish Gaikwad (Executive Director)	2	2
Mr. Akshay Bellare (Chairman, Non-Executive Director) w.e.f. May 13, 2020	N.A.	N.A.

Name, designation and address of Compliance Officer: Ms. Farah Irani  
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, 2019	0
Number of shareholders' complaints received during year ended March 31, 2020	9
Number of complaints resolved during year ended March 31, 2020	9
Number of pending complaints as on March 31, 2020	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, 2020, the Committee has three members, Ms. Nisha Gupta, Non-Executive Director as the Chairperson, Ms. Neera Saggi and Mr. Ashish Modi.

Mr. N. Srinath's tenure as an Independent Director expired effective close of business hours on December 14, 2019 and consequential cessation as a Member of the Corporate Social Responsibility Committee effective close of business hours on December 14, 2019. Ms. Neera Saggi, Non-Executive Independent Director was appointed as a Member of the Corporate Social Responsibility with effect from December 15, 2019. Further, Mr. Ashish Modi was appointed as a member of Corporate Social Responsibility Committee with effect from December 15, 2019 in place of Mr. Ashish Gaikwad who was a Member of the Corporate Social Responsibility Committee upto close of business hours on December 14, 2019.

Further, Ms. Nisha Gupta resigned as a Director with effect from close of business hours on May 12, 2020 and consequential cessation as a Member and Chairperson of Corporate Social Responsibility Committee with effect from close of business hours on May 12, 2020. Mr. Akshay Bellare was appointed as a member and Chairman of the Corporate Social Responsibility Committee with effect from May 13, 2020.

The Committee met on May 13, 2019 and February 3, 2020 during the financial year ended March 31, 2020. All the members were present at the meetings.

The composition of the Corporate Social Responsibility Committee and the attendance of members at the meetings held during the year 2019-20 are as follows:

Name of Director	No. of Meetings Applicable	No. of Meetings Attended
Ms. Nisha Gupta (Chairperson, Non-Executive Director) upto May 12, 2020	2	2
Mr. N. Srinath (Independent Director) upto December 14, 2019	1	1
Ms. Neera Saggi (Independent Director) w.e.f. December 15, 2019	1	1
Mr. Ashish Gaikwad (Executive Director) upto December 14, 2019	1	1
Mr. Ashish Modi (Non-Executive Director) w.e.f. December 15, 2019	1	1
Mr. Akshay Bellare (Chairman, Non-Executive Director) w.e.f. May 13, 2020	N.A.	N.A.

The Company has formulated a policy for its CSR which may be viewed on the Company's website at the following link: <https://www.honeywell.com/content/dam/honeywell/files/india-hail/policies/corporate-social-responsibility-policy.pdf>



**8. Risk Management Committee**

Pursuant to Regulation 21 of Listing (Amendment) Regulations, 2018, the Board of Directors at its meeting held on February 4, 2019 constituted the Risk Management Committee.

As on March 31, 2020, the Committee consists of five members, Mr. Ashish Gaikwad - Managing Director as the Chairman, Mr. Suresh Senapaty - Independent Director, Ms. Neera Saggi - Independent Director, Ms. Nisha Gupta - Non-Executive Director and Mr. Amit Tantia - Chief Financial Officer.

Mr. N. Srinath's tenure as an Independent Director expired effective close of business hours on December 14, 2019 and consequential cessation as a Member and Chairman of the Risk Management Committee effective close of business hours on December 14, 2019. Mr. Ashish Gaikwad (member effective February 4, 2019) was designated as Chairman of the Risk Management Committee with effect from December 15, 2019.

Further, Ms. Nisha Gupta resigned as a Director with effect from close of business hours on May 12, 2020 and consequential cessation as a Member of the Risk Management Committee with effect from close of business hours on May 12, 2020. Mr. Ashish Modi was appointed as a member of the Risk Management Committee with effect from May 13, 2020. Further, Mr. Davies Walker was appointed as a member of the Risk Management Committee with effect from May 22, 2020.

The terms of reference of the Risk Management Committee are as stipulated under Regulation 21 of the SEBI Listing (Amendment) Regulations, 2018 and amendments, if any, as may be applicable from time to time.

The Committee met on May 13, 2019 and February 3, 2020 during the financial year ended March 31, 2020. All the members were present at the meetings.

The composition of the Risk Management Committee and the attendance of members at the meetings held during the year 2019-20 are as follows:

Name of Director	No. of Meetings Applicable	No. of Meetings Attended
Mr. N. Srinath (Chairman, Independent Director) upto December 14, 2019	1	1
Mr. Suresh Senapaty (Independent Director)	2	2
Ms. Neera Saggi (Independent Director)	2	2
Mr. Ashish Gaikwad (Chairman, Executive Director) w.e.f. December 15, 2019	2	2
Ms. Nisha Gupta (Non-Executive Director) upto May 12, 2020	2	2
Mr. Amit Tantia (Chief Financial Officer)	2	2
Mr. Ashish Modi (Non-Executive Director) w.e.f. May 13, 2020	N.A.	N.A.
Mr. Davies Walker (Non-Executive Director) w.e.f. May 22, 2020	N.A.	N.A.

**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 Managing Director and the Chief Financial Officer through an Enterprise Risk Management Framework and half-yearly by the Audit Committee/Board of Directors.

Identification, assessment, and mitigation of risk is facilitated entity-wide, re-assessed periodically by the Risk Committee, and half-yearly reviewed by the Audit Committee/Board of Directors.

We are exposed to a host of risks owing to a dynamic business environment including Strategic, Operational, Compliance, Financial, Legal, IT and Cybersecurity. In addition, the key aspects like Liquidity & Foreign Exchange, Competition, Compliance and Unplanned Incidents 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.

Pursuant to Regulation 21 of the Listing Regulations, the Board of Directors at its meeting held on February 4, 2019, constituted the Risk Management Committee consisting of Independent Directors, Managing Director, Non-Executive Director and Chief Financial Officer. During the financial year under review, two meetings of the Risk Management Committee were held.

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

Details of all material transactions with related parties have been disclosed quarterly to the stock exchanges along with the compliance report on corporate governance and are disclosed in Note No. 29 to the Financial Statement in the Annual Report.

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 the following link:

<https://www.honeywell.com/content/dam/honeywell/files/india-hail/policies/Related%20Party%20Transactions%20Policy%202019.pdf>

##### 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

The Head-Legal, the Company Secretary, and Chief Financial Officer of your Company monitor the legal compliance reporting process and advise your Company on compliance issues with respect to the laws of various jurisdictions in which your Company has its business activities.

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 <https://www.honeywell.com/en-us/global/en-in/hail> at the following link: [https://www.honeywell.com/content/dam/honeywell/files/india-hail/policies/Vigil%20Mechanism%20Policy%20\(Whistle%20Blower\).pdf](https://www.honeywell.com/content/dam/honeywell/files/india-hail/policies/Vigil%20Mechanism%20Policy%20(Whistle%20Blower).pdf)

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 Listing Regulations, your Company has in place a Code of Conduct applicable to the Board Members as well as the senior management personnel and that the same has been hosted on your Company's website at the following link: <https://www.honeywell.com/content/dam/honeywell/files/india-hail/policies/Code%20of%20Conduct%202019.pdf>

All the Board Members and the senior management personnel have affirmed compliance with the Code of Conduct for the financial year ended March 31, 2020.

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015 and Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 and 2019, your Company has amended 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 auditor for the financial year ended March 31, 2020 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 Auditors: INR 38 Lakhs
2. Others (including tax audit): INR 21 Lakhs
3. Out of pocket expenses: INR 8 Lakhs

**Certificate from Company Secretary in Practice**

The certificate from JB Bhavé & Co., Company Secretary in practice, 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 JB Bhavé & Co., Company Secretary in practice 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 annual general meetings held**

For the Financial Year	Venue	Day and Date	Time
2018-2019	Honeywell Automation India Limited 56 & 57, Hadapsar Industrial Estate, Pune – 411013	Friday, August 9, 2019	4.00 p.m.
2017-2018		Monday, August 6, 2018	4.00 p.m.
2016-2017		Wednesday, August 9, 2017	4.00 p.m.

**Whether any special resolutions passed in the previous three annual general meetings:** Nil

**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**

As on date, 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 were published in The Economic Times (English daily) and Maharashtra Times (Marathi daily) for the financial year 2019-20. The quarterly/half-yearly/annual financial results are being published in The Business Standard (English daily) and Loksatta (Marathi daily) for the financial year 2020-21 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/en-us/global/en-in/hail>

Your Company has a dedicated help desk with email ID: *HAIL.InvestorServices@Honeywell.com* in the Secretarial Department 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**

Annual General Meeting (AGM) Date, Time and Venue	Tuesday, August 18, 2020 at 4.00 p.m. (IST) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")
The profile of Directors seeking appointment / re-appointment at the ensuing AGM are given in the Annexure to the Notice of AGM.	
Financial year	Company's financial year is April – March
Record date	Tuesday, August 11, 2020
Dividend payment date	On or before Friday, September 11, 2020
Listing on Stock Exchanges	The equity shares of the Company are currently listed with the following Stock Exchanges in India: BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 National Stock Exchange of India Limited (NSE) Bandra Kurla Complex, Mumbai 400 051
The Company has paid the annual listing fee to both the stock exchanges.	

Stock code (Equity)	NSE HONAUT BSE 517174 ISIN INE671A01010
Financial Calendar*	
Q1 2020-21 Results	On or before second week of August 2020
Q2 2020-21 Results	On or before second week of November 2020
Q3 2020-21 Results	On or before second week of February 2021
Q4 and Annual 2020-21 Results	On or before second week of May 2021

\*Tentative

**Company's Market Price Data \***

Particulars	BSE		NSE	
	High	Low	High	Low
April 2019	24900.00	22120.00	24350.00	22,041.00
May 2019	27769.80	23161.00	27892.35	23115.05
June 2019	27050.00	24011.00	27100.00	23925.00
July 2019	25192.70	21982.20	25450.00	22000.10
August 2019	24996.90	22433.20	24998.55	22423.20
September 2019	29499.00	24450.00	29495.00	24400.10
October 2019	29489.90	27440.00	29456.00	27355.55
November 2019	28831.55	26900.00	28976.95	26809.25
December 2019	28006.00	25105.15	28027.35	25025.00
January 2020	28154.65	26492.35	28205.90	26452.05
February 2020	<b>39499.50</b>	27717.35	<b>39524.95</b>	27533.75
March 2020	35505.00	<b>20142.00</b>	33201.00	<b>20148.60</b>

\* Source : BSE and NSE website.

**Performance of Honeywell Share Price to Broad Based Index - BSE SENSEX, Nifty (indexed)**



## Distribution of Shareholding

Number of ordinary shares held	Number of shares	
	31-03-2020 (%)	31-03-2019 (%)
1 to 500	6.79	6.40
501 to 1000	0.76	0.72
1001 to 2000	0.74	0.57
2001 to 3000	0.34	0.13
3001 to 4000	0.38	0.45
4001 to 5000	0.20	0.22
5001 to 10000	1.18	1.21
Over 10000	89.61	90.30
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

## Categories of Shareholders as on March 31, 2020

Category	No. of shareholders	No. of shares held
Foreign promoters	1	6631142
Non-resident individuals	912	21441
Foreign institutional investors	51	59979
Banks	1	1292
Mutual funds / UTI	73	1204437
Central Government / State Governments(s)	1	285
Insurance Companies	1	26484
Resident individuals	21080	759713
Trust and charitable institutions	7	745
IEPF	1	13484
Directors	1	200
Bodies Corporate	633	117922
Alternate Investment Fund	5	2549
QIB - Insurance Regd. with IRDA	3	1850
<b>Total</b>	<b>22770</b>	<b>8841523</b>

Registrar to an issue and share transfer agents	<p>TSR Darashaw Consultants Pvt. Ltd.* (Previously TSR Darsahaw Ltd.) 6-10, Haji Moosa Patrawala Ind. Estate, 20, Dr. E. Moses Road, Near Famous Studio, Mahalaxmi, Mumbai - 400 011 Tel: (022) 66568484; Fax: (022) 66568494 Email: <a href="mailto:csg-unit@tsrdarashaw.com">csg-unit@tsrdarashaw.com</a>; Website: <a href="http://www.tsrdarashaw.com">http://www.tsrdarashaw.com</a></p> <p>* The Company's Registrars TSR Darashaw Limited' ('TSRDL') informed that their Registry Business stands transferred to a new entity TSR Darashaw Consultants Private Ltd. ('TSRDCPL') effective May 28, 2019, pursuant to the de-merger of the Registry business from TSRDL to TSRDCPL.</p>
Share transfer system	Share transfers in physical form can be lodged with TSR Darashaw Consultants Pvt. Ltd. (Previously TSR Darashaw Ltd.) 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. 99.36% of your Company's share capital is dematerialised as on March 31, 2020.
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 Company.
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 Gat # 181, Fulgaon Industrial Estate, Lonikand Tulapur Road, Pune, Maharashtra, India
Address for correspondence	Honeywell Automation India Limited 56 & 57, Hadapsar Industrial Estate, Pune – 411 013 Tel: +91 20 7114 8888 Email: <a href="mailto:HAIL.InvestorServices@Honeywell.com">HAIL.InvestorServices@Honeywell.com</a> Website: <a href="https://www.honeywell.com/en-us/global/en-in/hail">https://www.honeywell.com/en-us/global/en-in/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 Bangalore. 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**

**Suresh Senapaty**  
Chairman

Pune, May 22, 2020

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**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, 2020.

**For Honeywell Automation India Limited**

**Ashish Gaikwad**  
Managing Director

Pune, May 22, 2020

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**Managing Director (MD) and Chief Financial Officer (CFO) certification under Regulation 17  
read with Part B of Schedule II to the Listing Regulations**

In connection with the financial statements of the Company for the year April 1, 2019 to March 31, 2020, we, Ashish Gaikwad, MD and Amit Tantia, 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

**Amit Tantia**  
Chief Financial Officer

Pune, May 22, 2020

**Certificate regarding compliance of conditions of Corporate Governance**

To  
The Members of  
Honeywell Automation India Limited

**Sub: Corporate Governance Compliance Certificate  
of Honeywell Automation India Limited**

I have examined all relevant records of **Honeywell Automation India Limited** for the purpose of certifying compliance of the conditions of Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended 31<sup>st</sup> March 2020. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of the above certification.

The compliance of conditions of corporate governance is the responsibility of the management. My examination was carried out in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. My examination was limited to the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of corporate governance. 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.

On the basis of our examination of the records produced, explanations and information furnished, I certify that the Company has complied with the mandatory conditions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as applicable and amended from time to time for the financial year ended 31<sup>st</sup> March 2020.

