

# Honeywell

Honeywell Automation India Limited  
CIN: L29299PN1984PLC017951  
Regd. Office: 56 & 57, Hadapsar Industrial  
Estate, Pune - 411 013, Maharashtra  
Tel: +91 20 7114 8888  
E-mail: India.Communications@Honeywell.com  
Website: <https://www.honeywell.com/in/en/hail>

July 23, 2022

To  
The Manager – Compliance Department  
National Stock Exchange of India Limited  
'Exchange Plaza' Bandra Kurla Complex,  
Bandra (East) Mumbai 400051  
NSE Symbol: HONAUT

To  
The Manager – Compliance Department  
BSE Limited  
Floor 25, P.J.Tower, Dalal Street  
Mumbai 400001  
BSE Scrip Code: 517174

Dear Sir,

**Sub: Regulation 34 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 -  
Electronic copy of the Notice of the 38<sup>th</sup> Annual General Meeting (AGM) and the Annual Report  
of Honeywell Automation India Limited for the financial year 2021-22**

This is to inform you that the 38<sup>th</sup> Annual General Meeting (AGM) of the Company is scheduled to be held on **Wednesday, August 17, 2022 at 4.00 p.m.** (IST) through Video Conference / Other Audio-Visual Means, in accordance, with the relevant circulars issued by Ministry of Corporate Affairs and Securities and Exchange Board of India (SEBI).

In terms of the requirements of Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Annual Report of the Company including the Business Responsibility Report and the Notice of AGM for the financial year 2021-22, which is also being sent through electronic mode to the Members.

The Annual Report containing the Notice of Annual General Meeting is also uploaded on the Company's website at <https://www.honeywell.com/in/en/hail>

You are requested to kindly take the above information on record.

Yours Sincerely,

**For Honeywell Automation India Limited**



**Farah Irani  
Company Secretary**

**Encl: A/a**

# **Honeywell**

**HONEYWELL AUTOMATION INDIA LIMITED**

**ANNUAL REPORT 2021 - 22**



## **DR. GANESH NATARAJAN**

Independent Director  
(Non-Executive) and Chairman of  
the Board of Directors, Honeywell  
Automation India Limited

# **FROM THE CHAIRMAN'S DESK**

Dear Shareholders,

I am delighted to connect with you! I would like to thank you for your continued ownership of Honeywell Automation India Limited ("HAIL") and I sincerely hope that you and your family members are safe and healthy.

The last year has proven our strength and resolve as we emerge from the pandemic. India's economy bounced back and the GDP grew 8.7% in FY2021-22, even as we continue to navigate the challenges of the pandemic. A large share of the population is now fully vaccinated which will help in containing the impact from any further spikes in COVID-19. Even though FY 2021-22 might not have been the best of the years because of unprecedented external macroeconomic factors, their impact is expected to be seen in the future as well. The fundamentals of the Indian economy, however, remain strong. India's democratic political system is more stable and institutionalized than those of other developing economies. This favours policy continuity and institutional stability. Latest GDP estimations shows a growth of 7.2% Y-o-Y which will help boost the Indian economy further.

Last year was a year of recovery for your Company. While Honeywell continues to face challenges such as supply chain disruption and inflation among others, the Company's principles and core behaviors have provided tenets to help guide a roadmap to the future. Under the leadership of a capable management team, your Company was quick to pivot and find opportunities to not only tide over a tough year, but also solve for some of the challenges thrown up by post pandemic external factors. The pandemic accelerated the pace of digital transformation and pushed us faster and further into the digital era. Your Company empowered customers with required digital offerings as and established itself as their preferred automation vendor. Your Company will continue to focus on its core strategies and aggressively pursue new growth levers of digitization, sustainability, and tailwinds across various industry segments like metals, healthcare, and cybersecurity in the country.

All around the world, there is increased focus on sustainability – from alternative fuels to reduced emissions, and commitments by companies and countries to go carbon neutral. Globally, 60% of Honeywell's new product R&D is focussed on solutions that enhance environmental and social outcomes for customers. Your Company remains committed to innovate to create flexible, future-forward, and sustainable solutions that address the challenges of an ever-changing world.

*Non Nascor Mihi Solum* - Live not for self alone. In partnership with leading non-profit institutions, your Company developed powerful corporate social responsibility (CSR) programs to address the needs of the communities Honeywell serves. Your Company contributed to strengthening of rural healthcare systems and holistic rural development programs and supported non-COVID recovery efforts. We will continue to find ways to help those who are less privileged but certainly not less deserving.

It would be incorrect to say that the economy has turned into the growth phase. There are still some external factors, which may impact your Company's overall growth in near short term. However, with the resilience and dedication of the leadership team, your Company will overcome these turbulent times in the long run. On your behalf, I would like to acknowledge the tremendous efforts of your Company's employees across levels and thank them for their hard work, dedication and continued commitment. I would also like to thank our customers, suppliers, bankers, and financial institutions.

Last but not the least, on behalf of the Board of Directors of Honeywell Automation India Limited, I want to thank you for your continued trust, confidence, and support.

**Dr. Ganesh Natarajan**  
Chairman & Independent Director



## ASHISH GAIKWAD

Managing Director, Honeywell  
Automation India Limited and  
VP-GM, Honeywell Process  
Solutions India

# FROM THE MANAGING DIRECTOR'S DESK

Dear Shareholders,

Your Company has completed 38 years in India. During these years, your Company has evolved into a trusted brand. From a fledgling entity serving customers in the process industry and commercial buildings with a limited automation portfolio, we have now transformed into an industry leader with a large and diverse portfolio, serving the government and private sectors in India and overseas.

This has been an exciting journey and I have been fortunate to serve the Company for over 30 of these 38 years.

You will agree that FY2021-22 was a tough year for the Company. The post pandemic effect, slowdown in the global economy, and unprecedented external macroeconomic factors impacted us. Overall revenue from operations in FY2021-22 stood at INR 2,948 crore, registering a year-on-year decline of 3.1%. Your Company's profit (after tax) was INR 339 crore. Cost of goods sold was 52.4% of sales against 50.3% in the previous year. Your Company delivered a return of 11.5% on sales as against 15.1% in the previous year.

On a positive note, demand was not an issue for us in FY2021-22, External order booking in the year increased by 31% as compared to the previous year. Supply chain disruptions, inflation, and the continued presence of COVID-19 in the first half of the year proved to be the key challenges. Your Company is already working to address these challenges, and will look at – among other steps – focusing on proactively identifying local manufacturers to avoid supply chain disruptions. This is also in line with the Government of India's Atmanirbhar Bharat Mission.

Responding to needs arising post pandemic, your Company rolled out several offerings for our industrial and commercial buildings customers to enable them to continue their operations remotely. Your Company offered effective remote engineering solutions, remote factory acceptance test set-ups, remote site-commissioning solutions, and remote maintenance solutions. All this was done using our approach to digital transformation with our leading industrial software applications. This also accelerated our customers on their digital transformation/Industry 4.0 journey. Additionally, we offered our Industrial Cybersecurity solutions to protect our customers' digital infrastructure and data.

Your Company developed Honeywell Healthy Buildings solutions portfolio, which makes commercial real estate, workplaces and campuses safer and healthier for occupants and users as they begin weaning away from a 'work from home' practice that was prevalent through much of last year.

Your Company bagged the prestigious Bengaluru Safe City project under the Government's Nirbhaya Fund, which seeks to make the city safer for women. Continued Government spending on the country's core infrastructures such as airports, metros, railways, ports, Smart Cities and large-scale data centers among others are opportunities for value-added services that we excel in. Your Company is well positioned to align with this growing demand in the country.

Over the last few years, your Company has focused to grow the business in the pharma and life sciences industry. The pandemic showed that our foresight was not misplaced. Your Company has a strategic approach to grow in this industry by building a differentiated portfolio relevant to the needs of the Indian customer. Our portfolio of products, software, and solutions align well across the value chain of the pharma and life sciences sector – from R&D for vaccine and drugs discovery to manufacturing, packaging, distribution, and tracking. Our integrated hardware and software solutions enable pharmaceutical manufacturers to meet their key goals – operational excellence, productivity, safety, regulatory compliance, and data driven decision making. The steady growth of this sector coupled with rapid adoption of automation and digitalization solutions by pharmaceutical companies provides an attractive opportunity for your Company to become a trusted automation and digitalization partner for the sector in our country.

In tune with time, your Company is driving the digital transformation – both internally and externally with our customers to help them gain efficiency. We made significant progress on both the fronts in FY2021-22. This also aligns with the Government's Digital India mission.

Sustainability has taken centerstage in a post pandemic world. India is facing a higher demand for sustainable solutions that address energy optimization, natural gas transmission and distribution, renewable energy, and water conservation. Working with global Honeywell experts and powered by Honeywell's leading technologies, your Company is well placed to address these new growth areas. Looking ahead, Sustainable Technology Solutions will be a global business before the turn of the decade and will enable a transition path from the current carbon-intensive industry to the future of new energy. Our play in sustainability and energy transformation will be a key area of growth for Honeywell. We will take steps to bring these highly impactful technologies to market faster, where our customers and the environment will greatly benefit from them.

Enterprises are increasingly turning to sustainability as a force multiplier for competitive advantage. Your Company's building management systems help enable smarter buildings, simplify facility operations, increase occupant comfort, and maintain operational and energy efficiency. Your Company is a key enabler for enterprises in their progression throughout the sustainability journey – offering solutions to manage energy demand and drive business continuity, while achieving compliance and working towards meeting sustainability goals. Backed by more than 50 years' experience in building controls and technologies, Honeywell's Healthy Buildings solutions are part of a comprehensive effort to innovate solutions that help critical sectors of the economy recover, without the need to replace existing infrastructure.

Finally, on your behalf, I would like to express my sincere gratitude towards the Company employees and appreciate their resiliency. They have gone above and beyond their responsibilities to ensure uninterrupted operations, delivering on customer commitments and business priorities. While doing so, they also supported colleagues and their families during this difficult time. With your continued support, and our collective efforts I am confident that we shall emerge stronger and be known as one of the best socially-responsible software industrial companies.

I look forward to your continued support and trust in the Management Team.

**Ashish M. Gaikwad**  
Managing Director

# OUR BOARD OF DIRECTORS



**DR. GANESH  
NATARAJAN**

Independent Director and  
Chairman of the  
Board of Directors



**ASHISH GAIKWAD**

Managing Director and VP-GM,  
Honeywell Process Solutions  
India



**ASHISH MODI**

Non-Executive Director  
and VP-GM, Honeywell  
Building Technologies  
India and Rest of Asia



**ATUL PAI**

Non-Executive Director  
and VP, Enterprise Controller  
Operations, Honeywell Global  
Finance Center



**NEERA SAGGI**

Independent Director



**RAJESH REGE**

Non-Executive Director  
and President,  
Honeywell India

# OUR OUR KEY MANAGERIAL PERSONNEL (KMP)



**Ashish Gaikwad**  
Managing Director



**Farah Irani**  
Company Secretary



**Pulkit Goyal**  
Chief Financial Officer

# OUR MANAGEMENT TEAM



**Anand Pandey**  
Advanced Sensing  
Technologies



**Anurag Anand**  
Building Management  
Systems



**Dipankar Routray**  
Global Engineering  
Services



**Madhavi Bhalerao**  
Internal Auditor



**Mahesh Joshi**  
Human Resources



**Ritwij Kulkarni**  
Building Solutions



**Saurabh Gupta**  
Global Manufacturing



**Shreeharsha  
Karve**  
Procurement

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## **Registrar & Transfer Agent:**

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

## **Registered Office:**

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

## **Auditors**

Deloitte Haskins & Sells LLP  
Chartered Accountants

## **Bankers**

Citibank N. A.