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

**Jayavant Bhave**  
Proprietor

FCS: 4266 CP: 3068  
UDIN: F004266B000290167  
PR No.: 486/2016

Place : Pune  
Date : May 22, 2020

**Certificate of Non-disqualification of Directors**

*(Pursuant to Regulation 34 (3) and Schedule V Para C clause (10) (i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)*

To,  
The Members of  
HONEYWELL AUTOMATION INDIA LIMITED  
56 & 57, Hadapsar Industrial Estate,  
Pune- 411013, Maharashtra

I 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 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

<b>Sr. No.</b>	<b>Name of Director</b>	<b>Designation</b>	<b>DIN</b>	<b>Date of appointment in Company</b>
1	Suresh Chandra Senapaty	Non-Executive - Independent Director- Chairperson	00018711	8 <sup>th</sup> March 2016
2	Ashish Madhukar Gaikwad	Executive Director- Managing Director	07585079	1 <sup>st</sup> October 2016
3	Neera Saggi	Non-Executive - Independent Director	00501029	4 <sup>th</sup> February 2019
4	Nisha Gupta	Non-Executive – Non-Independent Director	02331771	30 <sup>th</sup> April 2014
5	Ashish Kumar Modi	Non-Executive – Non- Independent Director	07680512	22 <sup>nd</sup> October 2019
6	Akshay Bellare	Non-Executive – Non- Independent Director	07914236	22 <sup>nd</sup> October 2019
7	Srinath Narsimhan (retired w.e.f. 15 <sup>th</sup> December 2019)	Independent Director	00058133	11 <sup>th</sup> August 2014
8	Vikas Chadha (resigned w.e.f. 21.10.2019)	Non-Executive – Non- Independent Director	06624266	11 <sup>th</sup> November 2013
9	Brian Buffington (resigned w.e.f. 21.10.2019)	Non-Executive – Non- Independent Director	08060965	13 <sup>th</sup> February 2018

Ensuring the eligibility of for 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 specifically being issued in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and 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 J. B. Bhavé & Co.**  
Company Secretaries

**Jayavant Bhavé**

Proprietor

FCS: 4266 CP: 3068

UDIN: F004266B000295623

PR No.: 486/2016

Place : Pune

Date : May 28, 2020\*

\*Draft of which was noted by the Board at its meeting held on May 22, 2020

**BUSINESS RESPONSIBILITY REPORT**

For the Financial Year ended March 31, 2020

{Pursuant to Regulation 34 (2) (f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015}

**SECTION A: GENERAL INFORMATION ABOUT THE COMPANY**

1.	Corporate Identity Number (CIN) of the Company	L29299PN1984PLC017951
2.	Name of the Company	HONEYWELL AUTOMATION INDIA LIMITED
3.	Registered address	56 & 57, Hadapsar Industrial Estate, Pune - 411013
4.	Website	<a href="https://www.honeywell.com/en-us/global/en-in/hail">https://www.honeywell.com/en-us/global/en-in/hail</a>
5.	E-mail id	<a href="mailto:HAIL.InvestorServices@Honeywell.com">HAIL.InvestorServices@Honeywell.com</a>
6.	Financial Year reported	April 1, 2019 to March 31, 2020
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Automation Sector (the three principal business activities are): (i) Manufacture of electronic systems and components – NIC Code 26 (ii) Repair and maintenance – NIC Code 33 (iii) Trading of machinery, equipment and supplies – NIC Code 46
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	<ol style="list-style-type: none"> <li>1. Industrial software applications called Honeywell Connected Enterprise to leverage the power of software and Sensing and Internet of Things for making plants and buildings safer, more efficient / cost-effective, reliable, and sustainable.</li> <li>2. Automation and control projects / solutions for fuel terminals / LNG terminals, process plants, commercial buildings, smart cities, gas and liquid pipelines for safer, reliable, and efficient operations.</li> <li>3. Lifecycle services and technology migration services, industrial cyber security services, and benefit Guardianship for our installed base of customers.</li> </ol>
9.	Total number of locations where business activity is undertaken by the Company	In India, the Company operates from its registered office and factory in Pune, and branch offices in key cities, including Chennai, Bangalore, Kolkata, Mumbai, Baroda, Jamshedpur, Ahmedabad, Hyderabad and Gurugram. The Company also has an office in Dubai and USA.
(a)	Number of International Locations (Provide details of major 5)	
(b)	Number of National Locations	
10.	Markets served by the Company – Local/State/ National/International	In addition to serving the domestic market, the company exports goods/services to global customers in the U.S., Europe, Asia Pacific and other regions.

**SECTION B: FINANCIAL DETAILS OF THE COMPANY**

1.	Paid up Capital (INR)	INR 884.15 Lakhs
2.	Total Turnover (INR)	INR 329,001 Lakhs (Revenue from operations)
3.	Total profit after taxes (INR)	INR 49,148 Lakhs
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Please refer to Corporate Social Responsibility Report for the financial year 2019-20 on pages from 24 to 27 of this Annual Report.
5.	List of activities in which expenditure in (4) above has been incurred	<p>During the period under review, your Company has contributed a sum of INR 828 lakhs towards its CSR commitment to Honeywell Hometown Solutions India Foundation (HHSIF). Of this:</p> <ul style="list-style-type: none"> <li>• INR 106 lakhs was contributed towards Safe Kids at Home, implemented by Safe Kids Foundation India, a not-for-profit organisation over FY 2019-20 and FY 2020-21.</li> <li>• INR 76 lakhs was contributed towards the Honeywell Safe Water Network Initiative to be implemented by Safe Water Network, a not-for-profit organisation, over FY 2019-20 and FY 2020-21.</li> <li>• INR 201 lakhs was contributed towards the Honeywell Science Experience programme in partnership with Agastya International Foundation, a not-for-profit organisation, that will deploy these funds over FY 2019-20 and FY 2020-21</li> <li>• INR 269 lakhs was contributed towards the Honeywell Safe Schools, implemented by SEEDS (Sustainable Environment and Ecological Development Society), a not-for-profit organization over FY 2019-20 and FY2020-21.</li> <li>• INR 51 lakhs was contributed towards the Honeywell Center for Advancing Girls in Science, implemented by Avasara Leadership Institute, a not-for-profit organisation over FY 2019-20 and FY 2020-21.</li> <li>• INR 71 lakhs was contributed towards Technology Business Incubator, implemented by SID (Society for Innovation and Development) at IISc Bengaluru, a not-for-profit organization over FY 2019-20 and FY2020-21.</li> <li>• INR 54 lakhs spent towards dedicated administrative expenditure of HHSIF for managing Company's CSR programmes over FY 2019-20.</li> </ul>

**SECTION C: OTHER DETAILS**

1.	Does the Company have any Subsidiary Company / Companies?	No. The Company does not have any subsidiary company / companies.
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Not applicable

3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the Business Responsibility (BR) initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No. Entities with whom the Company does business with viz. suppliers, distributors etc. (other than Honeywell Group Companies in India) do not participate in the BR initiatives of the Company.
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**SECTION D: BR INFORMATION****1. Details of Director/Directors responsible for BR****(a) Details of the Director/Director responsible for implementation of the BR policy/policies**

1. DIN: 07585079
2. Name : Mr. Ashish Madhukar Gaikwad
3. Designation : Managing Director

**(b) Details of the BR Head**

No.	Particulars	Details
1	DIN Number (if applicable)	N.A.
2	Name	Mr. Abhishek Kumar upto April 9, 2020 Mr. Mahesh Joshi wef April 10, 2020
3	Designation	Head, Human Resources
4	Telephone number	+91 20 7114 8888
5	e-mail id	<i>Abhishek.Kumar@Honeywell.com / Mahesh.Joshi2@Honeywell.com</i>

**2. Principle-wise (as per NVGs) BR Policy/policies :**

- a) The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These areas are as follows:

P1	Businesses should conduct and govern themselves with ethics, transparency, and accountability
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
P3	Businesses should promote the wellbeing of all employees
P4	Businesses should respect the interests and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
P5	Businesses should respect and promote human rights
P6	Businesses should respect, protect and make efforts to restore the environment
P7	Businesses, when engaged in influencing public and regulatory policies, should do so in a responsible manner
P8	Businesses should support inclusive growth and equitable development
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for	Y	Y	Y	Y	Y	Y	N	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	N.A.	Y	Y
3	Does the policy confirm to any national / international standards? If yes, specify? (50 words)	Yes. The policies are in line with the international standards and practices adopted by the ultimate holding company, Honeywell International Inc. USA, such as Foreign Corrupt Practices Act of U.S. and meet national regulatory requirements such as Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.								
4	Has the policy being approved by the Board? Is yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Yes. The mandatory policies under Indian laws and regulations have been adopted by the Board and signed by the Managing Director, Mr. Ashish Gaikwad.								
5	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	The Company has a CSR committee for Principle Nos. 4 & 8 and an internal governance structure to ensure implementation of several policies through internal audit, risk management process and monitoring of key indicators, in line with the established policies.								
6	Indicate the link for the policy to be viewed online?	Mandatory policies are available on the company's website. viz., Code of Conduct policy - <a href="https://www.honeywell.com/content/dam/honeywell/files/india-hail/policies/Code%20of%20Conduct%202019.pdf">https://www.honeywell.com/content/dam/honeywell/files/india-hail/policies/Code%20of%20Conduct%202019.pdf</a> Corporate Social Responsibility policy - Refer page 24 of the annual report Whistle blower Policy - Refer page 65 of the annual report and Sustainable Opportunity Policy, Honeywell's Commitment to Health, Safety and Environment - <a href="https://www.honeywell.com/content/dam/honeywell/files/india-hail/policies/HSE%20Policy.pdf">https://www.honeywell.com/content/dam/honeywell/files/india-hail/policies/HSE%20Policy.pdf</a>								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes. The policies are communicated to internal stakeholders and are available on the Company's internal network. If required, the policies are also shared with our external stakeholders and are published on the Company's website.								
8	Does the Company have in-house structure to implement the policy/ policies?	Yes. The Company has an existing structure format with defined roles and responsibilities, which periodically reviews the implementation of various polices. It also evaluates key indicators at several management levels.								
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Yes. Every policy formulated by the Company has an inbuilt grievance and redressal mechanism.								
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Yes. The working of these policies are evaluated periodically through internal audit.								

- b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	-	N.A.	N.A.
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified Principles	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	-	N.A.	N.A.
3	The company does not have financial or manpower resources available for the task	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	-	N.A.	N.A.
4	It is planned to be done within next 6 months	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	-	N.A.	N.A.
5	It is planned to be done within the next 1 year	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	-	N.A.	N.A.
6	Any other reason (please specify)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	The Company has an established track record, pioneering achievements, strong presence, a great workforce, and leadership positioning in the industry. The Company contributes to the industry at large in line with the government policies. Therefore, all interactions or activities are governed	N.A.	N.A.

### 3. Governance related to BR

- (a) **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, annually, more than 1 year**

The provisions of Business Responsibility (BR) Report are applicable from financial year 2016-17. The BR performance for certain principles are reviewed quarterly, and the remaining principles are studied periodically.

- (b) **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

No.

### SECTION E: PRINCIPLE-WISE PERFORMANCE

#### Principle 1: Businesses should conduct and govern themselves with ethics, transparency and accountability

1. **Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?**

The policy is applicable to all Honeywell employees and extends to third-party groups, including suppliers, contractors etc.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

At the beginning of the year, there were 4 open complaints (that were in the process of being reviewed) in the previous year. During the current financial year, 47 complaints received and 51 complaints have been satisfactorily resolved (including 4 open complaints of previous financial year) till the date of this report.



The Company has adopted the Whistle Blower Policy / Vigil Mechanism where it allows employees and stakeholders to report violation of the Code of Conduct, Company policy, or any applicable law or regulation. The details of the policy are available on the Company's website <https://www.honeywell.com/en-us/global/en-in/hail> at the following link: [https://www.honeywell.com/content/dam/honeywell/files/india-hail/policies/Vigil%20Mechanism%20Policy%20\(Whistle%20Blower\).pdf](https://www.honeywell.com/content/dam/honeywell/files/india-hail/policies/Vigil%20Mechanism%20Policy%20(Whistle%20Blower).pdf)

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

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

The Company's mission is to build a smarter, safer, and more sustainable world. All our products and services lean towards achieving the aforementioned objectives:

- (a) Pressure and Temperature Transmitters\*
- (b) Enterprise Building Integrator - Building Integration / Energy Performance Contracting
- (c) Emergency Shutdown System (ESD)

The Company has other initiatives/products like Green Building, Carbon Footprints, and Fuel Blending. Our Pune factory is an Honeywell Operating System (HOS) Silver Excellence certified site.

\* The Pressure and Temperature transmitters are certified for safe operations in such conditions like explosion proof, intrinsically safe etc. by certifying agencies like Factory Mutual (FM), CSA, ATEX, and IECEx. The Safety Manager is an SIL III product approved by TuV. All such certifications, and the HOS silver certification enable the business to provide goods and services that are safe, and contribute to the sustainability throughout their life cycle.

**2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

- (a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?
- (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

The Company has implemented the following initiatives:

- 1. The Sapphire building located in our Hadapsar office has witnessed few changes under the Honeywell 2.0 project guidelines. Old AHU's have been replaced with higher and more efficient AHU's. UV filters have been installed to improve the office area air quality.
- 2. New and efficient air conditioner units that have an alternate operation based on timer installed in data and UPS rooms have led to better temperatures control resulting in 20% reduction in energy in addition to safer operational environment.
- 3. At Fulgaon factory, we have supported in Solar power generation within facility and saving power through green energy – 700 kWp there by savings of INR 4/- per kWh.
- 4. At Fulgaon factory we have installed Energy Management system has been installed to monitor hourly Energy consumption of each area and taking up analysis on the same.
- 5. Our new office at Chennai meets the Honeywell 2.0 guidelines and HVAC system has been installed with latest VRV system with precise temperature control for the comfort of the occupants and there by saving of 15% on Energy consumption, basis as compared to previous office.

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainable? Also, provide details thereof, in about 50 words or so.**

Yes. The Company has procedures for sustainable sourcing. Vendors are selected through a stringent process. Sustainable sourcing enables the Company to build a strong relationship with suppliers, by helping them improving their performance in environmental, social, and ethical aspects. Honeywell has a robust Health, Safety and Environmental (HSE) Policy. The vendors have to ensure compliance to the HSE policy. The safety leader ensures that all the vendors strictly follow the Personal Protective Equipment (PPE) compliance, trainings, safety & environment norms, local law compliance and adherence to the Workmen Compensation Policy. Vendors must follow the Honeywell Code of Conduct rules. Non-compliance to these rules disqualifies the vendor and does not allow any business with the organisation.

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

Yes. The Company works with the local vendors to meet the supply requirements. There has been a sustained drive for localisation. Knowledge sharing sessions and Kaizen events contribute to the improvement of the quality of vendors' products.

5. **Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

Yes. The Company has a mechanism to recycle products and waste. The nature of the Company's business does not emit significant emissions or process waste.

The waste generation is limited and restricted to e-waste, lube oil waste, waste from lead-acid batteries, and municipal solid waste. The Company's waste management practices seek to reduce the environmental impact by the reduction in the generation, segregation at source, maximisation of recycling, and reuse to achieve the target of <5% waste to landfill.

- Waste Lube Oil, UPS batteries, e-waste – disposed through government authorised recyclers. (100% recycling)
- Waste office paper – sent for recycling. (100% recycling)
- Printer and toner cartridges – sent back to the vendor/manufacturer under product take-back arrangement. (100% recycling)
- Bio-degradable garden waste and food waste – disposed directly to PMC for recycling and vermi-composting.

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

1. **Please indicate the Total number of employees:** Total number of employees are 3,364 of which 3,310 are full-time employees as on March 31, 2020.
2. **Please indicate the Total number of employees hired on temporary/contractual/casual basis:** 54
3. **Please indicate the Number of permanent women employees:** 570
4. **Please indicate the Number of permanent employees with disabilities:** N.A.
5. **Do you have an employee association that is recognised by management.** No
6. **What percentage of your permanent employees is members of this recognised employee association?** N.A.

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

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

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

- (a) Permanent Employees: 85%
- (b) Permanent Women Employees: 72.4%
- (c) Casual/Temporary/Contractual Employees: 37%
- (d) Employees with Disabilities: N.A.

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

- 1. Has the company mapped its internal and external stakeholders? Yes**
- 2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalised stakeholders? Yes**
- 3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalised stakeholders? If so, provide details thereof, in about 50 words or so.**

The Companies Act, 2013, provisions provide a framework, process, structure, and direction for corporate social responsibility (CSR) initiatives to align with India's needs. The Company is already committed to improving the world. We live in by creating, nurturing and supporting programmes and initiatives that serve the communities where our stakeholders live and work. A not-for-profit company, Honeywell Hometown Solutions India Foundation, was set up as a vehicle to deploy the Company's CSR efforts. The foundation implements these programmes either on its own or through credible, third party not-for-profit organisations. The Company focuses on five areas of critical importance:

- Science and Math Education
- Housing and Shelter
- Sustainability
- Family Safety and Security
- Humanitarian Relief

Working within the government's CSR schedule and our own framework, the Company has launched six programmes. The company has taken initiatives in specific areas of social development that includes education and environment. For specific details, please refer to Report on Corporate Social Responsibility. The key initiatives are as under:

- Safe Kids at Home is a home safety program, in collaboration with Safe Kids Foundation. The program focuses on burns and scald injuries among children under 14 years in Pune. Safe Kids at Home has taught children and parents in Pune to be fire-safe. The program engages citizens and civic bodies to make Pune a model safe city.

- Honeywell Safe Water Network Initiative in collaboration with Safe Water Network is setting up safe water stations in rural Telangana and districts of Maharashtra, in regions that suffer groundwater contamination from fluorides. Safe water access reduces incidences of skeletal fluorosis, a debilitating condition that causes teeth mottling, stunting, bending of spine, and loss of productivity.
- Honeywell Science Experience with Agastya International Foundation, is a hands-on science education program for economically disadvantaged students and teachers. Honeywell Science Experience had established science centres, mobile science labs, and young instructor leaders or student mentors across Delhi, Faridabad, Noida, Gurugram, Mysore, Madurai, Chennai, Hyderabad, Bengaluru, and Pune benefitting students and teachers across all centres and mobile labs.
- Honeywell Safe Schools, implemented by Sustainable Environment and Ecological Development Society (SEEDS), takes a comprehensive approach to school safety. It seeks to ensure that children go to school without fear, remain safe in school, and return home safely. This is a pioneering school safety program that brings a tailor-made approach to address the unique issues of each school or location involving structural assessment of each school by engineers and architects; evaluation of risk perception; and examination of preparedness in the face of any natural or manmade disaster.
- Honeywell Center for Advancing Girls in Science with Avasara Leadership Institute is providing deep, transformative, residential science education program to disadvantaged girl students in Pune.
- Society for Innovation and Development (SID) under Indian Institute of Science (IISc), a STEM incubator to support startups in creating technologies and applications with outcomes impacting society at large.

#### Principle 5 : Businesses should respect and promote human rights

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

Our Code of Conduct, along with other Honeywell policies, establishes practices and standards that address a broad range of human rights and workplace issues. Honeywell respects and values the diversity reflected in our various backgrounds, experiences and ideas. Together, we provide each other an inclusive work environment that fosters respect for all coworkers and business partners.

The Company does not employ child labor. In addition, we will never use forced, indenture or involuntary labor in any of our operations. As part of our commitment to our communities and our world, Honeywell will not tolerate any instances of human trafficking or other forced labor. We will also never conduct business with any third parties who engage in human trafficking or forced labor.

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

NIL

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

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

The Honeywell business respects, protects, and make efforts to restore the environment. The Honeywell policies are extended to the group/joint ventures/suppliers/contractors/NGOs/others. The Honeywell Environmental policy is applicable to all the business units/groups and extends to business partners including suppliers, vendors and contractors.

By integrating health, safety and environmental considerations into all aspects of our business, we protect our people and the environment, achieve sustainable growth and accelerated productivity, drive compliance with all applicable regulations and develop the technologies that expand the sustainable capacity of our world. Our health, safety and environment management systems reflect our values and help us meet our business objectives. If we believe that conditions are in any way unsafe, we must stop work immediately.

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

Yes. The Sustainable Opportunity Policy, Honeywell's Commitment to Health, Safety and Environment guides the organization to continually mitigate the impact on climate change and global warming because of our operations.

The Company has specific targets to reduce the carbon footprint and monitors it on an ongoing basis. Detailed plan to achieve these targets focus on creating green infrastructure which are designed for better energy efficiency, drive green IT (IT enabled energy efficiency in data centers and distributed IT networks), efficient operations and green power purchase. The Company is committed to compliance with health, safety and environment requirements.

Solar energy project is operational at Fulgaon factory.

We have three Sewage Treatment Plants in our Hadapsar office and Fulgaon factory wherein water is reused for gardening and the water used for gardening is 90,000 to 1,00,000 liters per day, which saves cost and supports environment.

**3. Does the Company identify and assess potential environmental risks? Y/N**

Yes. We have identified and assesses all potential environmental risks. It is also covered in the consent to operate given by the pollution control board. We have a strong and competent Health, Safety and Environment team that ensures compliance with regulations and promotes sustainable environment by minimizing the environmental impact from our operations. The Company also follows local norms directed by the Central Pollution Control Board (CPCB)

**4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

Yes. The factory has hazardous and non-hazardous waste segregation process in place. The hazardous waste is disposed by the Honeywell authorised vendors and approved by the Maharashtra Pollution Control Board (MPCB) which is local legal requirement with all the required monitoring for environment contamination is done on time by the government approved Environment Lab.

The following returns are filed (a) Annual Hazardous waste report (B) Annual Environment statement with MPCB.

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

Yes. Your 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 measures to upgrade and conserve energy as mentioned in Principle no 2, response no 2 of this Report.

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

Yes.

**7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

NIL

**Principle 7: Business, when engaged in influencing public and regulatory policy, should do in a responsible manner.**

**1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

- (a) American Chamber of Commerce (AMCHAM) - (Corporate Membership)
- (b) United States India Strategic Partnership Forum (USISPF) - (Corporate Membership)
- (c) Public Affairs Forum of India (PAFI) - (Corporate Membership)
- (d) Confederation of Indian Industry (CII) - (Corporate Membership)
- (e) The Federation of Indian Chambers of Commerce and Industry (FICCI) - (Corporate Membership)
- (f) Mahratta Chamber of Commerce Industries & Agriculture (MCCIA)
- (g) Hadapsar Industries Association (HIA)

**2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

Yes.

- |                                      |                                    |                     |
|--------------------------------------|------------------------------------|---------------------|
| a. Inclusive development of policies | b. Governance and Administration   | c. Economic Reforms |
| d. Ease of doing business            | e. Sustainable business operations |                     |

**Principle 8: Businesses should support inclusive growth and equitable development.**

**1. Does the Company have specified programs / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.**

Yes. The Company undertook following projects/ programs as a part of its CSR initiatives.

- Safe Kids at Home with Safe Kids Foundation India
- Honeywell-Safe Water Network Initiative with Safe Water Network
- Honeywell Science Experience with Agastya International Foundation
- Honeywell Safe Schools with SEEDS
- Honeywell Center for Advancing Girls in Science with Avasara Leadership Institute
- Technology Business Incubator, with SID (Society for Innovation and Development) at IISc, Bengaluru

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

These programs are undertaken through Honeywell Hometown Solutions India Foundation (HHSIF), a registered not-for-profit Honeywell India entity. HHSIF works with specialised, highly credible NGO partners selected through a rigorous RFP and due diligence process (legal, finance, tax, integrity and compliance).

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

Safe Kids at Home with Safe Kids Foundation, is a three-year sensitisation programme. In the programme, the NGO partner conducts pre-assessment and post assessment before and after every training session for each individual beneficiary. The NGO partner has also conducted a midline and an endline assessment in 2017 and 2018. Further, HAIL internal audit also conducted a full financial and social audit of the programme in 2017.

Honeywell Science Experience with Agastya International Foundation, is a three-year STEM education programme. The NGO partner conducts pre-assessment and post assessment after every session. A third-party auditor conducted a full financial and social audit in 2017 and 2018.

Honeywell Center for Advancing Girls in Science, a residential science education program, underwent a full financial and social audit by third party in 2019.

All program assessments are conducted after completion of one year of these programs.

**4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.**

During the period under review, the Company has contributed a sum of INR 828 lakhs towards its CSR commitment to Honeywell Hometown Solutions India Foundation (HHSIF). Of this:

- INR 106 lakhs was contributed towards Safe Kids at Home to be implemented by Safe Kids Foundation India, a not-for-profit organisation, over FY 2019-20 and FY 2020-21.
- INR 76 lakhs was contributed towards the Honeywell-Safe Water Network Initiative to be implemented by Safe Water Network over FY 2019-20 and FY 2020-21
- INR 201 lakhs was contributed towards the Honeywell Science Experience programme in partnership with Agastya International Foundation that will deploy these funds over FY 2019-20 and FY 2020-21
- INR 269 lakhs was contributed towards the Honeywell Safe Schools, implemented by SEEDS (Sustainable Environment and Ecological Development Society), a not-for-profit organization over FY 2019-20 and FY 2020-21
- INR 51 lakhs was contributed towards Honeywell Center for Advancing Girls in Science, to be implemented by Avasara Leadership Institute, a not-for-profit organisation, over FY 2019-20 and FY 2020-21
- INR 71 lakhs was contributed towards Technology Business Incubator, implemented by SID (Society for Innovation and Development) at IISc Bengaluru, a not-for-profit organization over FY 2019-20 and FY 2020-21
- Balance contribution of INR 54 lakhs spent towards related dedicated administrative expenditure during FY 2019-20 for managing your Company's CSR programs.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

Yes. These programs strategically target marginalised and underprivileged sections of the society, identified per the community's needs. The community impact at end of project is as follows:

- Safe Kids at Home with Safe Kids Foundation India, an educational home safety program for teachers and parents to help prevent and reduce burns and scalds among children in Pune.
- Honeywell Safe Water Network Initiative with Safe Water Network, provide safe drinking water access to people via safe water stations in districts of Telangana and Maharashtra.
- Honeywell Science Experience program with Agastya International Foundation covers Mysore, Madurai, Chennai, Hyderabad, Bengaluru, Pune, Faridabad, Gurugram, Noida and Delhi. Honeywell Science Experience has established science centers, mobile labs, student mentors impacting students and teachers across all centres and mobile labs.
- Honeywell Safe Schools with SEEDS, a pioneering school safety program that brings a tailor-made approach to address the unique issues of each schools safety, implemented in East Delhi, Dehradun and Haridwar.
- Honeywell Science Academy with Avasara Leadership Institute is providing deep, transformative, residential science education program to disadvantaged girl students in Pune.

- Technology Business Incubator, with SID (Society for Innovation and Development) at IISc Bengaluru, a program that incubates Deep Science Startups, which commercialized Science and Technology for Societal Benefits.

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

- 1. What percentage of customer complaints /consumer cases are pending as on the end of financial year.**  
The percentage of customer complaints pending as on the end of financial year is 3.75%.
- 2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)**  
No. The company has been displaying product information on product label per the local law mandate.
- 3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.**  
Nil
- 4. Did your company carry out any consumer survey/consumer satisfaction trends?**  
Yes. Customer satisfaction surveys are carried out periodically that measures performance on various parameters, such as timely completion, quality of testing, quality of product/ services, product safety etc.

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

**Ashish Gaikwad**  
Managing Director

**Suresh Senapaty**  
Chairman

Pune, May 22, 2020



**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 March 31<sup>st</sup>, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow, the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

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 March 31, 2020, 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 specified under section 143(10) of the Act (SAs). 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 us 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>Accuracy of recognition, measurement, presentation and disclosure of revenues in line with Ind AS 115 Revenue from Contracts with Customers :</p> <p>Revenue from these contracts is recognized over a period of time in accordance with the requirements of Ind AS 115, Revenue from Contracts with Customers. Due to the nature of the contracts, revenue recognition involves usage of percentage of completion method which is determined based on proportion of contract costs incurred to date compared to estimated total contract costs, which involves significant judgments, identification of contractual obligations and the Company's rights to receive payments for performance completed till date, changes in scope and consequential revised contract price and recognition of the liability for loss making contracts/onerous obligations. Cost contingencies are included in these estimates to take into account specific uncertain risks, or disputed claims against the Company,</p>	<p>Principal audit procedures performed:</p> <ul style="list-style-type: none"> <li>• Testing of the design and implementation of controls involved for the determination of the estimates used like total budgeted cost, amendments/modifications to contracts as well as their operating effectiveness;</li> <li>• The measurement of revenue recognition requires management's estimates in respect of revenue, budgeted costs as well as the percentage of completion for projects. In our testing of the revenue recognition and provision for upfront losses for the reporting period, we selected contracts on a sample basis and: <ul style="list-style-type: none"> <li>- tested the sample of contracts for appropriate identification of performance obligations;</li> <li>- reviewed the management's evaluation process to recognize revenue over a period of time, the status of completion for projects and total cost estimates</li> </ul> </li> </ul>

Sr. No.	Key Audit Matter	Auditor's Response
	<p>arising within each contract. These contingencies are reviewed by the Management on a regular basis throughout the contract life and adjusted where appropriate.</p> <p>Accuracy of revenues, onerous obligations and profits/loss may deviate significantly on account of change in judgements and estimates. For this reason, we identified revenue recognition from construction contracts as a key audit matter.</p> <p>Refer to Note Number. 2(g) and Note number 21 of the Financial Statements</p>	<ul style="list-style-type: none"> <li>- performed corroborative enquiries with the project managers for the samples selected and reconciled their responses to the contract testing and/or the executed final contract and related amendments.</li> <li>- assessed 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 and correspondence between the Company and the customers.</li> <li>- obtained the percentage of completion calculations, agreed key contractual terms 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> <li>- testing a sample of contracts for appropriate identification of performance obligations;</li> <li>- tested the reasonableness of forecasted cost to complete by obtaining executed purchase orders and agreements thereby evaluating reasonableness of management's judgements.</li> <li>- tested on a sample basis the actual costs incurred on construction works during the reporting period.</li> </ul>
2	<p>Provision for expected credit losses:</p> <p>The expected credit loss (ECL) in respect of trade receivable and unbilled revenue for goods and services represents management's best estimate of the loss allowance.</p> <p>The ECL allowance is computed based on a simplified model based on judgement considering past experience.</p> <p>The calculation of ECL allowance is a complex area and requires management to make significant assumptions on customer payment behaviour and other relevant risk characteristics when assessing the historical information and estimating the level and timing of expected future cash flows.</p> <p>Refer Note 2(O)(iv) and footnotes to Note 6 and Note 9 to the financial statements</p>	<p>Principal audit procedures performed:</p> <p>We tested the key controls relating to calculation of provision for credit losses of trade receivable and unbilled revenue for goods and services. The computation is based on standard debtors and unbilled ageing reports derived from SAP.</p> <p>We tested the methodology applied in credit loss provision calculation and compared it to the requirements of Ind AS 109 - Financial Instruments to ensure that the higher of the two was considered for provision.</p> <p>We also tested the mathematical accuracy and assessed the judgements used in the management's model used to calculate provision for credit losses.</p> <p>We understood and critically assessed the Company's policy for credit loss provisioning. We assessed whether the historic experience on which the policy was determined is representative of current circumstances and the whether the bad debts incurred were within the provisions created.</p>
3	<p>Evaluation of Provisions and analysis with respect to ongoing direct and indirect tax litigations</p> <p>The Company operates in different state level jurisdictions within India and is therefore subject to tax regimes with different rules and regulations. As described in note 3 to the financial statements on significant accounting estimates and judgements, significant judgement is required in determining</p>	<p>Principal audit procedures performed:</p> <p>We assessed management's processes and tested the internal controls implemented for the identification, recognition and measurement of uncertain tax positions and it's assessment of the potential impact on the Company.</p> <p>For all the claims and assessments against the company, management evaluated the possibility, probability and remoteness (PPR) of the claims.</p>