NOTICE is hereby given that the **THIRTY EIGHTH ANNUAL GENERAL MEETING (AGM) of HONEYWELL AUTOMATION INDIA LIMITED** will be held on Wednesday, August 17, 2022 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, 2022, together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare final dividend of INR 90/- (Rupees Ninety only) per equity share for the financial year 2021-22.
3. To consider appointing a Director in place of Mr. Atul Pai (DIN: 02704506) who retires by rotation and being eligible offers himself for re-appointment.

**SPECIAL BUSINESS:**

4. **To approve appointment of Mr. Rajesh Rege 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. Rajesh Rege (DIN: 06563934), who was appointed by the Board of Directors as an Additional (Non-Executive) Director of the Company with effect from June 15, 2022, 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.”

5. **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 7,00,000/- (Rupees Seven Lakhs only) plus GST and re-imbusement 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, 2023.”

6. **To consider and approve payment of commission to Directors {other than the Managing Director / Executive Director(s)}**

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

“**RESOLVED THAT** pursuant to Sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 and Rules thereunder, a commission for a sum not exceeding one percent per annum of the net profits of the Company calculated in accordance with the provisions of the above-mentioned Sections of the Act, be paid and distributed amongst the Directors of the Company or some or any of them {other than the Managing Director/Executive Director(s)} in such amounts or proportions and in such manner and in all respects as may be directed by the Board of Directors and such payments shall be made in respect of the profits of the Company for each year of the period of five years commencing with the financials for the year commencing from April 1, 2022.”



**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, April 13, 2020, January 13, 2021, May 5, 2022 (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 6 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 amruta@bokilandpunde.in with a copy marked to 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. 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 period ended December 31, 2015 or any subsequent financial years are requested to make their claim to the Office of the Registrar and Transfer Agents: TSR Consultants Pvt. Ltd. (previously TSR Darashaw Consultants Pvt. Ltd.) at C-101, 1<sup>st</sup> Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli West, Mumbai 400083. It shall be noted that once the dividend is transferred to the Investor Education and Protection Fund as above, no claim shall lie with the Company in respect of such

amount. The details of the unclaimed dividend lying in the Unpaid Dividend Account is available on Company's website at the following link: <https://www.honeywell.com/in/en/hail>

10. The Record Date for determining the names of member eligible for final dividend on equity shares for the financial year 2021-22, if approved by the members at the AGM is Wednesday, August 10, 2022. The payment of such dividend subject to deduction of tax at source will be made on Friday, September 2, 2022.
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 Consultants Pvt. Ltd. (previously TSR Darashaw Consultants Pvt. 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 Consultants Pvt. Ltd. (previously TSR Darashaw Consultants Pvt. 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/in/en/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., Wednesday, August 10, 2022 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 Saturday, August 13, 2022 (9.00 a.m. IST) and ends on Tuesday, August 16, 2022 (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 Wednesday, August 10, 2022 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. CS Amruta Rajarshi of Bokil Punde & Associates, Company Secretaries, has been appointed as the Scrutiniser to scrutinise the e-voting during the AGM and remote e-voting process in a fair and transparent manner. 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 thee-voting facility after expiry of 15 minutes from the conclusion of voting at the AGM. The scrutiniser shall first count the votes caste electronically at the meeting and there after unblock the votes cast through remote e-voting and shall make, not later than two working days of the conclusion of the AGM, a consolidated scrutinisers' report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same and declare the result of the voting forthwith.
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/in/en/hail> and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorised by him in writing. The results shall also be immediately forwarded to the BSE and NSE where the shares of the Company are listed.
18. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 13, 2020, Notice of the AGM along with the Annual Report 2021-22 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 2021-22 will also be available on the Company's website <https://www.honeywell.com/in/en/hail>, websites of the Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of NSDL <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 Consultants Pvt. Ltd. (previously TSR Darashaw Consultants Pvt. Ltd. ) at [https://tcpl.linkintime.co.in/EmailReg/Email\\_Register.html](https://tcpl.linkintime.co.in/EmailReg/Email_Register.html) by following the instructions provided therein /their respective depository participants.**

19. Members attending the AGM through VC I OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
20. **Tax on Dividend**

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	10% or as notified by the Government of India
Members not having PAN I 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 2022-23 does not exceed INR 5,000 and also in cases where members provide Form 15G I 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 I 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 2022-23 obtained from the tax authorities of the country of tax residence, duly attested by member
- Self-declaration in Form 10F
- Self-declaration by the shareholder of having no permanent establishment in India in accordance with the applicable tax treaty
- Self-declaration of beneficial ownership by the non-resident shareholder
- Lower tax deduction certificate obtained from the respective jurisdictional tax officer u/s 197 r.tw. Section 195 of the IT Act

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

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

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

- i. At twice the rate specified in the relevant provision of the Act; or
- ii. At twice the rates or rates in force; or
- iii. At the rate of 5%

The 'specified person' means a person who has:

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

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

**In case of Foreign Institutional Investors I Foreign Portfolio Investors,** tax will be deducted under Section 1960 of the IT Act @ 20% (plus applicable surcharge and cess).

The shareholders are requested to submit/upload the aforementioned documents on the link <https://zfrmz.com/T26xrfwvWhVvxmPY7XYU> [QR code given below] on or before August 10, 2022. No communication would be accepted from members after August 10, 2022 regarding the tax withholding/TDS on

dividend. It may be further noted that in case the tax on said dividend is deducted at a higher rate, in the absence of receipt of the aforementioned details/documents from you, there would still be an option available with you to file the return of income and claim an appropriate refund, if eligible. For further details, members are requested to visit the website of the Company <https://www.honeywell.com/in/en/hail>. The dedicated email ID for queries, if any, in this respect is [HAIL.Dividend@Honeywell.com](mailto:HAIL.Dividend@Honeywell.com)

21. Since the AGM will be held through VC I 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, June 15, 2022

**Registered Office:**

56 & 57, Hadapsar Industrial Estate,

Pune - 411 013, Maharashtra

CIN: L29299PN1984PLC017951

Tel: +91 20 7114 8888

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

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



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

The Board of Directors of the Company pursuant to the recommendation of the Nomination and Remuneration Committee, appointed Mr. Rajesh Rege (DIN: 06563934), as an Additional (Non-Executive) Director of the Company with effect from June 15, 2022, pursuant to Section 161 of the Companies Act, 2013. Mr. Rajesh Rege 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. Rajesh Rege 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 SS2- Secretarial Standard on General Meetings and the brief profile of Mr. Rajesh Rege is provided in the Annexure to this Notice. The Board recommends the passing of the resolution set out at Item No. 4 of the Notice. Except Mr. Rajesh Rege, 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. 5:**

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 12, 2022, 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-2022 and ending on 31-March-2023 at a remuneration of INR 7,00,000/- (Rupees Seven Lakhs only) plus GST and re-imbursment 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. 5 of the notice for ratification of the remuneration payable to the Cost Auditor for the financial year ending March 31, 2023.

The Board recommends the Ordinary Resolution set out at Item No. 5 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. 6:**

At the Thirty-Third Annual General Meeting held on August 9, 2017, the Members had approved the payment of commission to Directors of the Company or some or any of them (other than the Managing Director) for a sum not exceeding one percent per annum of the net profits of the Company for each year of the period of five years commencing with the financials for the year commencing April 1, 2017. The said approval has expired on March 31, 2022. Hence, it is proposed to renew the said resolution for a further period of five years commencing with the financials for the year commencing April 1, 2022; by approving the payment of commission to Directors of the Company or some or any of them {other than the Managing Director/Executive Director(s)} for a sum not exceeding one percent per annum of the net profits of the Company calculated as per provisions of Section 198 of the Companies Act, 2013.

The Board recommends the passing of the resolution set out at Item No.6 of the Notice.

Dr. Ganesh Natarajan and Ms. Neera Saggi are interested in this Resolution. Save and except the above, 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.

**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. Atul Pai	Mr. Rajesh Rege
DIN	02704506	06563934
Age (in years)	51	55
Date of appointment on the Board	09-Nov-20	15-June-22
Qualification	Chartered accountant and certified Six Sigma Green Belt.	Bachelor's degree in Electronics and Communications Engineering from the National Institute of Technology, Surathkal, India.
Experience & Brief profile and nature of expertise in specific functional areas	As provided in the Notice separately	As provided in the Notice separately
Directorships held in other companies	1	1
Memberships I Chairmanships of committees across all other public limited companies*	Nil	Nil
Relationship with other Directors I Manager I Key Managerial Personnel	None	None
Shareholding in the Company	Nil	Nil
No. of Board / Committee Meetings attended during the year	4/4	N.A.

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. Atul Pai**

Mr. Atul Pai was named Vice President and Enterprise Controller Operations of Honeywell Global Finance Center in January 2020. The Global Finance Center is an organisation that excels in technology, global influence and multi domain finance skills.

Mr. Atul Pai responsibilities include operationalising Honeywell's digital journey within the finance function to improve business results by leveraging contemporary tools and the power of data to provide insights.

Over the past 25+ years, Mr. Atul Pai has been held multiple CFO roles in India and globally. He helped drive commercial excellence, while refining the controls and compliance infrastructure, resulting in capital-efficient and profitable growth.

Mr. Atul Pai is member of the global finance leadership team and Honeywell India leadership team.

**Experience, brief profile and nature of expertise in specific functional areas - Mr. Rajesh Rege**

Mr. Rajesh Rege is President, Honeywell India and is based out of Bengaluru India.

Mr. Rajesh Rege partners with businesses to explore new opportunities, while focusing on market trends and adjacencies to strengthen Honeywell's position in the country. He spearheads Honeywell's India strategy that focuses on the company's growth pillars of shaping a diversified portfolio of products and solutions tailored to the India market, while driving key customer and government engagements, and helping build the talent and leadership pipeline in country.

With his experience in the India market, he adds value to Honeywell's initiatives in sustainability, digitization, safety, industrial automation, and foray into the mass midsegment initiative through the Impact by Honeywell brand.

Mr. Rajesh Rege has nearly 34 years of rich corporate experience and his last assignment was with Microsoft, where he was executive director, leading the Technology and Cloud Solutions business for India. He has a strong track record of driving impressive business results and managing transformation across companies like Microsoft, Red Hat, Cisco Systems, Sun Microsystems, and Wipro. He was also Managing Director for Red Hat, global open source software leader, responsible for India and South Asia.

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

**Farah Irani**  
Company Secretary

Pune, June 15, 2022

**Registered Office:**

56 & 57, Hadapsar Industrial Estate,

Pune - 411 013, Maharashtra

CIN: L29299PN1984PLC017951

Tel: +91 20 7114 8888

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

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



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, Circular No. 02/2021 dated January 13, 2021 and Circular No. 02/2022 dated May 5, 2022 and all other relevant circulars issued from time to time, physical attendance of the Members to the AGM venue is not required and general meeting 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 there at 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, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Risk Management Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
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, April13, 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 authorized agency. The facility of casting votes by a member using remote e-Voting system as well as venue 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/in/en/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 AND JOINING GENERAL MEETING ARE AS UNDER :**

The remote e-voting period begins on Saturday, August 13, 2022 at 09.00 A.M. IST and ends on Tuesday, August 16, 2022 at 5.00 P.M. IST. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members I Beneficial Owners as on the record date (cut-off date) i.e., August 10, 2022, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being August 10, 2022.

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


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

**Step 1: Access to NSDL e-Voting system****A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**

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

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

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li>Existing IDeAS user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select “Register Online for IDeAS Portal” or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></li> </ol>

Type of shareholders	Login Method
	<p>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p> <p>4. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience.</p> <div data-bbox="792 779 1174 1031" style="text-align: center;"> <p>NSDL Mobile App is available on</p>  </div>
Individual Shareholders holding securities in demat mode with CDSL	<p>1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</p> <p>2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote.</p> <p>3. If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></p> <p>4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.</p>

Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

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

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

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022-23058738 or 022-23058542-43

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

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

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 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

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

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
  - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
  - (ii) If your email ID is not registered, please follow steps mentioned 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 etc.
- d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

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

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

1. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select “EVEN” of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join Meeting”.
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

#### **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 [amruta@bokilandpunde.in](mailto:amruta@bokilandpunde.in) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or by clicking on “**Upload Board Resolution / Authority Letter**” displayed under “**e-Voting**” tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Mr. Sagar Ghosalkar at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
4. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes member of the Company after the notice is send through e-mail and holding shares as of the cut-off date i.e., August 10, 2022, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or Issuer / RTA. However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details I Password” or “Physical User Reset Password” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no. 1800 1020 990 and 1800 22 44 30. In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e., August 10, 2022 may follow steps mentioned in the Notice of the AGM under “Access to NSDL e-Voting system.”

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

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [csg-unit@tcplindia.co.in](mailto:csg-unit@tcplindia.co.in)
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID +CLIO or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to [csg-unit@tcplindia.co.in](mailto:csg-unit@tcplindia.co.in). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
3. Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password fore-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

**THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

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

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

Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of 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.

2. Members are encouraged to join the Meeting through Laptops for better experience.

3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/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](mailto:HAIL.InvestorServices@Honeywell.com) at least 10 days before the AGM. The Company reserves its right in this respect.
6. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at [HAIL.InvestorServices@Honeywell.com](mailto:HAIL.InvestorServices@Honeywell.com) at least 10 days before the AGM. The same will be replied by the Company suitably.
7. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.



Dear Members,

The Directors present the **THIRTY EIGHT ANNUAL REPORT** with the audited financial statements of the Company for the financial year ended March 31, 2022.

Key highlights of financial performance of your Company for the financial year 2021-22 are provided below:

#### 1. FINANCIAL RESULTS:

(Rupees in lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021	Year on Year Change
Sales & Other Income	303,066	312,675	(9,609)
Operating profit	51,557	67,289	(15,732)
Less: Interest	549	621	(72)
Less: Depreciation	5,246	4,866	380
Profit before tax for the year	45,762	61,802	(16,040)
Less: Income tax and deferred tax expenses	11,849	15,798	(3,949)
Profit after tax for the year	33,913	46,004	(12,091)
Profit brought forward from the previous year	237,340	197,967	39,373
Profit available for appropriations	271,253	243,971	27,282

Revenue from operations registered a decline of 3.1%, Profit before tax is 15.5% of revenue from operations as compared to 20.3% in previous year. Exports revenue decreased over previous year by 19.6%.

#### 2. DIVIDEND:

Payment of final dividend @INR 90/- per equity share of face value of INR 10/- each was recommended by the Board of Directors at their meeting held on May 12, 2022 (Previous Year: INR 85/- 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 NR 7,957 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 2021-22, after all appropriation and adjustments was INR 263,738 Lakhs.

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

#### 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, 2022, the Company's employee strength was 2,950 as compared to 3,175 (full-time employees) as on March 31, 2021. Women employees represent 16.9% 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:**

As on March 31, 2022, the Board of Directors comprises of Dr. Ganesh Natarajan, Chairman, Independent (Non-Executive Director), Ms. Neera Saggi, Independent (Non-Executive Director), Mr. Ashish Gaiwad, Managing Director (Executive Director), Dr. Akshay Bellare, Non-Independent (Non-Executive Director), Mr. Ashish Modi, Non-Independent (Non-Executive Director) and Mr. Atul Pai, Non-Independent (Non-Executive Director).

There was no change in the Composition of the Board during the period under review. The following change have taken place in the composition of Key Managerial Personnel:

At the Board Meeting held on February 11, 2022, the Board of Directors took note of the resignation of Mr. Amit Kumar Tantia, Chief Financial Officer of the Company with effect from close of business hours of February 11, 2022 since he has moved to a new role within Honeywell Group Company and appointed Mr. Pulkit Goyal as Chief Financial Officer (KMP) of the Company with effect from February 12, 2022.

The Board places on record its appreciation of the valuable contribution made by Mr. Amit Kumar Tantia during his tenure as a Key Managerial Personnel.

As per the provisions of the Companies Act, 2013, Mr. Atul Pai (DIN: 02704506) 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. Pulkit Goyal, 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.

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

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

During the financial year under review, the Board of Directors of your Company duly met four times on May 31, 2021; August 5, 2021; November 13, 2021 and February 11, 2022. 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 at the Board Meeting held on February 11, 2022 and improvement areas were discussed as well as the agreed action plan of previous year was reviewed.

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

## 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, 2022 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 <https://www.honeywell.com/content/dam/honeywellbt/en/documents/downloads/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 re-appointed as the Statutory Auditors for a period of 5 years at the 36th Annual General Meeting of the Company to hold office from the conclusion of the 36<sup>th</sup> Annual General Meeting (AGM) up to the conclusion of the 41st AGM of the Company and on such remuneration as approved by the shareholders at 36<sup>th</sup> AGM which is re-produced below.

The remuneration payable to the Statutory Auditor for the aforesaid 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.

### 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, 2022. 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 2021-22. The Cost Audit Report for the financial year ended March 31, 2022 is due to be filed on September 27, 2022. The Cost Audit Report for the financial year ended March 31, 2021 was filed on August 30, 2021.

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 2022-23. The Board of Directors at its meeting held on May 12, 2022 pursuant to recommendation of the Audit Committee, appointed C S Adawadkar & Co., as the Cost Auditor for the financial year ending March 31, 2023 at a remuneration of INR 7,00,000/- 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, 2022.

**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 J B Bhavle & Co, Practicing Company Secretaries as Secretarial Auditors of the Company for the financial year 2021-22. 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 Management Committee, to develop, implement and monitor the effectiveness of risk management processes for the Company. This framework enables identification, assessment, monitoring and mitigation of strategic, operational, compliance 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 at <https://www.honeywell.com/in/en/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, 2013, amounting to INR 2,53,910/- was transferred during the financial year 2021-22, 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 period ended March 31, 2015, the Company has 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).

Members who have not encashed the dividend warrant(s) so far for the period ended March 31, 2015 or any subsequent financial years are requested to make their claim by emailing the signed documents at [csg-unit@tcplindia.co.in](mailto:csg-unit@tcplindia.co.in) and courier/post the original signed documents at the Company(s) Registered office or to the Office of the Registrar and Transfer Agents: TSR Consultants Pvt. Ltd. (previously TSR Darashaw Consultants Pvt. Ltd). 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 6" 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.

The Nomination and Remuneration Policy of the Company is available on the website of the Company at <https://www.honeywell.com/content/dam/honeywellbt/en/documents/downloads/india-hail/policies/nomination-and-remuneration-policy.pdf>

**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, 2022 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. ANNUAL RETURN:**

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12 (1) of the Companies Management and Administration) Rules, 2014, the annual return is available on the website of the Company at <https://www.honeywell.com/content/dam/honeywellbt/en/documents/downloads/india-hail/financials/annual-reports/draft-annual-return-2021-22.pdf>

**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 Bokil Punde & Associates, 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, 2022 and of the profit for the year April 1, 2021 to March 31, 2022;
- 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 <https://www.honeywell.com/content/dam/honeywellbt/en/documents/downloads/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. GENERAL DISCLOSURES:**

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

1. Issue of Equity Shares with differential rights as to dividend, voting or otherwise.
2. Issue of Equity Shares (including Sweat Equity Shares) to employees of your Company, under any scheme.
3. Your Company has not resorted to any buy back of its Equity Shares during the year under review.
4. Your Company does not have any subsidiaries. Hence, neither the Managing Director nor the Whole-time Directors of your Company received any remuneration or commission during the year, from any of its subsidiaries.
5. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and your Company's operations in future.
6. No fraud has been reported by auditors under sub-section (12) of section 143.
7. The details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof - Not Applicable
8. The details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the financial year - Not Applicable

**38. ACKNOWLEDGMENT:**

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

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

**Dr. Ganesh Natarajan**  
Chairman

Pune, May 12, 2022

**Registered Office:**

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

## ANNEXURE - 1

## Annual Report on Corporate Social Responsibility (CSR) Activities-Board's Report

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

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

1. Education and Skill Development
2. Holistic Rural Development
3. Disaster Relief Program
4. Natural Resource and Environment
5. Gender Equality

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

## 2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation   Nature of Directorship	Number of meetings of CSR Committee held during the year 2021-22	Number of meetings of CSR Committee attended during the year 2021-22
1	Dr. Akshay Bellare	Chairman, Non-Executive Director	2	1*
2	Ms. Neera Saggi	Independent Director	2	2
3	Mr. Ashish Modi	Non-Executive Director	2	2

\* Leave of Absence was granted.

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

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

<https://www.honeywell.com/content/dam/honeywellbt/en/documents/downloads/india-hail/policies/corporate-social-responsibility-policy.pdf>

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

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).

Not Applicable.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any N.A.

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in INR)	Amount required to be set-off for the financial year, if any (in INR)
1	N.A.		

6. Average net profit of the company as per section 135(5): INR 61,786 lakhs
7. (a) Two percent of average net profit of the company as per section 135(5) : INR 12,35,71,200  
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. N.A  
 (c) Amount required to be set off for the financial year, If any N.A.  
 (d) Total CSR obligation for the financial year (7a+7b- 7c) : INR 12,35,71,200
8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in INR)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
INR 12,35,71,200	-	-	-	-	-

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1) Sl. No.	(2) Name of the Project.	(3) Item from the list of activities in Schedule VII to the Act.	(4) Local area (Yes/No).	(5) Location of the project.		(6) Project duration.	(7) Amount allocated for the project (in INR).	(8) Amount spent in the current financial Year (in INR).	(9) Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in INR).	(10) Mode of Implementation - Direct (Yes/No).	(11) Mode of Implementation - Through Implementing Agency	
				State.	District.						Name	CSR Registration number.
1	Holistic Rural Development (Project Anand Gaon)	Rural Development Projects	Yes	Maharashtra	Raigad, Nashik	Nov 2021- Mar 2022	5,00,00,000	5,00,00,000	0	No	Swades Foundation	CSR00004724
2	Holistic Rural Development (Strengthening Rural Healthcare)	Rural Development Projects	Yes	Maharashtra	Thane, Ahmednagar, Pune	Nov 2021- Mar 2022	1,58,37,875	1,58,37,875	0	No	Ameri-cares India Foundation	CSR00004724
	<b>TOTAL</b>						<b>6,58,37,875</b>	<b>6,58,37,875</b>	<b>0</b>			

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project (in INR).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State	District			Name	CSR registration number
1.	Disaster Relief Programme	(xii) disaster management, including relief, rehabilitation and reconstruction activities	Yes	Haryana, Karnataka, Maharashtra, Uttarakhand	Karnal, Uttara Kannada, Sindhudurg, Solapur, Ratnagiri, Pune, Nainital, Uttar Kashi,	5,14,41,435	No	HHSIF	CSR00004724

(d) Amount spent in Administrative Overheads : INR 6,291,890 towards dedicated administrative expenditure of HHSIF for managing Company's CSR programs.

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

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : INR 12,35,71,200

(g) Excess amount for set off, if any :

Sl. No.	Particular	Amount (in INR.)
(i)	Two percent of average net profit of the company as per section 135(5)	12,35,71,200
(ii)	Total amount spent for the Financial Year	12,35,71,200
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NIL
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years	NIL
	[(iii)-(iv)]	

## 9. Details of Unspent CSR amount for the preceding three financial years: NA

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	-9
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in INR).	Amount spent on the project in the reporting Financial Year (in INR).	Cumulative amount spent at the end of reporting Financial Year. (in INR.)	Status of the project - Completed /Ongoing.
1	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
	TOTAL							

## 10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

- Date of creation or acquisition of the capital asset(s): N.A.
- Amount of CSR spent for creation or acquisition of capital asset.: N.A.
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: N.A.
- Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): N.A.