Sr. No.	Key Audit Matter	Auditor's Response
	<p>provisions for uncertain tax positions including estimates of interest and penalties wherever appropriate.</p> <p>Refer Note 2(L) and note 34 to the financial statements.</p>	<p>We evaluated management's assessments with respect to prospects of success of appeals and tax proceedings.</p> <p>In proceedings involving material amounts, we examined the possibility, probability and remoteness of the claim/cases for which, we have involved internal specialist to challenge the management's position on these select uncertain Direct/ Indirect tax positions.</p> <p>Our internal experts also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions.</p> <p>Further, we obtained independent external confirmations with respect to majority amounts from the Company's legal advisors/consultants.</p> <p>We discussed the status of significant known actual and potential litigation with appropriate senior management of the Company.</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 financial information included in the Board's Reporting including specific Annexures to Board's Report and Management Discussion and Analysis, but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- 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.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

**Auditor's 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 system 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 we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flow 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 Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on March 31<sup>st</sup>, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31<sup>st</sup>, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting 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 over financial reporting.
  - g) 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.
  - h) 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 ;
    - 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. Further, the company did not have any open derivative contracts as on the balance sheet date;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("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)**

Pune, May 22, 2020 ,

**Hemant M. Joshi**  
Partner  
(Membership No. 38019  
UDIN: 20038019AAAADO2737

## **Report on Internal Financial Controls Over Financial Reporting**

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

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Honeywell Automation India Limited (“the Company”) as of March 31<sup>st</sup>, 2020 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 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

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

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

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

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance

with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

#### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31<sup>st</sup>, 2020, based on the criteria for internal financial control over financial reporting 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)**

**Hemant M. Joshi**  
Partner  
(Membership No. 38019  
UDIN: 20038019AAAADO2737)

Pune, May 22, 2020 ,

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of five 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 fixed assets 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) According to the information and explanations given to us and the records examined by us and based on the examination of the copy of the registered sale deed, title search report and tax paid receipts provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. The Company does not have any immovable properties of leasehold land and building.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act.
- (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) According to the information and explanations given to us, 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 Act. 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 Act, 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) According to the information and explanations given to us, 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.
  - (b) 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 March 31<sup>st</sup>, 2020 for a period of more than six months from the date they became payable.
  - (c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and GST which have not been deposited as on March 31<sup>st</sup>, 2020 on account of disputes are given below:



(Rs. in lakhs)

<b>Income Tax Act, 1961</b>				
<b>Nature of Due</b>	<b>Forum where Pending</b>	<b>Period to which it pertains</b>	<b>Amount unpaid</b>	<b>Amount Paid</b>
Income Tax	Bombay High Court	AY 2011-12	776.25	1,871.27
Income Tax	Commissioner of Income Tax	AY 2014-15 & AY 2015-16	1,524.76	287.14
Income Tax	Assessing office/ Transfer Pricing officer	AY 2003-04	349.19	195.08
<b>Respective Sales tax laws- Sales tax, Value added tax (VAT), Central Sales Tax (CST), Works Contract Tax, Entry Tax, etc</b>				
<b>Nature of Dues</b>	<b>Forum where pending</b>	<b>Period to which it pertains (FY)</b>	<b>Amount Unpaid</b>	<b>Amount Paid</b>
CST	Additional Commissioner, Uttar Pradesh	2010-11	6.56	-
VAT	Additional Commissioner, Jharkhand	2010-11	0.19	-
VAT	Additional Commissioner, Uttar Pradesh	2012-13	165.06	-
CST	Assistant commissioner, Tamil Nadu	2013-14 to 2017-18	21.67	-
CST	Assistant Commissioner, Haryana	2014-15 & 2015-16	73.30	-
CST/VAT	Assistant Commissioner, Jharkhand	2007-08	18.69	-
CST	Assistant Commissioner, Maharashtra	2013-14 to 2015-16	68.74	-
VAT	Assistant Commissioner, Maharashtra	2013-14 to 2016-17	409.13	-
CST/VAT	Assistant Commissioner, Rajasthan	2006-07 to 2009-10, 2014-15	83.27	-
CST/VAT	Assistant Commissioner, West Bengal	2014-15	25.55	2.68
CST	Commercial Tax Office, West Bengal	2012-13	131.33	15.09
VAT	Commercial Tax Office, West Bengal	2011-12	0.08	-
VAT	Commercial tax officer, Andra Pradesh	2014-15	21.81	-
VAT	Commercial tax officer(WC), Kerala	2013-14	46.46	20.39
VAT	Commercial Tax Officer, Kerala	2011-12	14.87	2.90
VAT	Deputy commissioner (Appeals), Gujarat	2001-02	19.73	-
VAT	Deputy commissioner (Appeals), Kerala	2011-12 & 2012-13	91.24	9.63
CST	Deputy commissioner (Appeals), Rajasthan	2010-11	20.79	-
VAT	Deputy commissioner (Commercial Tax), Andhra Pradesh	2010-11 & 2011-12	17.22	5.74
VAT	Deputy commissioner (Commercial Tax), Uttar Pradesh	2008-09	65.35	-
VAT	Deputy Commissioner (Commercial Tax), Rajasthan	2017-18	15.16	-
CST	Deputy Commissioner, Uttar Pradesh	2006-07	233.76	-
ET	Deputy Commissioner, Uttar Pradesh	2005-06 & 2006-07	26.00	-
VAT	Deputy Commissioner, Uttar Pradesh	2011-12	213.62	-
VAT	Deputy Commissioner, Jharkhand	2014-15	4.33	-
VAT	Deputy Commissioner, Kerala	2009-10	0.74	0.19

(Rs. in lakhs)

Nature of Dues	Forum where pending	Period to which it pertains (FY)	Amount Unpaid	Amount Paid
CST	Deputy Commissioner, Maharashtra	2012-13 & 2013-14	332.85	80.73
CST	Deputy Commissioner, Uttar Pradesh	2013-14	0.75	0.19
VAT	Deputy Commissioner, Uttar Pradesh	2014-15 & 2015-16	182.87	-
CST	Audit Wing, Madhya Pradesh	2016-17	17.25	-
ET	Audit Wing, Madhya Pradesh	2016-17	2.12	-
VAT	Audit Wing, Madhya Pradesh	2016-17	271.82	-
CST	Joint Commissioner (Appeals), Maharashtra	2009-10 & 2015-16	1,506.87	25.70
MWCT	Joint Commissioner (A), Maharashtra	2001-02	13.19	-
VAT	Joint Commissioner (A), Maharashtra	2007-08, 2009-10 & 2015-16	438.52	20.93
VAT	Joint Commissioner Commercial Tax , Karnataka	2014-15	166.62	-
CST	Joint Commissioner, Cuttack	2011-12 & 2012-13	153.61	-
VAT	Joint Commissioner (Appeals), West Bengal	2010-11	39.12	-
VAT/CST	Joint Commissioner, Delhi	2005-06, 2006-07, 2008-09 to 2011-12, 2014-15 & 2015-16	1,105.35	91.72
VAT	Joint Commissioner, Karnataka	2009-10 & 2011-12	17.73	40.00
CST	Joint Commissioner, Maharashtra	2010-11	103.52	18.16
VAT	Joint Commissioner, Maharashtra	2011-12	52.67	131.23
CST	Joint Commissioner, West Bengal	2013-14, 2015-16 & 2016-17	15.59	2.32
VAT	Joint Commissioner, West Bengal	2013-14, 2015-16 & 2016-17	1,087.32	138.26
VAT	Sales tax office, Jharkhand	1997-98 to 1999-00	39.73	-
VAT	Senior Joint Commissioner, West Bengal	2012-13	64.11	13.82
CST/VAT	Special Commissioner, Delhi	2007-08	341.48	-
BST/CST	Tribunal, Maharashtra	2001-02	245.26	-
CST	Assistant Commissioner, Telengana	2015-16	7.78	-
<b>The Customs Act, 1962</b>				
Customs	Deputy Commissioner (Customs), Mumbai	1994-95 & 2007-08	81.35	-
<b>The Central Excise Act, 1944</b>				
Excise	Deputy/Assistant Commissioner, Excise Pune	2000-01	2.40	-

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause 3 (viii) of the Order is not applicable to the Company.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.

- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 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) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, 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 Act 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.

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration No.117366W/W-100018)

**Hemant M. Joshi**  
Partner  
(Membership No. 38019  
UDIN: 20038019AAAADO2737)

Pune, May 22, 2020

(Rupees in lakhs)

		As at 31st March 2020	As at 31st March 2019
<b>Assets</b>			
<b>Non-current assets</b>			
(a) Property, Plant and Equipment	4	11,585	8,515
(b) Right-Of-Use Assets		7,745	-
(c) Capital work in progress	4	1,388	801
(d) Intangible assets	5	4	3
<b>(e) Financial assets</b>			
(i) Trade receivables	6	834	988
(ii) Other financial assets	9	3,532	3,432
(f) Income tax assets (net)	10	11,453	8,661
(g) Deferred tax assets (net)	11	5,689	7,452
(h) Other non-current assets	12	7,852	7,765
<b>Total non-current assets</b>		<b>50,082</b>	<b>37,617</b>
<b>Current assets</b>			
(a) Inventories	13	12,089	10,506
<b>(b) Financial assets</b>			
(i) Trade receivables	6	72,362	62,239
(ii) Cash and cash equivalents	7	26,353	21,524
(iii) Bank balances other than (ii) above	8	1,25,037	1,00,928
(iv) Other financial assets	9	49,365	43,334
(c) Other current assets	12	10,460	12,912
<b>Total current assets</b>		<b>2,95,666</b>	<b>2,51,443</b>
<b>Total Assets</b>		<b>3,45,748</b>	<b>2,89,060</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
(a) Equity share capital	14	884	884
(b) Other equity	15	2,16,941	1,73,862
<b>Total Equity</b>		<b>2,17,825</b>	<b>1,74,746</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>(a) Financial Liabilities</b>			
<b>(i) Trade payables</b>			
(A) Trade payables to Micro Small and Medium Enterprise	17	-	-
(B) Trade payables others		338	368
(ii) Lease liabilities	18	6,389	-
<b>(b) Provisions</b>	16	4,264	3,375
<b>Total non-current liabilities</b>		<b>10,991</b>	<b>3,743</b>
<b>Current liabilities</b>			
<b>(a) Financial liabilities</b>			
<b>(i) Trade payables</b>			
(A) Trade payables to Micro Small and Medium Enterprise	17	5,365	8,914
(B) Trade payables others		79,437	74,186
(ii) Lease liabilities	18	1,705	-
(iii) Other financial liabilities	19	432	663
<b>(b) Other current liabilities</b>	20	21,118	17,123
<b>(c) Provisions</b>	16	8,875	9,685
<b>Total current liabilities</b>		<b>1,16,932</b>	<b>1,10,571</b>
<b>Total Equity and Liabilities</b>		<b>3,45,748</b>	<b>2,89,060</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

**For and on behalf of the Board**

**Hemant M. Joshi**  
Partner  
Membership No: 38019

**Suresh Senapaty**  
Chairman

**Ashish Gaikwad**  
Managing Director

**Farah Irani**  
Company Secretary

**Amit Tantia**  
Chief Financial Officer

Place : Pune  
Date : May 22, 2020

Place : Pune  
Date : May 22, 2020

(Rupees in lakhs)

Particulars	Notes	Year ended 31st March 2020	Year ended 31st March 2019
(I) Revenue from operations	21	3,29,001	3,17,474
(II) Other Income	22	9,765	7,087
<b>(III) Total Income (I + II)</b>		<b>3,38,766</b>	<b>3,24,561</b>
<b>(IV) Expenses:</b>			
Cost of materials consumed	23	1,35,945	1,34,598
Purchases of Stock in Trade		29,125	31,797
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	(778)	(1,525)
Employee benefits expense	25	55,481	53,980
Finance costs	26	687	348
Depreciation and amortization expense	4 & 5	4,058	1,589
Other expenses	27	45,593	48,285
<b>Total expenses</b>		<b>2,70,111</b>	<b>2,69,072</b>
<b>(V) Profit before tax (III - IV)</b>		<b>68,655</b>	<b>55,489</b>
<b>(VI) Income tax expense:</b>			
- Current tax		17,378	19,536
- Deferred tax		2,129	69
- Relating to earlier years		-	-
<b>Total tax expense</b>		<b>19,507</b>	<b>19,605</b>
<b>(VII) Profit for the year (V-VI)</b>		<b>49,148</b>	<b>35,884</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		(1,440)	76
A (ii) Income tax relating to items that will not be reclassified to profit or loss		277	(27)
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		(255)	341
B (ii) Income tax relating to items that may be reclassified to profit and loss		89	(119)
<b>Total other comprehensive income (A (i-ii) + B (i-ii) )</b>		<b>(1,329)</b>	<b>271</b>
<b>(IX) Total comprehensive income for the year (VII + VIII)</b>		<b>47,819</b>	<b>36,155</b>
Earning per equity share (In Rs.)			
Basic and Diluted	30	555.88	405.86
Nominal value per share: Rs.10			

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Firm Registration Number - FRN 117366W/W100018

**For and on behalf of the Board**

**Hemant M. Joshi**  
Partner  
Membership No: 38019

**Suresh Senapaty**  
Chairman  
  
**Farah Irani**  
Company Secretary

**Ashish Gaikwad**  
Managing Director  
  
**Amit Tantia**  
Chief Financial Officer

Place : Pune  
Date : May 22, 2020

Place : Pune  
Date : May 22, 2020

(Rupees in lakhs)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
<b>A. Cash flow from operating activities</b>		
<b>Profit for the year</b>	<b>49,148</b>	<b>35,884</b>
Adjustments for:		
Income tax expense recognised in profit and Loss account	19,507	19,605
Depreciation and amortisation of non current assets	4,058	1,589
(Gain) / Loss on sale / write off of property, plant and equipment (net)	26	(27)
Interest income recognised in profit and loss	(7,316)	(5,587)
Dividend income in profit and loss	-	(239)
Employee stock options provisions	57	134
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(1,443)	(265)
Effect of unrealized exchange (Gain)/Loss	(560)	37
Interest (refer note 30 and 32)	687	348
Liabilities no longer required written back	(43)	(65)
Interest on Other financial assets carried at amortised cost	(103)	(59)
Expected credit loss allowance	(1,228)	(2,364)
<b>Movements in working capital:</b>		
(Increase) /decrease in trade and other receivables	(7,201)	(1,006)
(Increase) /decrease in amount due from customers under construction contracts and unbilled services	(7,219)	(3,187)
(Increase) in inventories	(1,583)	(2,529)
(Increase) /decrease in other assets	3,345	(2,875)
Increase/ (decrease) in trade payables	498	6,035
Increase/ (decrease) in provisions	(1,361)	3,083
Increase/ (decrease) in other current liabilities	3,907	3,799
<b>Cash generated from operations</b>	<b>53,176</b>	<b>52,311</b>
Income taxes paid (net of refund, if any)	(20,179)	(21,134)
<b>Net cash generated from operations</b>	<b>32,997</b>	<b>31,177</b>
<b>B. Cash flow from investing activities</b>		
Payments for Property, Plant and equipment	(5,932)	(2,370)
Proceeds from disposal of property, plant and equipment	28	50
Payment for intangible assets	(4)	(1)
Interest received	7,360	4,580
Fixed deposits placed during the year	(1,27,500)	(1,00,900)
Proceeds from fixed deposits matured during the year	1,03,391	46,043
Redemption of Mutual funds	-	8,016
<b>Net cash generated from investing activities</b>	<b>(22,657)</b>	<b>(44,582)</b>
<b>C. Cash flow from financing activities</b>		
Repayment of lease liabilities	(2,167)	-
Dividend paid (including dividend distribution tax of Rs. 818 lakhs (Previous year Rs. 582 lakhs) there on)	(4,787)	(3,408)
<b>Net cash used in financing activities</b>	<b>(6,954)</b>	<b>(3,408)</b>
<b>Net change in cash and cash equivalents</b>	<b>3,386</b>	<b>(16,813)</b>
Cash and cash equivalents as at the beginning of the Year	21,524	38,072
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	1,443	265
Cash and cash equivalents as at the end of the Year	26,353	21,524
<b>Movement in cash and cash equivalents</b>	<b>3,386</b>	<b>(16,813)</b>