## 11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): N.A.

**Ashish Gaikwad**  
Managing Director

**Akshay Bellare**  
Chairman, CSR Committee

Pune, May 12, 2022

**ANNEXURE - 2**  
**Form No. MR-3**  
**Secretarial Audit Report**

**FOR THE FINANCIAL YEAR ENDED ON 31<sup>st</sup> MARCH, 2022**

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

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

Secretarial Audit was conducted for the year ended March 31, 2022, in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances of the Company and for expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to me and representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities And Exchange Board of India warranted due to spread of the COVID-19 pandemic, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2022 ("Audit Period"), complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and legal compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have conducted online verification and examination of records, as facilitated by the Company from time to time, due to Covid-19 pandemic and lockdown situation in the State of Maharashtra for the purpose of issuing this report.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2022 according to the provisions of the following list of laws and regulations:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):



- a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **[Not applicable during the Audit Period]**
  - c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **[Not applicable during the Audit Period]**
  - e) Securities and Exchange Board of India SEBI (Share Based Employee Benefits and Sweat Equity) Regulations 2021; **[Not applicable during the Audit Period]**
  - f) Securities And Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; **[Not applicable during the Audit Period]**
  - g) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - h) SEBI (Delisting of Equity Shares) Regulations, 2009 **[Not applicable during the Audit Period]**
- (vi) Other Applicable Laws: As informed by the management, there are no other laws applicable specifically to the Company.

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

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

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

I further report that:

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

Adequate notice is given to all directors to schedule the committee and Board Meetings, agenda and detailed notes on agenda are sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meetings. All the decisions of the board are passed with unanimous consent of all the directors and are recorded as part of the minutes.

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

I further report that during the audit period –

1. Mr. Ashish Gaikwad (DIN: 07585079) was re-appointed as Managing Director of the Company by the Board of Directors in Board Meeting dated May 31, 2021 and by the members in Annual General Meeting dated August 18, 2021 vide ordinary resolution for the term of 5 years with effect from October 1, 2021.
2. Mr. Nikhil Thakkar resigned as the internal auditor of the Company with effect from June 20, 2021 and Ms. Madhavi Bhalerao was appointed as the internal auditor of the Company with effect from September 20, 2021.

3. Mr. Amit Kumar Tantia resigned as the Chief Financial Officer (CFO) of the Company with effect from February 11, 2022 and Mr. Pulkit Goyal was appointed as the Chief Financial Officer (CFO) of the Company with effect from February 12, 2022.

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

**Jayavant B. Bhavé**  
**Proprietor**  
**FCS: 4266 CP: 3068**  
**PR No. 1238/2022**  
**UDIN: F004266D000288572**

**Place: Pune**

**Date: : May 12, 2022**

## ANNEXURE - 3

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

**For the Financial Year Ended March 31, 2022***(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:

- 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, 2022, which were not on arm's length basis.
- 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 (Rupees 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	6,055
		Sale of engineering services, purchase of services	Ongoing		21,375
		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	14,711
		Sale of engineering services, purchase of services	Ongoing		98
		Sale or purchase of fixed assets	Ongoing		-
Honeywell Turki-Arabia Limited	Fellow Subsidiary	Sale, purchase or supply of any goods or materials	Ongoing	In the ordinary course of business and based on purchase orders / agreements	1,019
		Sale of engineering services, purchase of services	Ongoing		5,915
		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**

**Dr. Ganesh Natarajan**  
Chairman

Pune, May 12, 2022

**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, 2022**

Name	Designation	Ratio of remuneration to median remuneration of employees*	Percentage increase in Remuneration^
Mr. Ashish Gaikwad	Managing Director	20:1	17%
Mr. Amit Tantia Upto 11/02/2022	Chief Financial Officer	9:1	7%
Mr. Pulkit Goyal w.e.f. 12/02/2022	Chief Financial Officer	16:1	N.A.
Ms. Farah Irani	Company Secretary	2:1	8%

\* Remuneration does not include long term incentives by Honeywell International Inc.

^ 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, 2022**

(Rupees in lakhs)

Name	Designation	Sitting Fees	Commission	Total Remuneration
Dr. Ganesh Natarajan	Chairman & Independent Director	6.40	22.00	28.40
Ms. Neera Saggi	Independent Director	7.60	21.00	28.60

**(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 2,950 permanent employees on the rolls of Company as on March 31, 2022.
- There was an increase of 12.7% (including merit and mid-year progressions / adjustments) in the median remuneration of employees.
- Average percentage increase in salaries (including merit and mid-year progressions / adjustments) of employees other than KMPs was 12.2%. The average increase in the remuneration of KMPs was 12.5%.
- 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**

**Dr. Ganesh Natarajan**  
Chairman

Pune, May 12, 2022

## 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:

- Installation of High energy efficient Electronic Commuted (EC) fan instead of belt driven induction motors (24 units) to reduce the power consumption and improve efficiency leading to cost saving by 35%
- Installed additional duct, inline fans & damper with controllers to reduce chiller load during low ambient weather condition
- Installed occupancy sensor for reducing lighting switching operation leading to reduced power consumption by 20%
- Replace the Storage Thermal Lantern (STL) isolation valve with better isolation properties valve leading to reduced operation of chiller during night and improve the performance of thermal storage system.
- Revamping existing Automatic Power Factor Controller (APFC) with smaller steps capacitor bank leading to improvement in power factor without going to leading side. Better Power factor (closer to Unity) saves energy loss.
- Solar power generation within Fulgaon facility and saving power through green energy- 700 kWp thereby enabling savings of INR 4/- per kWh. At Fulgaon factory we have installed Energy Management system installed Fulgaon facility to monitor/analyze hourly energy consumption

## 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:

(Rupees in lakhs)

(i)	Foreign exchange earned	110,854
(i)	Foreign exchange used	90,319

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

Dr. Ganesh Natarajan  
Chairman

Pune, May 12, 2022

**PERFORMANCE OF KEY FINANCIAL INDICATORS AND HIGHLIGHTS 2021-22**

(Rupees in Crores)

	<b>Year ended March 31, 2022</b>	<b>Year ended March 31, 2021</b>	<b>Variation</b>
Revenue from Operations	2,948	3,043	Down 310 bps
Operating Income (%)	17.5%	22.1%	Down 460 bps
Net Income (%)	11.5%	15.1%	Down 360 bps

**INDUSTRY OUTLOOK AND OPPORTUNITIES:**

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

**India Economic Overview**

The Indian economy has recovered well in the past year in the aftermath of the COVID-19 pandemic and has come out more resilient than before. GDP has grown by 8.7% YoY in FY2021-22 and all macro indicators like Index of Industrial Production (IIP), Goods and Service Tax (GST) collections and mobility indices have shown steady improvement. We expect the trend to continue in the near term, hoping that a large share of a now fully vaccinated population will help in containing the impact from any further spikes in COVID-19. Further immunization programs to provide booster doses to the vaccinated and to vaccinate younger population will help in the country's fight against the pandemic. Long-term GDP projections over the next 3-4 years estimate India growing at 6-8% while for FY2022-23, India is expected to grow at 7.2% (Sources: National Statistical Office, CRISIL).

Government of India continues to strengthen key sectors of the Indian economy with capex and policy initiatives to drive long-term sustainable growth. The launch of Gatishakti program is expected to fast track the execution of projects in the National Infrastructure Pipeline. Production Linked Incentives in 14 key sectors such as pharma and solar modules will go a long way in strengthening the local supply base to make India more self-reliant.

India is also firmly on a digital transformation journey. Globally, India ranks first in digital transactions and second in smartphone and internet users. India's data center capacity is expected to double from 2021 to 2023 driven by rising adoption by government, enterprises and public. This will give impetus to key Government initiatives such as of making our cities smarter and safer. It will also drive enterprises to adopt digitally enabled innovative business models. There is also a thrust on developing the ecosystem for green technologies. This is a step in the right direction to ensure responsible growth and keep our environment safe. (Sources: Data Centers: Building blocks of digital revolution in India, A JLL - Nextra report, Mar '22)

While India is on a steady recovery path, global geo-political developments such as the Russia-Ukraine war and COVID-19 resurgence in some countries may have some impact on capex investments and consumption amidst uncertainty. Broad supply chain disruptions will continue to cause cost inflationary pressure in the near future. We expect it to be in the short/medium term and are confident on the fundamentals of the Indian economy to achieve growth in the longer term.

### **COVID-19 Update**

Although the financial impact of COVID-19 can be seen in the company's performance for FY2021-22, we are unable to accurately estimate the duration and future impact of the pandemic on the business due to multiple waves of COVID-19. However, we will continue to monitor and assess the situation on a regular basis. We have taken action – and will continue to act – to offset revenue drop by managing our variable cost structure, rationalization of discretionary spends, productivity drives, etc.

Based on the current year's performance, our operating cash flows are sufficient to meet our future operating cash needs and will not allow disruption of business, while allowing us to continue remain invested with our strategic partners, be it vendors or customers.

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 believes that the working capital is sufficient to meet current requirements.

### **Employee Health & Safety**

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

- Reinstated work from home for all the employees and introduced flexible return to workplace 3:2 model in early 2022.
- Onsite vaccination camp for employees and their families during Q3-2021.
- Face mask, social distancing, and other precautions per applicable guidelines.
- Limit visitors' site access to business essential purposes.
- Additionally, to support employees in this difficult time we have decided to:
  - Reimburse vaccination cost for all our employees and immediate family members Offer COVID-19 support center in select cities with basic nursing and medical care Launched COVID helpline and COVID micro site for effective help and management
  - Reimburse all expenses over and above insurance cover as out-of-pocket expenses

### **Industry Overview**

**Construction:** The industry is estimated to record a recovery of 26-30% in FY2021-22 from a low base in FY2020-21 and is expected to grow at 10-12% in FY2022-23. Going forward, with concerted efforts from the Government to boost investments in infrastructure, the share of investment in construction for projects such as roads, metros, smart cities, data centers, warehouses, water supply, railways and airports is expected to rise in the coming years. The total budgetary allocation on capex in infrastructure for FY2022-23 saw a 10% rise over the revised estimates for FY2021-22 to Rs 5.87 lakh crore with roads and railways getting the largest share. Growth in building segment is likely to be 85-95% in FY2021-22 due to completion of deferred projects of FY2020-21 and increase in vaccination across the country. Capex spends across Industrial in FY2022-23 are seen rising 3-6% due to high base in FY2021-22, where the sector grew due to deferred investments from FY 2021-22 and capex investments into PLI schemes. The stronger than expected pickup in demand and gain share by larger companies from smaller companies has also led to revival of capex in FY2022-23. (Sources: CRISIL, IEA, IBEF)

**Manufacturing:** Capacity utilization in the sector recently recovered to 72.4% in Q3 '22, surpassing the pre-pandemic level of 69.9% in Q4 '20. While this is a significant milestone, growth in private consumption and fixed investment remains subdued, remaining 1.2% and 2.6% respectively above their pre-pandemic levels. Escalating global geopolitical tensions have been impacting exports from India. Therefore, the sector needs continued policy support from the Government for smoother and faster recovery to attain long-term growth. Further to announcing PLI schemes in 14 key sectors, the Government is also working on 24 sub-sectors keeping in mind their competitive edge and need for import substitution. The Government is also developing various industrial corridors as part of the National Industrial Corridor program, which is aimed at the development of futuristic industrial cities. (Sources: CRISIL, IBEF)

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

#### **OPERATIONS:**

The Company has only one segment namely "Automation and Control Systems" as per Indian Accounting Standard. The segment is across various business operations, as stated below:

#### **Honeywell Process Solutions:**

The Process Solutions business continued to witness the impact of COVID-19 at the start of the financial year. The first half of the year proved to be very challenging as we faced strong headwinds in business. However, the second half of the year helped bring back the business to reasonable level. We saw strong traction with many of our strategic customers and EPCs with enhanced focus on remote operations and monitoring which helped pivot the Process Solutions business to this new offering. This eventually brought about significant wins with customers. Our past engagement in the Life Sciences vertical also helped with significant tailwinds which resulted in certain key wins. All this was done using our approach to digital transformation with our leading industrial software applications. Our Process Solutions team was able to provide the required Digitization offerings as requested by customers and establish Honeywell as their preferred automation vendor. We also continued to leverage our wide portfolio of industrial automation products and solutions that help customers to operate safely, reliably, efficiently, sustainably, and achieve profitable operations. We have the expertise and breadth of resources to execute projects of every size and complexity in the oil and gas, refining, pulp and paper, industrial power generation, chemicals and petrochemicals, biofuels, pharma and life sciences, and metals, minerals, and mining industries. We have also expanded our reach in various underpenetrated geographies through channel partners and OEM engagements. These have helped the Process Solutions business of your Company to deliver a reasonably performance in a challenging environment.

The Process Solutions business will continue to stay focused on its core strategies and aggressively leverage the new growth levers of digitization, sustainability, and tailwinds across various industry segments like metals, life sciences, pharmaceuticals and gas etc. The entire business landscape is changing as the country expands its gas network,



drives sustainability goals, builds energy security and encourages use of digital solutions. Your Company is excited about the opportunities that these industries bring to the business. Apart from the core markets and solutions, your Company is uniquely positioned to drive growth in areas such as pharmaceuticals, specialty chemicals, personal safety, and security and cyber security. Your Company is also enhancing its reach and coverage to serve the renewable energy market with new, innovative solutions. As many corporates shift their focus to be carbon neutral and environmentally compliant, your Company would like to serve these new needs in the industry. To enable our growth in all these areas, we will continue to focus on expanding our local engineering, product development, and manufacturing capabilities.

### **Honeywell Building Solutions**

The Building Solutions business provides automation and control technologies that help make buildings green, safe, productive and smart in verticals like industrials, data centers, pharma and healthcare, energy, premium commercial, transport, infrastructure, etc. For these segments, the business provides state-of-the-art solutions like intelligent buildings suite comprising building management systems, fire detection and alarm systems, access control systems, video surveillance systems, integrated security systems, and integrated building management systems based on Honeywell's Enterprise Buildings Integrator™. The business provides aftermarket services for various control systems as well as comprehensive utilities' operations and maintenance services for mechanical and electrical systems in buildings. With a diversified portfolio and proven track record, the business continued to do well by securing large projects in segments like smart cities, metros and airport projects. The business had launched "Lockdown Support Software" last year during COVID-19 to monitor lockdowns effectively, wherein security cameras were installed, commissioned and integrated with common control rooms of smart cities. This continued to help in reporting areas with higher number of people/vehicles where respective Government stakeholders could focus and initiate patrolling. This service was offered to some of the smart cities as our commitment towards society.

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

### **Building Management Systems**

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

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

### **Advanced Sensing Technologies (Former SIOT)**

The Advanced Sensing Technologies (AST) business has multiple diversified customer accounts from transportation, aerospace, healthcare, and industrial verticals. This business was focused on key account management, demand generation, and localization during FY2021-22. Our product portfolio, which includes pressure switches, airflow sensors, humidity and temperature sensors, oxygen and breath sensors, helped the business win in healthcare and other industrial verticals. This business also leveraged its defense and military product portfolio to get into new military programs of government customers.

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

### **Global Engineering Services**

Global Engineering Services fosters engineering and innovation across verticals market in the Process Automation and Building Automation businesses by providing various engineering services. The Global Engineering Services business provides basic and detailed engineering, application software development, project management services, solution consulting, site commissioning for Projects, Life Cycle Services, Connected Process, Building Solutions of Honeywell. This division delivers projects efficiently by leveraging competence, economy of scale, etc., and improving the productivity and cost competitiveness for several Honeywell business units and regional affiliates.

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

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

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

### **Global Manufacturing**

As a contract manufacturer this business focuses on delivering high quality products and project solutions right and fast to India and the global market. Your Company is focused on delivering quality products to customers through Built-In Quality and Continuous Improvement processes under the Honeywell Accelerator framework. Your Company continues to leverage local supply base to be cost competitive and faster delivery to market. COVID-19

pandemic caused global supply shortages for certain electronic components, impacting supply chain, delay in delivery schedules, and inflationary trends in cost of raw materials and freight.

Your Company maintains high standards in the area of Health, Safety and Environment (HSE), and implemented all mandated COVID-specific guidelines to continue manufacturing operations.

Your Company continues to leverage local talent, talent development and retention strategy for sustainable business growth.

#### **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 organization. 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 Senior Leadership Development Program (SLDP) 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 inclusion and diversity to encourage diversity in the organization. Your Company has laid out plans to attract, retain and develop diversity talent. Regular monitoring through meetings helps strengthen and retain diversity numbers. The Company follows a robust process of Management Resource Review (MRR) across all levels and Feeder Role Reviews (FRR) for key and senior positions. Your Company is also well prepared to analyze, assess and implement the impact of recent regulatory changes (implementation of 4 Labour codes).

As on March 31, 2022, the Company's employee strength was 2,950 as compared to 3,175 (full-time employees) as on March 31, 2021.

#### **FINANCIALS:**

Overall revenue from operations was INR 2,948 crore registering a 3.1% decline as compared to the previous year. The domestic segment registered revenue of INR 1,839 crore for the current year as compared to INR 1,663 crore in the previous year, registering a 10.6% growth. Revenue from exports was INR 1,109 crore as against INR 1,380 crore in the previous year, registering a decline of 19.6%. The New Orders from Non Honeywell Customer base increased by 31% YoY.

Overall profit after tax was INR 339 crore. Your Company delivered a return of 11.5% on sales for the year (previous year: 15.1%). Cost of goods sold was 52.4% of sales (previous year: 50.3%).

Net cash flow from operations was INR 264 crore, as compared to INR 364 crore in the previous year representing 77.9% of net profit (previous year: 79.1%). 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, 2022 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 both direct customers and its business with Honeywell International Inc. and its affiliates. Your Company's ability to maintain or grow direct business depends upon various macro-economic factors and its business with Honeywell International depends upon a number of performance factors, including its ability to:

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

An overall aggressive competitive landscape, pricing pressures on sale of goods and services to Honeywell, or a reduction in the volume or change in the mix of orders or sales to Honeywell can be expected to have a material adverse impact on the revenue and profits of 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 are helping manage these risks. Some of these risks are highlighted below:

- **Prolonged spread of COVID-19:** Mutations in COVID-19 virus are leading to multiple variants that cause varying intensity of infections across the world. Any significant wave in future can impact recovery, demand, consumer sentiment and delay in private investment. Increased public spending on public healthcare (during COVID) may restrict the Government's ability to spend on infrastructure. (Sources: RBI, CRISIL)
- **Geopolitical risks:** The global recovery from the COVID-19 pandemic is turning out to be muted relative to earlier expectations. Downside risks to even this subdued recovery have jumped significantly from the escalation of geopolitical tensions. A more protracted conflict, extended sanctions, sustained further hardening of global commodity prices and prolonged supply bottlenecks could push global growth well below the baseline. (Sources: RBI, CRISIL)
- **High oil import bill:** International crude oil prices have risen sharply. This has impacted growth due to rise in inflation, depreciatory pressure on the rupee, reducing discretionary spends of households and lower profit margins.

- **Forex rate fluctuations:** The rupee has exhibited two-way movements over the past six months, reflecting both global and domestic factors. Looking ahead, the protracted geopolitical tensions, heightened volatility in global financial markets, elevated global sovereign bond yields on the back of more than currently anticipated monetary policy tightening in major advanced economies, and new COVID-19 mutations could lead to a broader risk aversion towards emerging market economies' assets and net capital outflows. Such developments can put downward pressure on the rupee.
- **Global supply chain disruption and inflation:** Disruptions since 2020 owing to the pandemic and geopolitical conflicts have put immense stress on global supply chains leading to shortages of key intermediary goods and thereby a significant rise in commodity prices globally. This poses a two-fold risk for us in terms of meeting our delivery commitments, while maintaining and improving profitability.

#### **INTERNAL CONTROL:**

Your Company has established adequate internal control procedures commensurate with the nature of its business and size of its operations. The internal control process of the Company has been effective and provides reasonable assurance on reliability of financial information, compliances with laws and regulations in force and standard operating procedures. It ensures documentation and evaluation of entity-level controls through existing policies and procedures, primarily to identify significant gaps and define key actions for improvement. 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. Audit observations and follow-up actions thereon are tracked for resolution by your Company and reported to the Audit Committee.

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

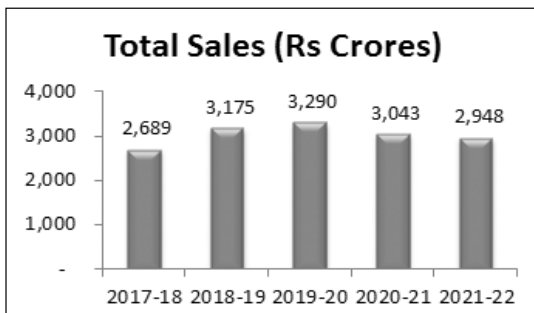
Your Company's Code of Conduct sets out the fundamental standards to be followed by employees in all of the business dealings and day-to-day operations. The code provides guidance around financial reporting, ethical conduct, regulatory compliance, conflicts of interest's review and reporting of concerns.

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 workplace, safeguarding Company property and information, appropriate use of information technology resources, and understanding how to report any suspected unethical or illegal conduct, without fear of retaliation. Your Company also has a formal process to receive and address incidents related to business conduct lodged by employees and other stakeholders.

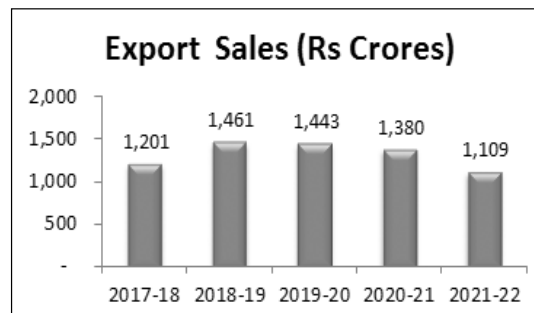
#### **SUMMARY:**

Your Company's mix of exports revenue decreased as compared to the previous period. Overall revenue contracted 3.1%. Net income was 11.5% of sales as compared to 15.1% in the previous year. The Company's financial performance was impacted due to COVID-19, while increased competitive environment in both domestic and exports segments, supply chain disruptions and inflation. These are being addressed through concerted efforts on operational excellence, driving productivity, and cost rationalization. Your Company is continuously driving new productivity initiatives to remain committed to the journey of profitable growth.