(Rupees in lakhs)

<b>Cash and cash equivalents consist of</b>	<b>31st March 2020</b>	<b>31st March 2019</b>
<b>Bank Balances</b>		
Current Accounts	22,128	16,592
Cheques on hand	94	-
Demand deposits (Original maturity less than 3 months )	4,131	4,932
	<u>26,353</u>	<u>21,524</u>

In terms of our report of even date  
For **Deloitte Haskins & Sells LLP**  
Chartered Accountants  
Firm Registration Number - FRN 117366W/W100018

**For and on behalf of the Board**

**Hemant M. Joshi**  
Partner  
Membership No: 38019

**Suresh Senapaty**  
Chairman

**Ashish Gaikwad**  
Managing Director

**Farah Irani**  
Company Secretary

**Amit Tantia**  
Chief Financial Officer

Place : Pune  
Date : May 22, 2020

Place : Pune  
Date : May 22, 2020

**A. Equity share capital**

	Amount
Balance as at 31st March 2019	884
Changes in equity share capital	-
As at 31st March 2020	884

**B. Other equity**

	Reserves and surplus				Other comprehensive Income		Total
	Securities Premium	General Reserves	Retained earnings	Share based payment reserve	Remeasurements of the defined benefit plans	Effective portion of cash flow hedge	
<b>Balance as at 31st March 2018</b>	<b>1,577</b>	<b>18,552</b>	<b>1,21,143</b>	<b>389</b>	<b>(621)</b>	<b>(56)</b>	<b>1,40,984</b>
Profit for the year	-	-	35,884	-	-	-	35,884
Other comprehensive income for the year, net of income tax	-	-	-	-	49	222	271
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>35,884</b>	<b>-</b>	<b>49</b>	<b>222</b>	<b>36,155</b>
Dividend Paid	-	-	(2,829)	-	-	-	(2,829)
Dividend Distribution Tax Paid	-	-	(582)	-	-	-	(582)
Recognition of share-based payments	-	-	-	134	-	-	134
<b>Balance as at 31st March 2019</b>	<b>1,577</b>	<b>18,552</b>	<b>1,53,616</b>	<b>523</b>	<b>(572)</b>	<b>166</b>	<b>1,73,862</b>
Profit for the year	-	-	49,148	-	-	-	49,148
Other comprehensive income for the year, net of income tax	-	-	-	-	(1,163)	166	1,329
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>49,148</b>	<b>-</b>	<b>(1,163)</b>	<b>166</b>	<b>47,819</b>
Dividend Paid (refer note 39)	-	-	(3,979)	-	-	-	(3,979)
Dividend Distribution Tax Paid	-	-	(818)	-	-	-	(818)
Recognition of share-based payments	-	-	-	57	-	-	57
<b>Balance as at 31st March 2020</b>	<b>1,577</b>	<b>18,552</b>	<b>1,97,967</b>	<b>580</b>	<b>(1,735)</b>	<b>-</b>	<b>2,16,941</b>

In terms of our report of even date  
For **Deloitte Haskins & Sells LLP**  
Chartered Accountants  
Firm Registration Number - FRN 117366W/W100018

For and on behalf of the Board

**Hemant M. Joshi**  
Partner  
Membership No: 38019

**Suresh Senapaty**  
Chairman

**Ashish Gaikwad**  
Managing Director

**Farah Irani**  
Company Secretary

**Amit Tantia**  
Chief Financial Officer

Place : Pune  
Date : May 22, 2020

Place : Pune  
Date : May 22, 2020



**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 and is listed on the Bombay Stock Exchange, Mumbai (BSE) and the National Stock Exchange (NSE).

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:****A. Statement of Compliance**

These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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 17, 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.

**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 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*	10 years
Test Equipment*	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.

On March 28, 2018, the Ministry of Corporate Affairs (MCA) has notified Indian Accounting Standard (Ind AS) 115 – Revenue from contracts with customers. Ind AS 115 replaces Ind AS 18 Revenue. The Company has adopted Ind AS 115 with effect from April 1, 2018 by using cumulative catch-up transition method applied to contracts that were not completed as on April 1, 2018.

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 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.

#### M. Leases

On March 30, 2019, Ministry of Corporate Affairs (MCA) notified Ind AS 116 Leases. Ind AS 116 replaces Ind AS 17 from its effective date. The Company has adopted Ind AS 116 with effect from April 1, 2019 and applied the standard to all lease contracts existing on that date using the modified retrospective method, recognizing the cumulative effect of initially applying this standard as an adjustment to 'right-of-use asset' as on April 1, 2019.

Accordingly, as a lessee, the Company carried forward the historical classification of leases and recognized a 'right-of-use asset' and a corresponding 'lease liability' for its leasing arrangements on its balance sheet.

Comparatives for the year ending or ended March 31, 2019 are not retrospectively adjusted or restated. They continue to be reported in accordance with previous standard Ind AS 17 Leases.

In the statement of profit and loss for the current year, the nature of expenses in respect of operating leases has changed from lease rent in previous year to depreciation cost for the right-of-use asset and finance cost for interest accrued on lease liability in current year.

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-cancelable 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.

Operating lease right-of-use assets and lease liabilities are recognized at commencement. 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 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.

## **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) :

- 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 expect 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, 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. These derivatives contracts do not generally extend beyond six months.

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. Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):**

The Company has evaluated and factored in the possible impact that may result from the pandemic relating to COVID-19 on the carrying value of its assets and liabilities at March 31, 2020. Based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The impact on the financial statements for the year ended March 31, 2020 because of events and developments beyond the date of approval of these financial statements may differ from that estimated as at the date of approval of these financial statements and will be recognized prospectively.

The global markets continue to experience significant volatility due to the COVID-19 pandemic. The economic and business environment emanating from the disruption of this pandemic is still evolving and the Company is proactively managing its businesses as developments and events unfold. The duration and severity of this pandemic cannot be reasonably estimated. The extent of the impact on the Company's business operations, cash flows, assets and liabilities will depend on numerous evolving factors that currently cannot be reasonably assessed, including: the duration, scope and severity of the pandemic; Governmental, business and individual decisions and actions; the impact of the pandemic on economic activity; and the extent to which the Company or employees, customers, suppliers, service providers or other business partners may be prevented from conducting normal business activities for an indefinite period of time, including due to shutdowns that may be requested or mandated by Governmental authorities.

The Company has business presence in diversified industries and a robust portfolio of customers and suppliers which greatly helps in such situations. However, the impact on future revenue could come from inability of customers to continue their businesses due to financial resource constraints, prolonged lock-down situation; customers postponing their discretionary spend due to change in priorities; customers expecting a change in billing and delivery patterns and extended credit terms.

The Company has considered all events and circumstances up-to the date of approval of these financial statements, and believes that the carrying value of assets and liabilities as reflected in the financial statements at March 31, 2020 is appropriate. The impact and assessment related to specific items of the financial statements is stated under the respective notes to financial statements.

**R. New Accounting Standards, Amendments to Existing Standards, Annual Improvements and Interpretations applicable to the Company effective subsequent to March 31, 2020**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

**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 analyzing historical payment patterns, customer 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. The stock compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest.
4. 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.
5. 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.

## Notes to the financial statements

## NOTE 4 - PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

(Rupees in lakhs)

	31st March 2020	31st March 2019
<b>Carrying amounts of :</b>		
Freehold land	30	30
Buildings	5,223	3,846
Plant and machinery	2,827	2,798
Computers and networks	2,061	1,035
Furniture and fixtures	683	336
Office equipments	761	468
Vehicles	-	2
	<b>11,585</b>	<b>8,515</b>
Capital work-in-progress	1,388	801
	<b>12,973</b>	<b>9,316</b>

(Rupees in lakhs)

	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, 2018</b>	<b>30</b>	<b>4,502</b>	<b>4,445</b>	<b>2,573</b>	<b>634</b>	<b>334</b>	<b>70</b>	<b>12,588</b>
Additions	-	179	300	837	94	327	-	1,737
Disposals/ assets written off	-	-	(103)	(282)	(20)	(1)	(47)	(453)
<b>Balance at March 31, 2019</b>	<b>30</b>	<b>4,681</b>	<b>4,642</b>	<b>3,128</b>	<b>708</b>	<b>660</b>	<b>23</b>	<b>13,872</b>
Additions	-	1,812	573	1,847	466	407	-	5,105
Disposals/ assets written off	-	(44)	(143)	(366)	(26)	(5)	(23)	(607)
<b>Balance at March 31, 2020</b>	<b>30</b>	<b>6,449</b>	<b>5,072</b>	<b>4,609</b>	<b>1,148</b>	<b>1,062</b>	<b>-</b>	<b>18,370</b>
<b>Accumulated depreciation and impairment (if any)</b>								
<b>Balance at March 31, 2018</b>	<b>-</b>	<b>561</b>	<b>1,401</b>	<b>1,769</b>	<b>278</b>	<b>129</b>	<b>68</b>	<b>4,206</b>
Eliminated on disposal/ assets written off	-	-	(92)	(280)	(11)	(0)	(47)	(430)
Depreciation expenses	-	274	535	604	105	63	-	1,581
<b>Balance at March 31, 2019</b>	<b>-</b>	<b>835</b>	<b>1,844</b>	<b>2,093</b>	<b>372</b>	<b>192</b>	<b>21</b>	<b>5,357</b>
Eliminated on disposal of assets	-	(17)	(132)	(362)	(19)	(2)	(21)	(553)
Depreciation expenses	-	408	533	817	112	111	-	1,981
<b>Balance at March 31, 2020</b>	<b>-</b>	<b>1,226</b>	<b>2,245</b>	<b>2,548</b>	<b>465</b>	<b>301</b>	<b>-</b>	<b>6,785</b>
<b>Carrying Amount</b>								
<b>Balance at March 31, 2019</b>	<b>30</b>	<b>3,846</b>	<b>2,798</b>	<b>1,035</b>	<b>336</b>	<b>468</b>	<b>2</b>	<b>8,515</b>
<b>Balance at March 31, 2020</b>	<b>30</b>	<b>5,223</b>	<b>2,827</b>	<b>2,061</b>	<b>683</b>	<b>761</b>	<b>-</b>	<b>11,585</b>

## Notes to the financial statements

## NOTE 5 - INTANGIBLE ASSETS

	(Rupees in lakhs)	
	31st March 2020	31st March 2019
Computer software	4	3
Product distribution rights HSPL	-	-
	4	3

	(Rupees in lakhs)	
	Computer software	Product distribution rights HSPL
<b>Cost or deemed cost</b>		
<b>Balance at March 31, 2018</b>	76	-
Additions	1	-
Disposals/ write off	-	-
<b>Balance at March 31, 2019</b>	77	-
Additions	4	-
Disposals/ write off	-	-
<b>Balance at March 31, 2020</b>	81	-
<b>Accumulated amortisation and impairment (if any)</b>		
<b>Balance at March 31, 2018</b>	66	-
Amortisation expenses	8	-
<b>Balance at March 31, 2019</b>	74	-
Amortisation expenses	3	-
<b>Balance at March 31, 2020</b>	77	-
<b>Carrying Amount</b>		
<b>Balance at March 31, 2019</b>	3	-
<b>Balance at March 31, 2020</b>	4	-

## Notes to the financial statements

## NOTE 6 - TRADE RECEIVABLES

(Rupees in lakhs)

	As at 31st March 2020	As at 31st March 2019
<b>Non-Current</b>		
(a) Secured, considered good	-	-
(b) Unsecured, considered good	874	1,067
Less: Expected credit loss allowance for doubtful trade receivables	(40)	(79)
<b>Total</b>	<b>834</b>	<b>988</b>
<b>Current</b>		
(a) Secured, considered good	-	-
(b) Unsecured, considered good	74,761	66,065
Less: Expected credit loss allowance for doubtful trade receivables	(2,399)	(3,826)
	72,362	62,239
(c) Credit impaired	233	72
Less: Expected credit loss allowance for doubtful trade receivables	(233)	(72)
	-	-
<b>Total</b>	<b>72,362</b>	<b>62,239</b>

Also, refer note 21.1(B) below.

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:

(Rupees in lakhs)

Ageing	Expected credit loss %	
	31st March 2020	31st March 2019
0-90 days past due	0.98%	0.95%
More than 90 days past due	13.78%	24.12%

## Age of trade receivables

(Rupees in lakhs)

	As at 31st March 2020	As at 31st March 2019
0-90 days past due	60,791	52,789
More than 90 days past due	15,077	14,415
<b>Total</b>	<b>75,868</b>	<b>67,204</b>



**Notes to the financial statements**

Movement in the expected credit loss allowance

(Rupees in lakhs)

	As at 31st March 2020	As at 31st March 2019
Balance at beginning of the year	3,977	6,364
Add: Expected credit loss during the year	1,527	2,537
Less: Amounts recovered / reversed in the current year	(2,832)	(4,924)
Balance at the end of the year	<u>2,672</u>	<u>3,977</u>

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. In calculating expected credit loss, the Company has also considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19 and has taken into account estimates of possible effect from the pandemic relating to COVID -19. 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, 2020 is considered adequate.

The Composition of trade receivables representing more than 5% of trade receivables are as under:

(Rupees in lakhs)

As at	Number of customers	Outstanding balance
31st March 2020	1	3,765
31st March 2019	<u>2</u>	<u>6,026</u>

**NOTE 7 - CASH AND CASH EQUIVALENTS**

(Rupees in lakhs)

	As at 31st March 2020	As at 31st March 2019
<b>Bank balances</b>		
In current accounts	22,128	16,592
Cheques on hand	94	-
Demand deposits (Original maturity less than 3 months)	4,131	4,932
<b>Total</b>	<u>26,353</u>	<u>21,524</u>

There are no repatriation restrictions with regards to cash and cash equivalents as at the end of the reporting period and prior periods.

**NOTE 8 - BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS**

(Rupees in lakhs)

	As at 31st March 2020	As at 31st March 2019
<b>Other bank balances</b>		
Long term deposits with original maturity more than 3 months but less than 12 months	1,25,000	1,00,901
Unpaid dividend account	37	27
<b>Total</b>	<u>1,25,037</u>	<u>1,00,928</u>

## Notes to the financial statements

## NOTE 9 - OTHER FINANCIAL ASSETS

(Rupees in lakhs)

	As at 31st March 2020	As at 31st March 2019
<b>Non-Current</b>		
Deposits against bank guarantee	1,144	2,217
Security deposits [net of expected credit loss allowance Rs.375 Lakhs, (31st March 2019 Rs. 276 Lakhs)]	1,142	991
Unbilled services (refer note 21.1(B))	1,246	224
<b>Total</b>	<b>3,532</b>	<b>3,432</b>
<b>Current</b>		
Deposits against bank guarantee	265	155
Interest accrued on deposits with banks	1,803	1,847
Foreign currency forward contracts designated in hedge accounting relationships	-	302
Security deposits	327	338
Earnest money deposits [net of expected credit loss allowance Rs. 475 Lakhs, (31st March 2019 Rs. 370 Lakhs )]	47	258
Amounts due from customers under construction contracts (refer note 21.1(B) and note below)[net of expected credit loss allowance of Rs. 1,079 Lakhs; (31st March 2019 Rs. 1,206 Lakhs)]	42,390	37,867
Unbilled services (refer note 21.1(B)) [net of expected credit loss allowance of Rs. 159 Lakhs; (31st March 2019 Rs. 158 Lakhs)]	4,533	2,567
<b>Total</b>	<b>49,365</b>	<b>43,334</b>

## Movement in the expected credit allowance on amounts due from customers under construction contracts

(Rupees in lakhs)

	As at 31st March 2020	As at 31st March 2019
Balance at beginning of the year	1,206	1,425
Add: Expected credit loss during the year	1,042	705
Less: Amounts recovered / reversed in the current year	(1,169)	(924)
Balance at the end of the year	1,079	1,206

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of unbilled revenues. 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 and unbilled services as at March 31, 2020 is considered adequate.