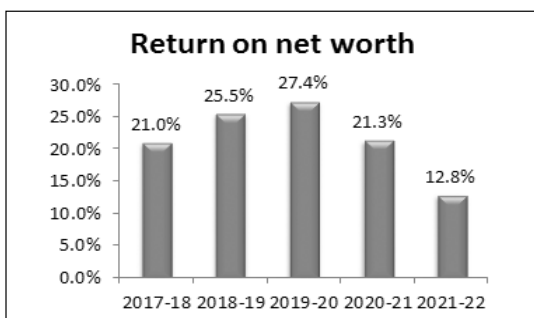
In accordance with SEBI (Amendment) Regulations, 2018, your Company is required to give details of significant changes (change of 25% or more as compared to the immediate previous financial year). The relevant applicable information is as below. Further, the interest coverage ratio and debt equity ratio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



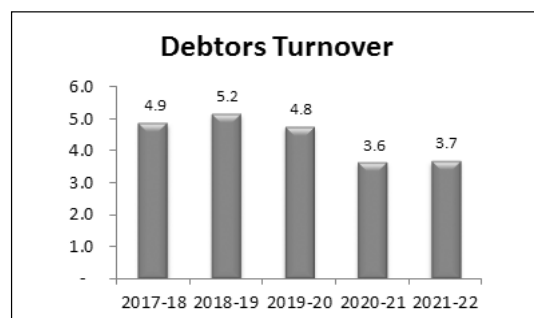
3% annualised sales reduction



Exports sales were 38% of total sales, decreased as compared to 45% in the previous year



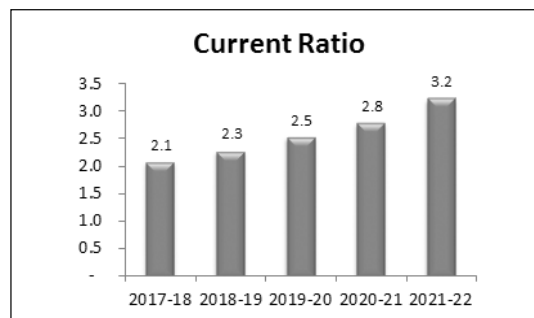
Return on net worth reduced by 8.5%



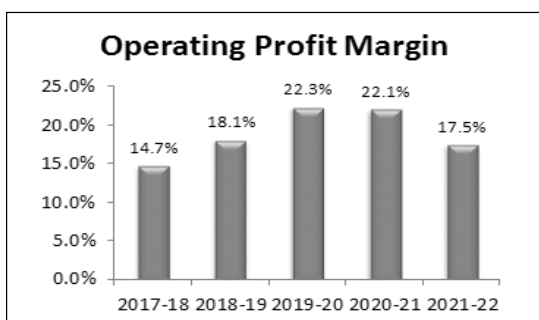
Debtors turnover ratio has increased to 3.7 against 3.6 in previous year



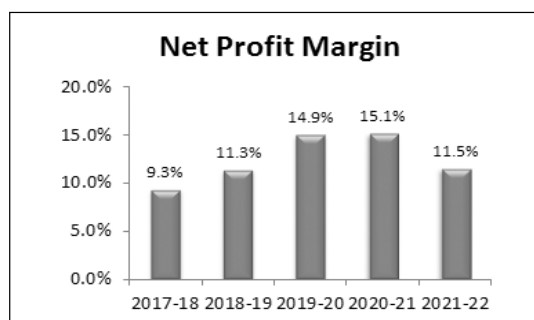
Inventory turnover ratio has increased to 15.9 against 13.9 in previous year



Current ratio has increased to 3.2 against 2.8 in previous year



Operating profit margin reduced by 4.6%



Net profit margin reduced by 3.6%

## 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")

Currently, the Board comprises of a total of six Directors, out of which two are Independent Directors (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.

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.

Dr. Ganesh Natarajan's (DIN: 00176393) appointment as an Independent Director is for the period of 5 (five) years from March 8, 2021 to March 7, 2026. Ms. Neera Saggi's (DIN: 00501029) appointment as an Independent Director is for the period of 5 (years) 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 11, 2022, 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 I Category of Directors / Attendance at Meetings / their Directorships and Committee Memberships in other companies as on March 31, 2022:**

Name and DIN	Category	No. of Board Meetings attended during 2021-22	Attendance at the last AGM held on August 18, 2021	No. of directorships in other public limited Companies and Banks <sup>1</sup>	No. of committee positions held in other public limited Companies and Banks <sup>1</sup>	
					Chair-person	Member*
<b>As on March 31, 2022</b>						
Dr. Ganesh Natarajan (DIN: 00176393)	Independent Non-Executive Chairman	4	Yes	2	Nil	4
Ms. Neera Saggi (DIN: 00501029)	Independent Non-Executive	4	Yes	4	Nil	6
Mr. Ashish Gaikwad (DIN: 07585079)	Non-Independent Executive, Managing Director	4	Yes	Nil	Nil	Nil
Dr. Akshay Bellare (DIN: 07914236)	Non-Independent Non-Executive	3*	Yes	Nil	Nil	Nil
Mr. Ashish Modi (DIN: 07680512)	Non-Independent Non-Executive	3*	Yes	Nil	Nil	Nil
Mr. Atul Pai (DIN 02704506)	Non-Independent Non-Executive	4	Yes	Nil	Nil	Nil

## 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.

\* Leave of absence was granted

The following Directors holds directorship (Non-Executive, Independent Director) in other listed entities, In addition to Honeywell Automation India Limited, as on March 31, 2022 as below:

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

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



**Meeting of the Board of Directors**

The Board met four times during the financial year ended March 31, 2022 on the following dates and the maximum interval between any two meetings did not exceed one hundred and twenty days:

1. May 31, 2021      2. August 5, 2021      3. November 13, 2021      4. February 11, 2022

In addition, one meeting of Independent Directors was held on February 10, 2022.

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 does not necessarily mean absence of basic knowledge and skills.

Skills/ Expertise/ Competencies	Definition	Dr. Ganesh Natarajan	Ms. Neera Saggi	Mr. Ashish Gaikwad	Dr. Akshay Bellare	Mr. Ashish Modi	Mr. Atul Pai
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	√	√	√	√	√	√

### 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/honeywellbt/en/documents/downloads/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.

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

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

As on March 31, 2022, the Committee has three members, Dr. Ganesh Natarajan, Independent Non-Executive Director as the Chairman, Ms. Neera Saggi and Mr. Atul Pai.

The Audit Committee held four meetings during the financial year ended March 31, 2022 on the following dates and the maximum interval between any two meetings did not exceed one hundred and twenty days:

1. May 31, 2021
2. August 5, 2021
3. November 13, 2021
4. February 10, 2022

The composition of the Audit Committee and the attendance of members at the meetings held during the financial year ended March 31, 2022 are as follows:

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

Dr. Ganesh Natarajan, Chairperson of the Audit Committee was present at the last Annual General Meeting of your Company held on August 18, 2021.

**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**

Currently, 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).

As on March 31, 2022, the Committee has three members, Ms. Neera Saggi, Independent Non-Executive Director as the Chairperson, Dr. Ganesh Natarajan and Dr. Akshay Bellare.

The Nomination and Remuneration Committee held three meetings during the financial year ended March 31, 2022 on the following dates:

1. May 31, 2021                      2. November 15, 2021                      3. February 10, 2022

The composition of the Nomination and Remuneration Committee and the attendance of members at the meetings held during the year 2021-22 are as follows:

<b>Name of Director</b>	<b>No. of Meetings Applicable</b>	<b>No. of Meetings Attended</b>
Ms. Neera Saggi (Chairperson, Independent Director)	3	3
Dr. Akshay Bellare (Non-Executive Director)	3	2*
Dr. Ganesh Natarajan (Independent Director)	3	3

\* Leave of absence was granted

The Committee met on February 10, 2022 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 2022-23.

Ms. Neera Saggi, Chairperson of the Nomination and Remuneration Committee was present at the last Annual General Meeting of your Company held on August 18, 2021.

### **Performance Evaluation**

The Board has carried out an annual evaluation of its own performance, performance of its committees, and of the Directors individually, as per the criteria laid down by the Nomination and Remuneration Committee. The evaluation was carried out based on various parameters such as the participation in the Board and its committee meetings, contribution towards accurate financial reporting, strategic guidance, risk mitigation, internal controls, governance, leadership and talent development, and managing external stakeholders.

During the year under review, Dr. Ganesh Natarajan and Ms. Neera Saggi, Independent Directors, met on February 10, 2022 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 in line with the previous year ratings and that there was a marginal improvement in the evaluation scores from the previous year.

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 2021-22 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)
Ms. Neera Saggi (Independent)	7.60	21.00	NIL
Dr. Ganesh Natarajan (Independent)	6.40	22.00	NIL
Dr. Akshay Bellare	N.A.	N.A.	NIL
Mr. Ashish Modi	N.A.	N.A.	NIL
Mr. Atul Pai	N.A.	N.A.	NIL

**Managing Director**

(INR in lakhs)

Name	Salary, perquisites, allowances & Incentive Compensation Plan for the financial year 2021-22	Others (non-taxable allowances, retirement and other long-term incentives)	Stock Options*	Total
Mr. Ashish Gaikwad	309.56	26.23	136.09	471.88

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

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

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

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

**6. 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, 2022, the Committee has three members Dr. Akshay Bellare, Non-Executive Director as the Chairman, Dr. Ganesh Natarajan and Mr. Ashish Gaikwad.

The Committee met on May 31, 2021 and February 10, 2022 during the financial year ended March 31, 2022.

The composition of the Stakeholder's Relationship Committee and the attendance of members at the meetings held during the year 2021-22 are as follows:

Name of Director	No. of Meetings Applicable	No. of Meetings Attended
Dr. Akshay Bellare (Chairman, Non-Executive Director)	2	1*
Dr. Ganesh Natarajan (Independent Director)	2	2
Mr. Ashish Gaikwad (Executive Director)	2	2

\* Leave of absence was granted

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, 2021	0
Number of shareholders' complaints received during year ended March 31, 2022	6
Number of complaints resolved during year ended March 31, 2022	6
Number of pending complaints as on March 31, 2022	0*

\* 1 complaint received from BSE on March 24, 2022 has been replied to (ATR) on March 31, 2022 and closed by BSE on April 4, 2022

## 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, 2022, the Committee has three members, Dr. Akshay Bellare, Non-Executive Director as the Chairman, Ms. Neera Saggi and Mr. Ashish Modi.

The Committee met on May 31, 2021 and February 10, 2022 during the financial year ended March 31, 2022.



The composition of the Corporate Social Responsibility Committee and the attendance of members at the meetings held during the year 2021-22 are as follows:

Name of Director	No. of Meetings Applicable	No. of Meetings Attended
Dr. Akshay Bellare (Chairman, Non-Executive Director)	2	1*
Ms. Neera Saggi (Independent Director)	2	2
Mr. Ashish Modi (Non-Executive Director)	2	2

\* Leave of absence was granted

The Company has formulated a policy for its CSR which may be viewed on the Company's website at <https://www.honeywell.com/content/dam/honeywellbt/en/documents/downloads/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, 2022, the Committee has five members, Mr. Ashish Gaikwad- Managing Director as the Chairman, Ms. Neera Saggi - Independent Director, Mr. Ashish Modi, Non-Executive Director, Mr. Atul Pai, Non-Executive Director and Mr. Pulkit Goyal - Chief Financial Officer.

Mr. Amit Kumar Tantia resigned as the Chief Financial Officer with effect from close of business hours on February 11, 2022 and consequential cessation as a Member of the Risk Management Committee with effect from close of business hours on February 11, 2022. Mr. Pulkit Goyal was appointed as the Chief Financial Officer and a member of the Risk Management Committee with effect from February 12, 2022.

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 31, 2021, November 13, 2021 and February 10, 2022 during the financial year ended March 31, 2022.

The composition of the Risk Management Committee and the attendance of members at the meetings held during the year 2021-22 are as follows:

Name of Director	No. of Meetings Applicable	No. of Meetings Attended
Ms. Neera Saggi (Independent Director)	3	3
Mr. Ashish Gaikwad (Chairman, Executive Director)	3	3
Mr. Ashish Modi (Non-Executive Director)	3	2*
Mr. Atul Pai (Non-Executive Director)	3	3
Mr. Amit Tantia (Chief Financial Officer) upto February 11, 2022	3	3
Mr. Pulkit Goyal (Chief Financial Officer) w.e.f. February 12, 2022	NA	NA

\* Leave of absence was granted

## 9. Enterprise Risk Management

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

Identification, assessment and mitigation of risk is facilitated entity-wide, re-assessed periodically by the Risk Management Committee on May 31, 2021, November 13, 2021 and February 10, 2022. We are exposed to a host of risks owing to a dynamic business environment including strategic, operational, financial and compliance. In addition, the key aspects like working capital (liquidity), IT and cybersecurity, Unplanned incidents like pandemic risk and changes in government regulations are assessed as a part of Company's risk framework. The Enterprise Risk Management framework assesses management's actions to mitigate the exposures in a timely manner and is critical to achieving our business objectives.

Pursuant to Regulation 21 of the Listing (Amendment) Regulations, 2018, 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.

The disclosures regarding commodity price risk and hedging activities pursuant to Regulation 34(3) read with clause 9(n) of Part C of Schedule V of 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 <https://www.honeywell.com/content/dam/honeywellbt/en/documents/downloads/india-hail/policies/related-party-transactions-policy.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 at the following link

[https://www.honeywell.com/content/dam/honeywellbt/en/documents/downloads/india-hail/policies/Vigil%20Mechanism%20Policy%20\(Whistle%20Blower\).pdf](https://www.honeywell.com/content/dam/honeywellbt/en/documents/downloads/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/honeywellbt/en/documents/downloads/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, 2022.

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and amendments from time to time, your Company has 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, 2022 and all entities in the network firm/network entity of which the statutory auditor is a part is disclosed in the notes to the Financial Statements and reproduced below:

1. As Statutory Auditors (including limited reviews): INR 36 Lakhs
2. Others (including tax audit): INR 15 Lakhs
3. Out of pocket expenses: Nil

#### Certificate from Company Secretary in Practice

The certificate from Bokil Punde & Associates, Practicing Company Secretaries 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 Bokil Punde & Associates, 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 I 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 in IST
2020-2021	Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	Wednesday, August 18, 2021	4.00 p.m.
2019-2020		Tuesday, August 18, 2020	4.00 p.m.
2018-2019	Honeywell Automation India Limited 56 & 57, Hadapsar Industrial Estate, Pune – 411013	Friday, August 9, 2019	4.00 p.m.

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

Yes - Amendment of Articles of Association of the Company at the 36<sup>th</sup> Annual General Meeting held on August 18, 2020.

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

Person who conducted the postal ballot exercise: Not applicable

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

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 are published in The Business Standard (English daily) and Loksatta (Marathi daily) for the financial year 2021-22 or as may be decided by the Management from time to time.

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

Your Company has a dedicated help desk with email ID: HAIL.InvestorServices@Honeywell.com 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.

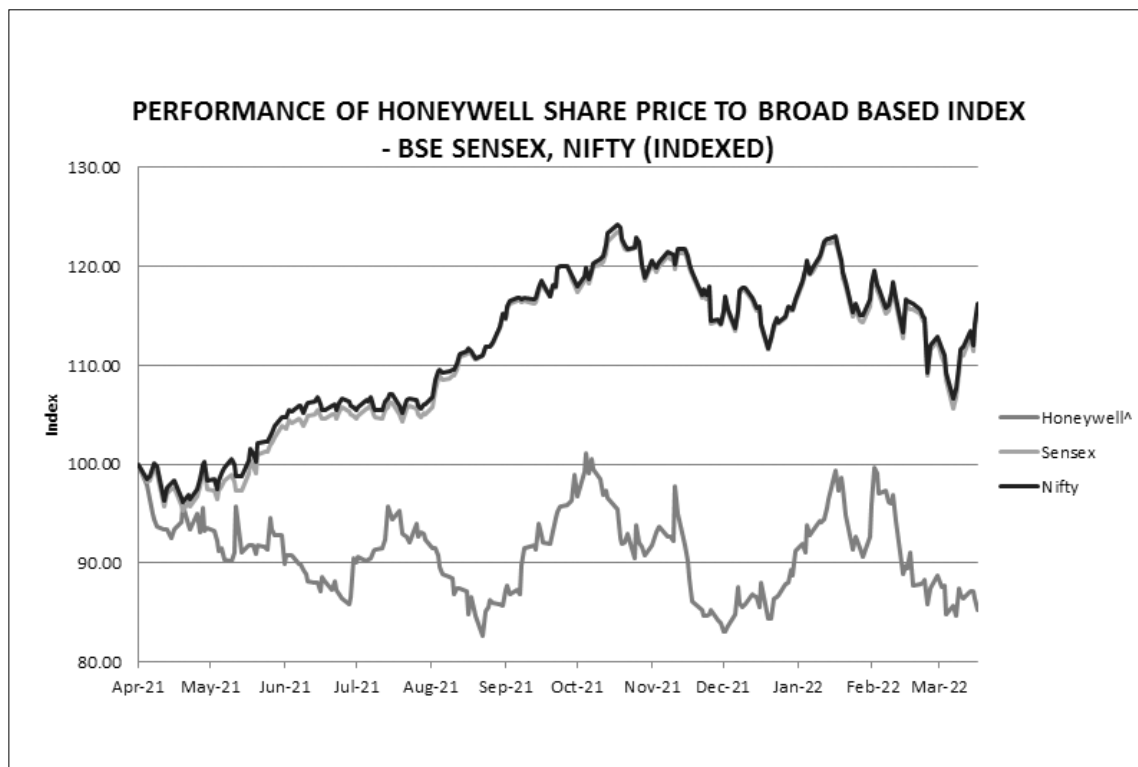
**13. General Shareholder Information**

Annual General Meeting (AGM) Date, Time and Venue	Wednesday, August 17, 2022 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	Wednesday, August 10, 2022
Dividend payment date	Friday, September 2, 2022
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

Company Market Price Data\*

Particulars	BSE		NSE	
	High	Low	High	Low
April 2021	<b>48000.00</b>	40743.70	<b>47,774.90</b>	40,720.00
May 2021	45248.70	41490.00	45,300.00	41,400.00
June 2021	42700.00	39400.00	42,480.00	39,350.00
July 2021	44436.15	41072.50	44,400.00	41,029.25
August 2021	43100.00	38146.90	43,145.00	38,130.05
September 2021	45900.00	39350.00	45,985.00	39,250.00
October 2021	47400.00	41063.60	47,275.95	40,500.00
November 2021	45450.00	38714.75	45,500.00	38,600.00
December 2021	42849.65	38303.00	42,900.00	38,265.05
January 2022	46650.00	40420.25	46,397.70	40,611.25
February 2022	46200.00	39400.00	46,250.00	39,400.10
March 2022	41130.00	<b>37910.00</b>	41,250.00	<b>37,950.00</b>

\* Sources : BSE and NSE website.



**Distribution of Shareholding as on March 31, 2022:**

Number of ordinary shares held	Number of shares	
	31-03-2022 (%)	31-03-2021 (%)
1 to 500	7.02	7.06
501to 1000	0.84	0.89
1001to 2000	0.98	1.14
2001to 3000	0.26	0.34
3001to 4000	0.59	0.37
4001to 5000	0.76	0.70
5001 to 10000	1.75	1.90
Over 10000	87.80	87.60
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

**Categories of Shareholders as on March 31, 2022:**

Category	No. of shares	% of shareholding
Foreign Promoters	66,311,41	75.00
Non Resident Individuals	22,660	0.26
Foreign Institutional Investors	2,43,667	2.76
Mutual Funds / UTI	9,71,504	10.99
Central Government/State Governments(s)	285	0.00
Domestic Companies	39,168	0.44
Resident Individuals	7,48,411	8.46
Trust & Charitable Institutions	3,999	0.05
IEPF	13,057	0.15
Alternate Investment Fund	0	0.00
Directors	200	0.00
Insurance Companies -QIB	1,23,343	1.40
Bodies Corporate	27,270	0.31
HUF	16,817	0.19
<b>Total</b>	<b>88,41,523</b>	<b>100.00</b>

Registrar to an issue and share transfer agents	TSR Consultants Private Limited (effective April 13, 2022) (Previously TSR Darashaw Consultants Pvt. Limited) Address: C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli West, Mumbai 400083 Tel: +91-22-66568484, Fax: +91-22-66568494 Email: csg-unit@tcplindia.co.in Website: <a href="https://www.tcplindia.co.in">https://www.tcplindia.co.in</a>
Share transfer system	Share transfers in physical form can be lodged with TSR Consultants Private Limited (Previously TSR Darashaw Consultants Pvt. Limited) at the above-mentioned address or at their branch offices, addresses of which are available on their website.
Dematerialisation of shares and liquidity	Your Company has arrangements with NSDL as well as the CDSL for demat facility. 99.45% of your Company's share capital is dematerialised as on March 31, 2022.
Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity.	As on date, your Company has not issued GDRs, ADRs or any other convertible instruments and as such, there is no impact on the equity share capital of your instruments
Commodity price risk or foreign exchange risk and hedging activities	Your Company is exposed to foreign exchange risk on account of import and export transactions which is monitored periodically. Your Company leverages the global treasury operations of Honeywell to improve mitigation of risk relating to foreign exchange.
Plant locations	Honeywell Automation India Limited Gate No.181, Plot No. 2 &3, Fulgaon, Pune 412 216, Maharashtra, India
Address for correspondence	Honeywell Automation India Limited 56 & 57, Hadapsar Industrial Estate, Pune- 411 013 Tel:+912071148888 Email: HAIL.InvestorServices@ Honeywell.com Website: <a href="https://www.honeywell.com/in/en/hail">https://www.honeywell.com/in/en/hail</a>
List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit program or any scheme or proposal of the listed entity involving mobilisation of funds, whether in India or abroad	Not applicable
Corporate Identity Number	L29299PN1984PLC017951



**14. Compliance with Mandatory Requirements**

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

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

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

- The position of the Chairman and Managing Director are separate.
- The Chairman of the Board of Directors is Non-Executive and Independent and is based in Pune.
- Your Company does not maintain a separate office for the Non-Executive Chairman.
- Your Company publishes financial results in two newspapers of wide circulation. Further, the financial results are available on the website of your Company and of the stock exchanges where the shares of your Company are listed, i.e., BSE Ltd and National Stock Exchange of India Limited. Therefore, no individual intimations are sent to the shareholders.
- The Auditors' Opinion on the Financial Statements is unmodified.
- Head-Internal Audit reports to the Audit Committee.

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

**Dr. Ganesh Natarajan**  
Chairman

Pune, May 12, 2022

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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, 2022.

**For Honeywell Automation India Limited**

**Ashish Gaikwad**  
Managing Director

Pune, May 12, 2022

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

In connection with the financial statements of the Company for the year April 1, 2021 to March 31, 2022, we, Ashish Gaikwad, MD and Pulkit Goyal, CFO certify that:

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

**For Honeywell Automation India Limited**

**Ashish Gaikwad**  
Managing Director

**Pulkit Goyal**  
Chief Financial Officer

Pune, May 12, 2022

**CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

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

We have examined the compliance of the conditions of Corporate Governance by Honeywell Automation India Limited (CIN: L29299PN1984PLC017951) (“the Company”) as stipulated under Regulation 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and Paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and amendments from time to time for the financial year ended on March 31, 2022.

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

In our opinion and on the basis of our examination of the records produced, explanations and information furnished to us and the representations made by the Management, through electronic mode due to precautionary measures pertaining to the current situation of COVID-19 pandemic we certify that the Company has complied with the mandatory conditions of Corporate Governance as stipulated under Regulation 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and Paragraphs C, D and E of Schedule V of the SEBI Listing Regulations as applicable and amended from time to time for the financial year ended on March 31, 2022.

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

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

**CS AMRUTA RAJARSHI**

Partner

FCS: 8957 | C.P. No. 10411

UDIN: F008957D000307607

Date: May 12, 2022

Place: Pune

**CERTIFICATE BY PRACTISING COMPANY SECRETARY**

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

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

We have examined the relevant registers, records, forms, returns, and disclosures received from the Directors of HONEYWELL AUTOMATION INDIA LIMITED having CIN: L29299PN1984PLC017951 and having Registered Office at 56 & 57, Hadapsar Industrial Estate, Pune- 411013 Maharashtra, India (hereinafter referred to as “the Company”), produced before us through electronic mode due to precautionary measures pertaining to the current situation of COVID-19 pandemic, by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C clause (10) (i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanation furnished to us by the Company and its officers and agents, We hereby certify that the following persons are Directors of the Company (during 01/04/2021 to 31/03/2022) and none of them 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.