## Notes to the financial statements

**NOTE 10 - INCOME TAX ASSETS (NET)**

(Rupees in lakhs)

	As at 31st March 2020	As at 31st March 2019
Taxes paid in advance less provisions [Net of Provision for tax Rs. 110,685 Lakhs; (31st March 2019 Rs. 93,364 Lakhs)]	11,453	8,661
	<b>11,453</b>	<b>8,661</b>

## Movement in the expected credit allowance on amounts due from customers under construction contracts

(Rupees in lakhs)

	As at 31st March 2020	As at 31st March 2019
Profit before tax	68,655	55,489
Tax expenses	19,507	19,605
Effective tax rate	28.41%	35.33%
Net impact of deduction/exemption and disallowance	-3.24%	-0.39%
Tax rate as per Income Tax Act	25.17%	34.94%

The applicable Indian statutory tax rate for financial year ended March 31, 2020 is 25.17% and March 31, 2019 is 34.94%.

During the year, the Company exercised the option available under section 115BAA of the Income Tax Act, 1961. The tax expense for the year ended March 31, 2020 has been recognized basis the above option.

**NOTE 11 - DEFERRED TAX ASSET (NET)**

(Rupees in lakhs)

	As at 31st March 2020	As at 31st March 2019
Deferred tax liability (A)	108	205
Deferred tax assets (B)	5,797	7,657
Deferred tax assets (Net) (B-A)	5,689	7,452

Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing taxation laws.

## Notes to the financial statements

2019-20

(Rupees in lakhs)

	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)	(22)	-	(108)
Gain / (loss) on designated portion of hedging instruments	(119)	30	89	-
<b>Total</b>	<b>(205)</b>	<b>8</b>	<b>89</b>	<b>(108)</b>
Expected Credit Loss on trade and other receivables	2,092	(894)	-	1,198
Provision for estimated cost to complete	1,296	(443)	-	853
Provision for compensated absences	520	(96)	-	424
Provision for other expenses	1,325	(12)	-	1,313
Provision for Gratuity	237	(128)	175	284
Provision for Bonus	1,248	(411)	-	837
Lease liabilities	-	110	-	110
Others	939	(263)	102	778
<b>Total</b>	<b>7,657</b>	<b>(2,137)</b>	<b>277</b>	<b>5,797</b>

2018-19

	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	(68)	(18)	-	(86)
Gain / (loss) on designated portion of hedging instruments	-	-	(119)	(119)
<b>Total</b>	<b>(68)</b>	<b>(18)</b>	<b>(119)</b>	<b>(205)</b>
Expected Credit Loss on trade and other receivables	2,747	(655)	-	2,092
Provision for estimated cost to complete	1,304	(8)	-	1,296
Provision for compensated absences	457	63	-	520
Provision for other expenses	1,695	(370)	-	1,325
Provision for Gratuity	277	(83)	43	237
Provision for Bonus	897	351	-	1,248
Others	357	652	(70)	939
<b>Total</b>	<b>7,734</b>	<b>(50)</b>	<b>(27)</b>	<b>7,657</b>

## Notes to the financial statements

## NOTE 12 - OTHER ASSETS

(Rupees in lakhs)

	As at 31st March 2020	As at 31st March 2019
<b>Non-current</b>		
Advance rent	236	248
Balances with Government authorities (including payments made under protest)	7,597	7,470
Prepaid expenses	19	47
<b>Total</b>	<b>7,852</b>	<b>7,765</b>
<b>Current</b>		
Advance rent	74	67
Balances with Government authorities	7,565	11,479
Advances recoverable in cash or kind	2,272	963
Advances to employees	410	273
Prepaid expenses	139	130
<b>Total</b>	<b>10,460</b>	<b>12,912</b>

## NOTE 13 - INVENTORIES

(Rupees in lakhs)

	As at 31st March 2020	As at 31st March 2019
<b>Inventories (lower of cost and net realisable value)</b>		
Raw materials [includes in transit: Rs. 1,834 lakhs (31st March 2019 : Rs. 833 lakhs)]	6,626	5,821
Work-in progress	1,110	540
Finished goods	526	420
Stock-in-trade (in respect of goods acquired for trading)	3,827	3,725
<b>Total</b>	<b>12,089</b>	<b>10,506</b>

The mode of valuation of Inventories is stated in note 2(F)

The Company has evaluated the liquidity plan of inventories and considered potential impact due to reduction in future estimated selling price emerging due to COVID-19 pandemic.

## NOTE 14 - EQUITY SHARE CAPITAL

(Rupees in lakhs)

	As at 31st March 2020	As at 31st March 2019
10,000,000 (March 31, 2019: 10,000,000 ) equity shares of Rs.10 each	1,000	1,000
	<b>1,000</b>	<b>1,000</b>
<b>Issued:</b>		
8,841,697 (March 31, 2019: 8,841,697 ) equity shares of Rs.10 each	884	884
	<b>884</b>	<b>884</b>
<b>Subscribed and paid up:</b>		
8,841,523 (March 31, 2019: 8,841,523 ) equity shares of Rs. 10 each (fully paid up)	884	884
<b>Total</b>	<b>884</b>	<b>884</b>

## Notes to the financial statements

**(a) Rights, preferences and restrictions attached to the shares**

Equity shares: The Company has one class of equity shares having a par value of Rs. 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 2020		As at 31st March 2019	
	Number of shares	Amount (Rupees in Lakhs)	Number of shares	Amount (Rupees 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 2020		As at 31st March 2019	
	Number of shares	Amount (Rupees in Lakhs)	Number of shares	Amount (Rupees in Lakhs)
<b>Equity shares:</b>				
HAIL Mauritius Limited (Holding company) (earlier, Honeywell Asia Pacific Inc.)	66,31,142	663	66,31,142	663

**(d) Number of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

Particulars	As at 31st March 2020		As at 31st March 2019	
	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)** 6,631,142 (March 31, 2019 : 6,631,142 ) Equity shares constituting 75% (March 31, 2019 : 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, 2020.
- g)** During the year ended March 31, 2019, Honeywell Asia Pacific Inc. ("HAPI") merged with HAIL Mauritius Limited ("HAIL Mauritius"), resulting in:
- change in the immediate holding company of the Company, and
  - an inter se transfer of 6,631,142 equity shares aggregating to 75.00% of the shareholding of the Company, from HAPI to HAIL Mauritius. Honeywell International Inc. continues to be the ultimate holding company.

## Notes to the financial statements

## NOTE 15 - OTHER EQUITY

(Rupees in lakhs)

	As at 31st March 2020	As at 31st March 2019
<b>Securities Premium (A)</b>	1,577	1,577
<b>Share based payment reserve (B)</b>	580	523
<b>General Reserve (c)</b>	18,552	18,552
<b>Other comprehensive Income (D)</b>		
Remeasurements of the defined benefit plans (net)	(1735)	(572)
Effective portion of cash flow hedge (net)	-	166
<b>Retained Earnings (E)</b>	1,97,967	1,53,616
<b>Total (A+B+C+D+E)</b>	<b>2,16,941</b>	<b>1,73,862</b>

## NOTE 16 - PROVISIONS

(Rupees in lakhs)

	As at 31st March 2020	As at 31st March 2019
<b>Non Current</b>		
Gratuity and other retirement benefits (refer note 36)	3,852	2,981
Provision for Warranty (refer note 35)	412	394
	<b>4,264</b>	<b>3,375</b>
<b>Current</b>		
Compensated absences	1,684	1,489
Gratuity and other retirement benefits (refer note 36)	871	1,000
Provision for Warranty and other potential claims (refer note 35)	897	1,101
Provision for litigations/ disputes (refer note 35)	2,010	2,386
Provision for estimated cost to complete on contracts (refer note 35)	3,413	3,709
	<b>8,875</b>	<b>9,685</b>

## NOTE 17 - TRADE PAYABLES

(Rupees in lakhs)

	As at 31st March 2020	As at 31st March 2019
<b>Non current</b>		
Trade Payable	338	368
<b>Total</b>	<b>338</b>	<b>368</b>
<b>Current</b>		
Trade Payable to Micro Small and Medium Enterprise (refer note 32)	5,365	8,914
Trade Payables others	79,437	74,186
<b>Total</b>	<b>84,802</b>	<b>83,100</b>

## Notes to the financial statements

## NOTE 18 - LEASE LIABILITIES

(Rupees in lakhs)

	As at 31st March 2020	As at 31st March 2019
Lease liabilities (refer note 2 (M) and note 30)	6,389	-
<b>Total</b>	<b>6,389</b>	<b>-</b>
<b>Current</b>		
Current maturities of lease liabilities (refer note 2 (M) and note 30)	1,705	-
<b>Total</b>	<b>1,705</b>	<b>-</b>

## NOTE 19 - OTHER FINANCIAL LIABILITIES

(Rupees in lakhs)

	As at 31st March 2020	As at 31st March 2019
<b>Current</b>		
Unclaimed dividend	37	27
Creditors for capital goods	395	636
	<b>432</b>	<b>663</b>

## NOTE 20 - OTHER CURRENT LIABILITIES

(Rupees in lakhs)

	As at 31st March 2020	As at 31st March 2019
Deferred revenue from services (refer note 21.1(B))	9,297	7,950
Amount due to customers under construction contract (refer note 21.1(B))	7,628	3,934
Advances from customers	258	2,924
Statutory dues (including Provident Fund and Tax deducted at Source)	3,935	2,315
	<b>21,118</b>	<b>17,123</b>

## NOTE 21 - REVENUE FROM OPERATIONS

(Rupees in lakhs)

	Year ended 31st March 2020	Year ended 31st March 2019
<b>Revenue from contracts with customers (refer note 21.1)</b>		
Manufactured products and jobs	1,83,149	1,81,344
Traded products	41,830	42,687
Sale of services	1,02,163	93,310
<b>Other operating revenue</b>		
Scrap sale	23	35
Refund of taxes and duties	1,836	98
<b>Total</b>	<b>3,29,001</b>	<b>3,17,474</b>



## Notes to the financial statements

## NOTE 21.1 - REVENUE FROM CONTRACTS WITH CUSTOMERS

(Rupees in lakhs)

	Year ended 31st March 2020	Year ended 31st March 2019
<b>A. Disaggregation of revenue</b>		
(a) Timing of revenue recognition		
Point in time	79,343	77,907
Over time	2,47,799	2,39,434
(b) Geographical location		
India	1,82,886	1,71,193
Other	1,44,256	1,46,148
(c) Type of contract		
Fixed price	2,43,972	2,26,107
Time and material	83,170	91,234

**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 (Contract Assets) 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.

(Rupees in lakhs)

	Year ended 31st March 2020	Year ended 31st March 2019
(a) Opening balances		
Contract receivables (net of expected credit loss allowance)	63,227	59,966
Contract assets (net of expected credit loss allowance)	40,658	37,338
Contract liabilities	11,884	9,975
Closing balances		
Contract receivables (net of expected credit loss allowance)	73,196	63,227

**Notes to the financial statements**

Contract assets (net of expected credit loss allowance)	48,169	40,658
Contract liabilities	16,925	11,884
(b) Revenue recognised from opening balance of contract liability	5,910	5,130
(c) Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods	78	93

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**

	(Rupees in lakhs)	
	Year ended 31st March 2020	Year ended 31st March 2019
Amount of transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied)	1,28,735	1,19,963
<b>Reconciliation of revenue</b>		
Contracted Price	3,27,615	3,17,639
Liquidated Damages	(473)	(298)
Revenue as per Statement of Profit & Loss	3,27,142	3,17,341

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 revaluations.

The Company has evaluated the impact of COVID – 19 resulting from possibility of constraints to complete performance obligations within contracts with customers which may require revision of estimations of costs to complete the contract because of additional efforts, onerous obligations, liquidated damages and penalties within the terms of contract, termination or deferment of contracts by customers, invoking of force-majeure clause, etc. The Company has concluded that the impact of COVID – 19 is not material based on these estimates. Due to the nature of the pandemic, the Company will continue to monitor developments to identify significant uncertainties relating to revenue in future periods.

## Notes to the financial statements

## NOTE 22 - OTHER INCOME

(Rupees in lakhs)

	Year ended 31st March 2020	Year ended 31st March 2019
Interest income earned on financial assets that are not designated as a fair value through the Statement of Profit and Loss		
i) Bank Deposits	7,316	5,587
ii) Other financial assets carried at amortised cost	103	59
Foreign exchange gain (net)	2,140	968
Liabilities no longer required written back	43	65
Profit on sale of Property, Plant and Equipment (net)	-	27
Dividend on current investments	-	239
Miscellaneous income	163	142
<b>Total</b>	<b>9,765</b>	<b>7,087</b>

## NOTE 23 - COST OF MATERIALS CONSUMED

(Rupees in lakhs)

	Year ended 31st March 2020	Year ended 31st March 2019
Raw materials consumed		
Opening inventory	5,821	4,817
Add: Purchases (net)	1,36,750	1,35,602
Less: Inventory at the end of the year	6,626	5,821
<b>Cost of raw materials consumed</b>	<b>1,35,945</b>	<b>1,34,598</b>

## Notes to the financial statements

**NOTE 24 - CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE**

(Rupees in lakhs)

	Year ended 31st March 2020	Year ended 31st March 2019
(Increase)/ decrease in stock		
Stock at the beginning of the year		
Finished goods	420	132
Work in progress	540	292
Stock-in-trade (in respect of goods acquired for trading)	3,725	2,736
<b>Total (A)</b>	<b>4,685</b>	<b>3,160</b>
Stock at the end of the year		
Finished goods	526	420
Work in progress	1,110	540
Stock-in-trade (in respect of goods acquired for trading)	3,827	3,725
<b>Total (B)</b>	<b>5,463</b>	<b>4,685</b>
<b>(Increase)/ decrease in stock (A-B)</b>	<b>(778)</b>	<b>(1,525)</b>

**NOTE 25 - EMPLOYEE BENEFITS EXPENSE**

(Rupees in lakhs)

	Year ended 31st March 2020	Year ended 31st March 2019
Salaries, wages and bonus*	51,850	50,111
Share based payment	57	134
Contribution to Provident and Other Funds (refer note 36)	2,729	2,865
Staff welfare expenses	845	870
<b>Total</b>	<b>55,481</b>	<b>53,980</b>

\*Includes provision for potential outflow due to loss incurred by Provident Fund Trust on its investments (refer note 36)

**NOTE 26 - FINANCE COST**

(Rupees in lakhs)

	Year ended 31st March 2020	Year ended 31st March 2019
Interest (refer note 30 and 32)	687	348
<b>Total</b>	<b>687</b>	<b>348</b>

## Notes to the financial statements

## NOTE 27 - OTHER EXPENSES

(Rupees in lakhs)

	Year ended 31st March 2020	Year ended 31st March 2019
Power and fuel	1,221	1,139
Rent [(refer note 2 (M) and 30)]	742	2,356
Rates and taxes	602	1,842
Repairs and maintenance		
Plant and machinery	99	59
Others	1,123	1,067
	1,222	1,126
Auditors remuneration		
As Auditors	38	46
Others (including tax audit)	21	21
Out of pocket expenses	8	1
	67	68
Travelling and conveyance	25,172	23,665
Warranty expenses (refer note 35)	260	1,324
Communication expenses	604	599
Insurance	172	122
Loss on sale / write off of Property, Plant and Equipment (net)	26	-
Sales commission	377	164
Professional fees	2,974	2,511
Bad debts written off (net of expected credit loss allowance) (refer note 27.1)	(544)	490
Corporate overhead allocations	11,166	11,069
Expenditure towards Corporate Social Responsibility (refer note 38)	828	605
Bank Charges	316	301
Miscellaneous expenses	388	904
<b>Total</b>	<b>45,593</b>	<b>48,285</b>

## NOTE 27.1 - BAD DEBTS WRITTEN OFF (NET OF EXPECTED CREDIT LOSS ALLOWANCE)

(Rupees in lakhs)

	Year ended 31st March 2020	Year ended 31st March 2019
Bad debts written off	684	2,854
Expected credit loss allowance	(1,228)	(2,364)
Bad debts written off (net of expected credit loss allowance)	<b>(544)</b>	<b>490</b>

## Notes to the financial statements

## 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:

(Rupees in lakhs)

Particulars	Revenue from external customer for the year ended		Non current assets* as at	
	31st March 2020	31st March 2019	31st March 2020	31st March 2019
India	1,84,745	1,71,326	20,722	9,319
Other	1,44,256	1,46,148	-	-
<b>Total</b>	<b>3,29,001</b>	<b>3,17,474</b>	<b>20,722</b>	<b>9,319</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)</b>	<b>Parties where control exists</b>	
	HAIL Mauritius Limited, Holding company (previous year Honeywell Asia Pacific Inc.) (refer note 14(g)) Honeywell International Inc., Ultimate holding company	
	<b>Other related parties with whom transactions have taken place during the year:</b>	
<b>ii)</b>	<b>Fellow Subsidiaries</b>	
	Ademco Asia Pacific Limited	Honeywell Life Safety AS
	Ademco Smart Homes Technology (Tianjin) Co., Ltd.	HONEYWELL LIMITED / HONEYWELL LIMITEE
	AUTOMATION AND CONTROL SOLUTIONS LIMITED	Honeywell Limited [Hong Kong]
	Automation and Control Solutions, S. de R.L. de C.V.	Honeywell Limited [New Zealand]
	Bryan Donkin RMG Canada Ltd.	Honeywell Ltd. (Australia)
	Bryan Donkin RMG Gas Controls Ltd.	Honeywell Marine SAS
	Eclipse Combustion Private Limited	Honeywell Measurex (Ireland) Limited
	Eclipse, Inc.	Honeywell Middle East B.V.
	Elster GmbH	Honeywell Middle East FZE
	Elster Holdings US, Inc.	Honeywell Middle East Limited

## Notes to the financial statements

<p>Elster Instromet India Private Limited</p> <p>Elster Metering Limited</p> <p>Elster Metering Private Limited</p> <p>Elster s.r.o.</p> <p>Elster Solutions GmbH</p> <p>Elster Water Metering Limited</p> <p>Elster-Instromet Sdn. Bhd.</p> <p>Energy ICT N.V.</p> <p>Enraf B.V.</p> <p>Enraf Tanksystem AG</p> <p>EnviteC-Wismar GmbH</p> <p>Foreign Enterprise Honeywell Ukraine</p> <p>Honeywell &amp; Co. Oman LLC</p> <p>Honeywell (China) Advanced Solutions Co., Ltd.</p> <p>Honeywell (China) Co., Ltd.</p> <p>Honeywell (Tianjin) Limited</p> <p>Honeywell A.B.</p> <p>Honeywell A/S [Denmark]</p> <p>Honeywell Aerospace B.V.</p> <p>Honeywell AG</p> <p>Honeywell Algeria S.a.r.l.</p> <p>Honeywell AS [Norway]</p> <p>Honeywell ASCa Inc.</p> <p>Honeywell Asia Pacific Inc.</p> <p>Honeywell Austria Gesellschaft mbH</p>	<p>Honeywell NV [Belgium]</p> <p>Honeywell Oy</p> <p>Honeywell Peru S.A.</p> <p>Honeywell Portugal Automacao e Controlo S.A.</p> <p>Honeywell Pte. Ltd.</p> <p>Honeywell Romania s.r.l.</p> <p>Honeywell S.A. [France]</p> <p>Honeywell S.A.I.C.</p> <p>Honeywell S.r.l.</p> <p>Honeywell Sensing and Control</p> <p>Honeywell Sensing and Control (China) Co., Ltd.</p> <p>Honeywell Southern Africa (Proprietary) Limited</p> <p>Honeywell Sp. z o.o.</p> <p>Honeywell Specialty Chemicals MTO</p> <p>Honeywell spol. s.r.o. [Slovakia]</p> <p>Honeywell Systems (Thailand) Limited</p> <p>Honeywell Szabalyozastechnikai es Automatizalasi Kft.</p> <p>Honeywell Taiwan Limited</p> <p>Honeywell Technologies S.a.r.l.</p> <p>Honeywell Technology Solutions Lab Private Limited</p> <p>Honeywell Technology Solutions Qatar LLC</p> <p>Honeywell Teknoloji Anonim Sirketi</p> <p>Honeywell Turbo Technologies (India) Private Limited [till September 30, 2018]</p> <p>Honeywell Turki-Arabia Limited</p> <p>Honeywell, S.L. [Spain]</p>
<b>Other related parties with whom transactions have taken place during the year:</b>	
<p>Honeywell Automation and Control Solutions Caribbean Limited</p> <p>Honeywell Automation and Control Solutions South Africa (Pty) Ltd</p> <p>Honeywell Automation and Controls Solutions Phillippines</p> <p>Honeywell Automation Control Solutions (China) Co Ltd</p> <p>Honeywell Automation Controls System LLP (Kazakhstan)</p> <p>Honeywell Automatizacija i Kontrola d.o.o. (Honeywell Automation &amp; Control d.o.o.)</p>	<p>Integrated Technical Innovation Company for General Services &amp; Trade</p> <p>Intelligrated Systems LLC</p> <p>Intermec Technologies (S) Pte Ltd</p> <p>Life Safety Distribution AG</p> <p>Life Safety Germany GmbH</p> <p>Matrikon Europe Limited</p>

## Notes to the financial statements

<p>Honeywell B.V. Honeywell Bahrain W.L.L Honeywell Building Solutions GmbH Honeywell Chile S.A. Honeywell Co., Ltd. Honeywell Colombia S.A.S Honeywell Control Systems Limited Honeywell Controls &amp; Automation India Private Ltd. [till April 1, 2018] Honeywell Controls International Ltd. Honeywell do Brasil Ltd Honeywell Egypt LLC Honeywell Electrical Devices &amp; Systems India Limited Honeywell Electronic Materials, Inc. Honeywell Engineering Sdn. Bhd. Honeywell Enraf Americas, Inc. Honeywell Environmental and Combustion Controls (Tianjin) Co., Ltd. Honeywell EOOD Honeywell Europe NV Honeywell GmbH Honeywell Hometown Solution India Foundation Honeywell Int Puerto Rico Honeywell International (India) Private Limited Honeywell International Middle East Ltd. Honeywell International Sarl Honeywell International Sdn. Bhd. Honeywell Iraq Company for Technology Solutions and Services Ltd Honeywell Japan Inc.</p>	<p>Maxon Corporation Maxon International B.V.B.A. MK Electric (Malaysia) Sdn. Bhd. Movilizer GmbH Novar ED&amp;S Limited Novar France S.A.S. Novar GmbH Novar Systems Limited Pittway Sarl Pittway Systems Technology Group Europe Limited [till October 28, 2018] PT Honeywell Indonesia PT Honeywell Indonesia Trading RMG Regel + Messtechnik GmbH S.C.A.M.E. Sistemi S.r.l. Saia-Burgess Controls AG Salisbury Electrical Safety LLC Trend Control Systems Limited Tridium Asia Pacific Pte. Ltd. Tridium, Inc. UOP India Private Limited UOP L.L.C. UOP Limited Xtralis (UK) Limited ZAO Honeywell Honeywell Kuwait International for Technical and Computer Services SPC Honeywell Kuwait K.S.C.</p>
<b>iii.</b>	<b>Key Management Personnel</b>
	<p>Mr. Ashish Gaikwad, Managing Director Mr. R Ravichandran, CFO [Resigned w.e.f. May 15, 2018] Mr. Amit Tantia, CFO [Appointed w.e.f. May 16, 2018] Ms. Farah Irani, Company Secretary</p>



## Notes to the financial statements

(Rupees in lakhs)

Transactions with Related Parties Description of the nature of transactions	Volume of transactions for year ended		Amount outstanding as at			
	31st March 2020	31st March 2019	31st March 2020		31st March 2019	
			Receivable	Payable	Receivable	Payable
<b>Sale of goods, services and reimbursement of expenses</b>						
<u>Ultimate Holding Company</u>						
Honeywell International Inc.	26,468	27,194	2,639	-	1,932	-
<b>Total</b>	<b>26,468</b>	<b>27,194</b>	<b>2,639</b>	<b>-</b>	<b>1,932</b>	<b>-</b>
<u>Fellow Subsidiaries</u>						
Honeywell Ltd. (Australia)	3,452	2,948	524	-	609	-
Honeywell Turki-Arabia Limited	12,509	15,320	3,765	-	875	-
Honeywell Middle East B.V.	6,720	5,913	940	-	1,249	-
Honeywell Co., Ltd.	3,216	3,430	394	-	53	-
Other Fellow Subsidiaries	71,185	65,521	10,616	-	13,941	-
<b>Total</b>	<b>97,082</b>	<b>93,132</b>	<b>16,239</b>	<b>-</b>	<b>16,727</b>	<b>-</b>
<b>Purchase of goods, services and Property, Plant and Equipment (including GIT)</b>						
<u>Ultimate Holding Company</u>						
Honeywell International Inc.	13,570	14,560	-	4,988	-	3,674
<b>Total</b>	<b>13,570</b>	<b>14,560</b>	<b>-</b>	<b>4,988</b>	<b>-</b>	<b>3,674</b>
<u>Fellow Subsidiaries</u>						
Honeywell Measurex (Ireland) Limited	18,684	20,798	-	1,062	-	1,218
Honeywell International (India) Private Limited	8,901	7,913	-	1,389	-	1,623
Other Fellow Subsidiaries	24,686	24,585	-	7,493	-	5,710
<b>Total</b>	<b>52,271</b>	<b>53,296</b>	<b>-</b>	<b>9,944</b>	<b>-</b>	<b>8,551</b>
<b>Expenditure towards Corporate Social Responsibility</b>						
<u>Fellow Subsidiaries</u>						
Honeywell Hometown Solution India Foundation	828	605	-	-	-	-
<b>Total</b>	<b>828</b>	<b>605</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Dividends paid</b>						
<u>Holding Company</u>						
HAIL Mauritius Limited (previous year Honeywell Asia Pacific Inc.)	2,984	2,122	-	-	-	-
<b>Total</b>	<b>2,984</b>	<b>2,122</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Notes to the financial statements

## Remuneration to Key Management Personnel

(Rupees in lakhs)

	Year ended 31st March 2020	Year ended 31st March 2019
Short term benefits	370	294
Post-employment benefits	26	20
Other long-term benefits	21	21
Share-based payments	79	93
Termination benefits	-	-

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 38% and 38% of our total net sales for the year ended March 31, 2020 and year ended March 31, 2019 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.

## NOTE 30 - LEASES

(Rupees in lakhs)

	Year ended 31st March 2020
Depreciation charge for right-of-use assets	2,074
Interest expense on lease liabilities	530
Expense relating to short-term leases and leases of low-value assets	742
Expense relating to variable lease payments not included in the measurement of lease liabilities	-
Cash outflow from operating leases	2,167
Additions to right-of-use assets during the year	3,715

**Notes to the financial statements****Maturity analysis of lease liabilities**

As a lessee under operating leases

	(Rupees in lakhs)
	<b>Year ended 31st March 2020</b>
2020-21	2,508
2021-22	2,379
2022-23	2,307
2023-24	1,754
2024-25	853
2025-26 and thereafter	977
<b>Total lease payments</b>	<b>10,778</b>
Less: Interest	1,543
<b>Total</b>	<b>9,235</b>

The leases that the Company has entered with lessors towards office premises are long term in nature and no changes in terms of those leases are expected due to the COVID-19.

**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:

	(Rupees in lakhs)	
	<b>Year ended 31st March 2020</b>	<b>Year ended 31st March 2019</b>
Profit after tax (Rs. in lakhs)	49,148	35,884
Weighted average number of equity shares	88,41,523	88,41,523
Basic/ Diluted earnings per share (Rs.)	555.88	405.86
Face value per share (Rs.)	10	10

## Notes to the financial statements

**NOTE 32 - DISCLOSURE IN ACCORDANCE WITH SECTION 22 OF MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006**

		(Rupees in lakhs)	
Sr. No.	Particulars	31st March 2020	31st March 2019
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	5,365	8,914
	-Interest thereon	148	348
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	-	-
	-Interest paid in terms of Section 16	-	-
	-Delayed principal payments	5,559	6,780
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	148	348
	-Total Interest remaining unpaid out of the above as at the balance sheet date	148	348
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	680	532
	Outstanding interest at the end of previous year	532	184

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

**Notes to the financial statements**

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 behavior. 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.

**The inputs used in the measurement of the fair values at grant date of the Stock options were as follows.**

Grant Date	14-Feb-20	26-Feb-19	27-Feb-18	28-Feb-17	25-Feb-16	26-Feb-15	27-Feb-14
Exercise price	\$180.92	\$154.22	\$155.39	\$124.99	\$103.07	\$103.31	\$93.44
*Exercise price in equivalent INR	13,689	11,669	11,758	9,457	7,799	7,817	7,070
Expected volatility	17.96%	18.38%	18.93%	18.96%	23.07%	21.55%	23.07%
Option life	4.62	4.87	4.95	5.04	4.97	4.96	4.99
Dividend yield	2.49%	2.65%	2.49%	2.81%	2.92%	1.98%	2.05%
Risk-free interest rate	1.42%	2.51%	2.71%	2.02%	1.29%	1.61%	1.48%
Fair value per share	\$21.41	\$21.53	\$23.65	\$16.65	\$15.59	\$17.21	\$16.35
Fair value per share in equivalent INR*	1,620	1,629	1,789	1,260	1,180	1,302	1,237

\* converted into INR using exchange rate 75.665

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>						
2011	1,000	25-Jul-14	NA	NA	\$89.80	6,795
2011	700	31-Jul-15	NA	NA	\$98.28	7,436
2011DIV	670	25-Feb-16	NA	NA	\$103.65	7,843
2011DIV	590	26-Feb-15	NA	NA	\$103.90	7,862

## Notes to the financial statements

Options series	Number	Grant date	Expiry date	Exercise price	Fair value at grant date	Equivalent fair value INR*
2016	2,000	29-Jul-16	NA	NA	\$106.79	8,080
2016DIV	2,000	29-Jul-16	NA	NA	\$115.78	8,760
2016DIV	320	28-Feb-17	NA	NA	\$124.99	9,457
2016DIV	1,300	27-Jul-17	NA	NA	\$137.53	10,406
2016DIV	300	27-Feb-18	NA	NA	\$155.39	11,758
2016DIV	301	26-Feb-19	NA	NA	\$154.22	11,669
2016DIV	277	14-Feb-20	NA	NA	\$180.92	13,689
<b>Stock options</b>						
2011	1,500	27-Feb-14	26-Feb-24	93.44	\$16.35	1,237
2011	2,611	26-Feb-15	25-Feb-25	103.31	\$17.21	1,302
2011	4,000	25-Feb-16	24-Feb-26	103.07	\$15.59	1,180
2016	2,200	28-Feb-17	27-Feb-27	124.99	\$16.65	1,260
2016	2,100	27-Feb-18	26-Feb-28	155.39	\$23.65	1,789
2016	2,153	26-Feb-19	25-Feb-29	154.22	\$21.53	1,629
2016	2,336	14-Feb-20	13-Feb-30	180.92	\$21.41	1,620

\* converted into INR using exchange rate 75.665

Movements in Restricted Stock Units during the year	Restricted Stock Units	
	2019-20 No of Units	2018-19 No of Units
Balance at beginning of year	6,500	7,679
Adjustments during the year*	-	254
Granted during the year	277	301
Forfeited during the year	-	619
Vested and issued during the year	3,268	1,115
Expired during the year	-	-
Balance at end of year	3,509	6,500

## Notes to the financial statements

Movements in share options during the year	Employee stock option plan			
	2019-20		2018-19	
	No of Options	Weighted average exercise price	No of Options	Weighted average exercise price
Balance at beginning of year	9,659	141.19	9,832	131.58
Adjustments during the year*	-		348	
Granted during the year	2,336		2,153	
Forfeited during the year	-		-	
Exercised during the year	-		2,674	
Expired during the year	-		-	
Balance at end of year	11,995		9,659	

\* 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 date
2016DIV	335	28-Feb-20
2016DIV	447	27-Jul-19
2016DIV	691	29-Jul-10
2016	1795	29-Jul-19

## NOTE 34 - CONTINGENT LIABILITIES AND COMMITMENTS

## A) Contingent liabilities

(Rupees in lakhs)

Sr. No.	Particulars	31st March 2020	31st March 2019
a)	Income tax liability that may arise in respect of matters in appeal	3,627	9,422
b)	Excise duty claims against the Company	2	51
c)	Sales tax liability that may arise in respect of matters in appeal	7,637	4,684
d)	Customs duty claims against the Company	187	187
e)	Third party Claims against the Company not acknowledged as debts	1,888	1,622

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.

B) Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances) - Rs. 2,705 ('lakhs) [31st March 2019 Rs. 925 ('lakhs)]

## Notes to the financial statements

(Rupees in lakhs)

	Year ended 31st March	Opening balance	Additions	Utilizations	Reversals	Total
<b>Provision for litigations/ disputes (A)</b>	2020	2,386	186	(562)	-	2,010
	2019	1,873	1,090	(577)	-	2,386
<b>Provision for warranty (B)</b>	2020	1,495	441	(446)	(181)	1,309
	2019	1,191	1,505	(1,020)	(181)	1,495
<b>Provision for estimated cost to complete on contracts (C)</b>	2020	3,709	3,691	(3,462)	(525)	3,413
	2019	3,743	2,396	(2,078)	(352)	3,709
<b>Total</b>	<b>2020</b>	<b>7,590</b>	<b>4,318</b>	<b>(4,470)</b>	<b>(706)</b>	<b>6,732</b>
	<b>2019</b>	<b>6,807</b>	<b>4,991</b>	<b>(3,675)</b>	<b>(533)</b>	<b>7,590</b>

**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.

(Rupees in lakhs)

Sr. No.	Particulars	31st March 2020	31st March 2019
	Contribution to employees' superannuation fund	72	78
<b>Total</b>		<b>72</b>	<b>78</b>



## Notes to the financial statements

**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 2020	31st March 2019
1	Discount rate	6.60%	7.55%
2	Yield on asset based on the Market Value	7.80%	8.40%
3	Rate considered for actuarial valuation for PF interest shortfall	8.50%	8.65%
4	Salary escalation rate	3% in first year and 8% thereafter	8.00%
5	Mortality rate	Provident Fund and Gratuity : IALM (2012-14) Ultimate Pension : LIC (1996-98) Annuitants	Provident Fund and Gratuity : IALM (2006-08) Ultimate Pension : LIC (1996-98) Annuitants
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

(Rupees in lakhs)

Sr. No.	Particulars	For the year ended	
		31st March 2020	31st March 2019
1	Current service cost	760	699
2	Past service cost	-	-
3	Net Interest cost	120	130
	<b>Component of defined benefit costs recognised in profit and loss</b>	<b>880</b>	<b>829</b>
4	Remeasurement of defined benefit liability	-	-
5	Return on plan assets (excluding amounts included in net interest expenses)	-	-

## Notes to the financial statements

(Rupees in lakhs)

Sr. No.	Particulars	For the year ended	
		31st March 2020	31st March 2019
6	Actuarial (gain)/ losses arising from changes in demographic assumptions	1	31
7	Actuarial (gain)/ losses arising from changes in financial assumptions	533	63
8	Actuarial (gain)/ losses arising from changes in experience adjustments	191	40
9	Return on plan assets (greater)/ less than discount rate	(18)	(11)
10	Adjustments for restriction on defined benefit asset	-	-
	<b>Component of defined benefit costs recognised in other comprehensive income</b>	<b>707</b>	<b>123</b>
	<b>Total</b>	<b>1,587</b>	<b>952</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.

(Rupees in lakhs)

Sr. No.	Particulars	For the year ended	
		31st March 2020	31st March 2019
1	Present value of obligation as at beginning of the year	6,378	5,730
2	Current service cost	760	699
3	Interest cost	465	421
4	Remeasurement (gains)/losses:		
	Actuarial (gain)/ losses arising from changes in demographic assumptions	1	31
	Actuarial (gain)/ losses arising from changes in financial assumptions	533	63
	Actuarial (gain)/ losses arising from changes in experience adjustments	191	40
5	Curtailed cost/(credit)	-	-
6	Settlement cost/(credit)	-	-
7	Benefits paid	(568)	(579)
8	Acquisition/ Divestiture	(160)	(27)
9	Present value of obligation as at end of the year	7,600	6,378

**Notes to the financial statements**

Movements in the fair value of the plan assets are as follows.

(Rupees in lakhs)

Sr. No.	Particulars	For the year ended	
		31st March 2020	31st March 2019
1	Fair value of plan assets as at beginning of the year	4,568	3,792
2	Remeasurement gain/(loss)	18	11
3	Expected return on plan assets	345	290
4	Employers' contribution	1,620	1,058
5	Benefits payment from plan asset	(545)	(556)
6	Acquisition/ Divestiture	(160)	(27)
7	Fair value of plan assets as at end of the year	5,846	4,568

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.

(Rupees in lakhs)

Sr. No.	Particulars	31st March 2020	31st March 2019
1	Present value of funded obligation	7,600	6,378
2	Fair value of plan assets	5,846	4,568
3	Net liability recognized in the Balance Sheet	1,754	1,810

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.

(Rupees in lakhs)

Sr. No.	Particulars	31st March 2020	31st March 2019
1	Present value of funded obligation	29,754	24,764
2	Fair value of plan assets	26,796	22,593
3	Net liability	2,958	2,171

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. This fair value factors the uncertainties arising out of COVID-19. 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.

- 1- 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.

**Notes to the financial statements**

- 2- The assumptions used in preparing the sensitivity analysis is Discount rate at +100 bps and – 100 bps Salary escalation rate at +100 bps and -100 bps
- 3- 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.
- 4- 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

(Rupees in lakhs)

Discount rate	March 31, 2020 Present value of Obligation	March 31, 2019 Present value of Obligation
a) Discount rate -100 basis point	8,460	7,065
b) Discount rate +100 basis point	6,871	5,792

Impact of change in salary increase rate when base assumption is decreased/increased by 100 basis point

(Rupees in lakhs)

Salary escalation rate	31st March 2020	31st March 2019
a) Salary escalation rate -100 basis point	6,938	5,789
b) Salary escalation rate +100 basis point	8,442	7,055

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 2020	31st March 2019
1	Insurer managed funds	100%	100%

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

(Rupees in lakhs)

Sr. No.	Particulars	31st March 2020	31st March 2019
a.	Actual return on plan assets	363	302

**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.

**Notes to the financial statements**

**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:

(Rupees in lakhs)

Year	Amount
Year -1	429
Year -2	441
Year -3	500
Year -4	467
Year -5	507
Years 6 to 10	2,895

**NOTE 37 - FINANCIAL INSTRUMENTS**

Categories of financial instrument

(Rupees in lakhs)

Particulars	31st March 2020	31st March 2019
<b>a) Liability - Trade Creditors</b>		
In GBP	3	4
(Equivalent approximate in Rs.)	278	356
In USD	115	169
(Equivalent approximate in Rs.)	8,701	11,718
In EURO	42	41
(Equivalent approximate in Rs.)	3,476	3,215
In CAD	0	0
(Equivalent approximate in Rs.)	1	23
In AUD	0	0
(Equivalent approximate in Rs.)	1	12
In JPY	65	81
(Equivalent approximate in Rs.)	45	51
In SGD	0	0

## Notes to the financial statements

(Rupees in lakhs)

Particulars	31st March 2020	31st March 2019
(Equivalent approximate in Rs.)	0	0
In CNY	122	136
(Equivalent approximate in Rs.)	1,294	1,389
In CHF	(0)	-
(Equivalent approximate in Rs.)	(1)	-
In NOK	0	0
(Equivalent approximate in Rs.)	1	0
In EGP	2	-
(Equivalent approximate in Rs.)	10	-
In RUB	-	1
(Equivalent approximate in Rs.)	-	1
In AED	0	0
(Equivalent approximate in Rs.)	2	1
In SAR	1	3
(Equivalent approximate in Rs.)	14	60
In DZD	46	18
(Equivalent approximate in Rs.)	29	11
In RON	1	0
(Equivalent approximate in Rs.)	14	1
<b>b) Asset - Trade Receivables</b>		
In GBP	2	0
(Equivalent approximate in Rs.)	201	44
In EURO	9	10
(Equivalent approximate in Rs.)	730	758
In USD	293	274
(Equivalent approximate in Rs.)	22,207	18,980
<b>c) Asset - Bank Balances</b>		
In USD	236	177
(Equivalent approximate in Rs.)	17,853	12,224
In KRW	244	-
(Equivalent approximate in Rs.)	15	-
In ZAR	6	-
(Equivalent approximate in Rs.)	24	-

\*Amount below the rounding off norm adopted by the company

**Notes to the financial statements****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	Bought/ Sold	Currency	Amount in foreign Currency (Lakhs)	Amount in Rs. Lakhs
Foreign Exchange Forward contracts	March 31,2020	Sold	USD/INR	-	-
	March 31,2019	Sold	USD/INR	152	10,981

The Table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as of the balance sheet

(Amount in USD lakhs)

	31st March 2020	31st March 2019
Not Later than one month	-	20
Later than one month but not later than three months	-	18
Later than three month but not later than one year	-	114

**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.

	31st March 2020	31st March 2019
<b>USD Impact</b>		
<b>5% Appreciation in USD</b>		
Impact on profit or loss for the year {Gain/(Loss)}	1,568	974
Impact on total equity as at the end of the year	1,568	974
<b>5% Depreciation in USD</b>		
Impact on profit or loss for the year {Gain/(Loss)}	(1,568)	(974)
Impact on total equity as at the end of the year	(1,568)	(974)

## Notes to the financial statements

	31st March 2020	31st March 2019
<b>EURO Impact</b>		
<b>5% Appreciation in EURO</b>		
Impact on profit or loss for the year {Gain/(Loss)}	(137)	(123)
Impact on total equity as at the end of the year	(137)	(123)
<b>5% Depreciation in EURO</b>		
Impact on profit or loss for the year {Gain/(Loss)}	137	123
Impact on total equity as at the end of the year	137	123

**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 38**

As set out in section 135 of the Companies Act, 2013 the Company is required to contribute/ spend Rs. 828 lakhs towards Corporate Social Responsibility activities, as calculated basis 2% of its average net profits of the last three financial years. Accordingly, during the current year, the Company has spent Rs. 828 lakhs (previous year Rs. 605 lakhs).

**NOTE 39**

The financial statements were approved for issue by the board of directors on May 22, 2020 (previous year ended March 31, 2019 on May 13, 2019). The Board of Directors have recommended dividend of Rs. 75 per equity share for the financial year ended March 31, 2020 (previous year ended March 31, 2019: Rs. 45 per equity share) for approval of shareholders. The face value of the equity share is Rs. 10 each. This payment is subject to the approval of shareholders in the Annual General Meeting of the Company. In view of COVID - 19 the Company is working on an Annual General Meeting date which will be announced by the Company in due course. This final dividend if approved by shareholders would result in a net cash outflow of approximately Rs. 6,631 lacs (previous year ended March 31, 2019: Rs. 4,797 lacs approved by shareholder in Annual General Meeting held on August 9, 2019).

For and on behalf of the Board

Suresh Senapaty  
ChairmanAshish Gaikwad  
Managing DirectorFarah Irani  
Company SecretaryAmit Tantia  
Chief Financial OfficerPlace : Pune  
Date : May 22, 2020



**HONEYWELL AUTOMATION INDIA LIMITED**

Registered Office: 56 & 57, Hadapsar Industrial Estate, Pune – 411 013, Maharashtra

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Email: HAIL.InvestorServices@Honeywell.com, Website: <https://www.honeywell.com/en-us/global/en-in/hail>

**CONSENT FOR RECEIVING DOCUMENTS IN ELECTRONIC FORM**

Dear Shareholders,

Pursuant to Section 101 of the Companies Act, 2013 read with Rule 18 of the Companies (Management and Administration) Rules, 2014, your Company has sent the Annual Report through electronic mode to those Shareholders whose E-mail IDs are registered. Please note that as a Shareholder, you will be entitled to receive physical copies of all notices and documents free of cost, upon specific request to the Company.

The Annual Report and the Notice of General Meetings and other documents will also be available on the Company’s website at : <https://www.honeywell.com/en-us/global/en-in/hail>

Shareholders holding shares in physical mode and wishing to register / update their E-mail ID to receive the Annual Report and other documents in electronic mode are requested to fill the form below and send the same to our Registrar and Share Transfer Agents viz., **TSR DARASHAW CONSULTANTS PVT. LTD. (previously TSR Darashaw Ltd.), 6-10 Haji Moosa Patrawala Ind. Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011.** The Company will not be in a position to send the documents in electronic mode unless the duly filled in form given below is received.

Shareholders holding shares in the dematerialized mode and wishing to register / update their E-mail ID to receive the Annual Report and other documents in electronic mode are requested to register / update their E-mail ID with the Depository Participant where their demat account is maintained.

**Honeywell Automation India Limited**

Place: Pune  
Date: May 22, 2020

**Farah Irani**  
Company Secretary

**HONEYWELL AUTOMATION INDIA LIMITED**

Registered Office: 56 & 57, Hadapsar Industrial Estate, Pune – 411 013, Maharashtra

CIN: L29299PN1984PLC017951, Tel: +91 20 7114 8888

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**CONSENT FOR RECEIVING DOCUMENTS IN ELECTRONIC FORM**

I/We agree to receive documents in electronic mode pursuant to Section 101 of the Companies Act, 2013 read with Rule 18 of the Companies (Management and Administration) Rules, 2014. Please register / update\* the E-mail ID as mentioned below.

\*Strike out whichever is not applicable.

- 1. Name(s) of Shareholder(s) (including joint holders, if any) : \_\_\_\_\_
- 2. No. of Shares held : \_\_\_\_\_
- 3. Registered Folio No. / DP ID & Client ID No. : \_\_\_\_\_
- 4. E-mail ID for receipt of documents in electronic mode :

Place : \_\_\_\_\_

\_\_\_\_\_  
(Signature of First holder)

Date : \_\_\_\_\_

\_\_\_\_\_  
(Name of First holder)

For Physical shares : Kindly send to TSR DARASHAW CONSULTANTS PVT. LTD.

For Demat shares : Kindly register / update the E-mail ID with the Depository Participant where your demat account is maintained.





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