Sr. No.	Name of Director	Designation	DIN	Date of Appointment
1	Dr. Ganesh Natarajan	Chairman & Independent Director	00176393	March 08, 2021
2	Mr. Ashish Gaikwad	Managing Director	07585079	October 01, 2016
3	Ms. Neera Saggi	Woman Independent Director	00501029	February 04, 2019
4	Mr. Akshay Bellare	Non-Independent, Non-Executive Director	07914236	October 22, 2019
5	Mr. Ashish Modi	Non-Independent, Non-Executive Director	07680512	October 22, 2019
6	Mr. Atul Pai	Non-Independent, Non-Executive Director	02704506	November 09, 2020

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

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

**CS AMRUTA RAJARSHI**  
Partner

FCS: 8957 | C.P. No. 10411  
UDIN: F008957D000307640

Date: May 12, 2022  
Place: Pune

**BUSINESS RESPONSIBILITY REPORT**

For the Financial Year ended March 31, 2022

{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/in/en/hail">https://www.honeywell.com/in/en/hail</a>
5	E-mail id	<a href="mailto:HAIL.InvestorServices@Honeywell.com">HAIL.InvestorServices@Honeywell.com</a>
6	Financial Year reported	April 1, 2021 to March 31, 2022
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, Jamshedpur, Vadodara, 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 303,066 Lakhs (Revenue from operations)
3	Total profit after taxes (INR)	INR 33,913 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 2021-22 on pages from 29 to 33 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 allocated a sum of INR 12,35,71,200 towards its CSR commitment to Honeywell Hometown Solutions India Foundation (HHSIF). The distribution of funds is as follows –</p> <ul style="list-style-type: none"> <li>• INR 5,00,00,000 were contributed towards Holistic Rural Development Programme (Project Anand Gaon), implemented by Swades Foundation, a not-for-profit organisation</li> <li>• INR 1,58,37,875 were contributed towards the Holistic Rural Development Programme (Strengthening Rural Health Systems), implemented by Americares India Foundation, a not-for-profit organisation.</li> <li>• INR 5,14,41,435 were contributed towards the Disaster Management Project implemented by Americares India Foundation, a not-for-profit organization.</li> <li>• INR 62,91,890 spent towards dedicated administrative expenditure of HHSIF for managing Company’s CSR programmes.</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.

**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. Mahesh Joshi
3	Designation	Head, Human Resources
4	Telephone number	+91 20 7114 8888
5	e-mail id	Mahesh.Joshi2@ Honeywell.com

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 I 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 been approved by the Board? Is yes, has it been signed by MD I owner I CEO I 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.								



No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9	
6	<p>Indicate the link for the policy to be viewed online?</p> <p>Mandatory policies are available on the Company's website namely:</p> <p>Code of Conduct Policy:</p> <p><a href="https://www.honeywell.com/content/dam/honeywellbt/en/documents/downloads/india-hail/policies/Code%20of%20Conduct%202019.pdf">https://www.honeywell.com/content/dam/honeywellbt/en/documents/downloads/india-hail/policies/Code%20of%20Conduct%202019.pdf</a></p> <p>Corporate Social Responsibility Policy:</p> <p><a href="https://www.honeywell.com/content/dam/honeywellbt/en/documents/downloads/india-hail/policies/corporate-social-responsibility-policy.pdf">https://www.honeywell.com/content/dam/honeywellbt/en/documents/downloads/india-hail/policies/corporate-social-responsibility-policy.pdf</a></p> <p>Whistle Blower Policy:</p> <p><a href="https://www.honeywell.com/content/dam/honeywellbt/en/documents/downloads/india-hail/policies/Vigil%20Mechanism%20Policy%20(Whistle%20Blower).pdf">https://www.honeywell.com/content/dam/honeywellbt/en/documents/downloads/india-hail/policies/Vigil%20Mechanism%20Policy%20(Whistle%20Blower).pdf</a></p> <p>Sustainable Opportunity Policy, Honeywell's Commitment to Health, Safety and Environment:</p> <p><a href="https://www.honeywell.com/content/dam/honeywellbt/en/documents/downloads/india-hail/policies/HSE%20Policy.pdf">https://www.honeywell.com/content/dam/honeywellbt/en/documents/downloads/india-hail/policies/HSE%20Policy.pdf</a></p>										
7	<p>Has the policy been formally communicated to all relevant internal and external stakeholders?</p>	<p>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.</p>									
8	<p>Does the Company have in-house structure to implement the policy/policies?</p>	<p>Yes. The Company has an existing structure format with defined roles and responsibilities, which periodically reviews the implementation of various policies. It also evaluates key indicators at several management levels.</p>									
9	<p>Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?</p>	<p>Yes. Every policy formulated by the Company has an inbuilt grievance and redressal mechanism.</p>									
10	<p>Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?</p>	<p>Yes. The working of these policies are evaluated periodically through internal audit</p>									

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 by the Company's Code of Conduct.	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 was 1 complaint from previous financial year which was in the process of being reviewed. During the current financial year, 9 complaints were received and 10 complaints (including 1 of previous FY) have been satisfactorily resolved till the date of this report. There are Nil open complaints in the reviewed as on 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/content/dam/honeywellbt/en/documents/downloads/india-hail/policies/Vigil%20Mechanism%20Policy%20\(Whistle%20Blower\).pdf](https://www.honeywell.com/content/dam/honeywellbt/en/documents/downloads/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 fore mentioned 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 a 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:

- Installation of High energy efficient Electronic Commuted (EC) fan instead of belt driven induction motors (24 units) to reduce the power consumption and improve efficiency leading to cost saving by 35%
- Installed additional duct, inline fans & damper with controllers to reduce chiller load during low ambient weather condition
- Installed occupancy sensor for reducing lighting switching operation leading to reduced power consumption by 20%
- Replace the Storage Thermal Lantern (STL) isolation valve with better isolation properties valve leading to reduced operation of chiller during night and improve the performance of thermal storage system.
- Revamping existing Automatic Power Factor Controller (APFC) with smaller steps capacitor bank leading to improvement in power factor without going to leading side. Better Power factor (closer to Unity) saves energy loss.
- Solar power generation within Fulgaon facility and saving power through green energy- 700 kWp thereby enabling savings of INR 4/- per kWh. At Fulgaon factory we have installed Energy Management system installed Fulgaon facility to monitor/analyze hourly energy consumption.

**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, and 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 organization.

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 localization. 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, maximization of recycling, and reuse to achieve the target of <5% waste to landfill.

- Waste Lube Oil, UPS batteries, e-waste - disposed through government authorized recyclers. (100% recycling)
- Waste office paper- sent for recycling through vendor who is authorized by Maharashtra Pollution Control Board. (100% recycling)
- Corrugated Boxes- Reusing corrugated boxes for packing in our logistics department at Factory.
- Bio-degradable Garden waste and food waste- disposed directly to PMC for recycling and vermi-composting.
- STP water is used for newly done landscaping. Capacity is 50 KL \*3 per day this helps to minimize the use of raw water.

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

1. **Please indicate the Total number of employees:** Total number of employees are 3,497 of which 2,950 are full-time employees as on March 31, 2022
2. **Please indicate the Total number of employees hired on temporary/contractual/casual basis:** 547
3. **Please indicate the Number of permanent women employees:** 497
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: 100%
- (b) Permanent women employees: 100%
- (c) Casual | temporary | contractual employees: 80%
- (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 two areas of critical importance:

- Holistic Rural Development
- Disaster Relief Program

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

Holistic Rural Development Programme (Project Anand Gaon) is implemented in collaboration with Swades Foundation. The programme aims at creating stronger rural communities and model villages that are economically prosperous, environmentally sustainable, healthy, and resilient. It comprises need-based interventions in terms of providing infrastructure to drinking water schemes, irrigation, agriculture-based livelihood promotion, small-scale businesses and entrepreneurship, vocational training, educational support, solar lighting and providing sanitation blocks to declare villages as open defecation free etc. to deliver all-round development and coverage of all stakeholders within the intervention areas across 20 villages impacting 10,647 rural lives.

Holistic Rural Development Programme (Strengthening Rural Health Systems) in collaboration with Americares India Foundation aimed at upgrading 24 primary healthcare centres in Pune, Thane, and Ahmednagar districts of Maharashtra to provide quality comprehensive primary healthcare services.

Considering the context of COVID-19 pandemic, the Disaster Relief programme with Americares India Foundation focused to bring in long-term solutions to prepare and strengthen the health facilities by setting up oxygen generation plants for the district hospitals and they were handed over to the respective government hospitals. In addition, Honeywell established critical care centers, covid care centers and donated oxygen concentrators to multiple states across the country.

#### **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 I Joint Ventures I Suppliers I Contractors I NGOs I 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 labour. In addition, we will never use forced, indenture or involuntary labour 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 labour. We will also never conduct business with any third parties who engage in human trafficking or forced labour.

##### **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 I Joint Ventures I 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 by implementing Energy Project 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).

The Company recently obtained ISO 45001 certification for Hadapsar office. Fulgaon factory has also obtained the ISO 45001 (Health and safety) & ISO 140001 (Environment Management System) certification in June 2021

**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.

Implemented digital display board for updated environment monitoring at Factory and Hadapsar office from March 2021.

Timely complied all published guidelines from Maharashtra Pollution Control Board.



**5. Has the company undertaken any other initiatives on- clean technology, efficiency, renewable energy, etc. YIN. 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.

Six energy saving projects were implemented during the year 2020 at Hadapsar office.

And also for the year 2021 we have completed replacement of existing external lights (Halogen, Metal halides) into LED lights.

We initiated below project for year 2022:

- 1- Replacement of all the R-22 refrigerant AC and installation of green gas AC
- 2 - Replacement of Emerald and Topaz building UPS with Modular UPS
- 3 - Combine the Topaz and Emerald building HVAC system (replacement of Chiller, Cooling tower, pumps etc.)

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

Yes. All parameters are in limit and displayed on the digital board at main gate of Fulgaon and Hadapsar premises.

**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. The Company did not receive any non-compliance notice from CPCB/SPCB during the last financial year.

**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) Amcham India

**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. We have leveraged the above industry associations to connect with various stakeholders, including the Government (both at the Center and the State), public-owned enterprises, other industry peers and experts, for advancement of business and advocacy for industry-friendly policies. The broader areas of engagement include:

- a. Governance and administration
- b. Sustainable business operations
- c. Ease of doing business
- d. Inclusive economic development
- e. Economic reforms

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

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

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

- Holistic Rural Development Programme (Project Anand Gaon)
- Holistic Rural Development Programme - Strengthening Rural Health Systems
- Disaster Relief programmes

The CSR arm of the Company designed programs to ensure and promote 'inclusive growth' and 'equitable development' by reaching out to the most vulnerable communities such as rural communities deprived of livelihood opportunities, access to safe drinking water and sanitation, access to quality education and health infrastructure, etc. The disaster relief initiatives focused on creating COVID-19 preparedness by setting up oxygen generation plants at district hospitals as well as the providing right operative and diagnostic equipments and tools required for a variety of other ailments and conditions.

**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). HHSIF partnered with external third-party agencies to manage Monitoring & Evaluation as well as Social and Financial Auditing of the projects.

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

All programs are scheduled for annual social and financial audits by third party for the FY2021-22.

The projects will undergo impact assessment after completion of 1 year of the project.

**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 12,35,71,200 towards its CSR commitment to Honeywell Hometown Solutions India Foundation (HHSIF). Of this

- INR 5,00,00,000 were contributed towards Holistic Rural Development Programme (Project Anand Gaon), implemented by Swades Foundation, a not-for-profit organization. This included interventions such as drinking water schemes, drip irrigation and trainings on farm practices, scholarships for deserving students, livelihood startup support, etc.
- INR 1,58,37,875 were contributed towards the Holistic Rural Development Programme (Strengthening Rural Health Systems), implemented by Americares India Foundation, a not-for-profit organisation. This included the identification of gaps in existing health care infrastructure at rural medical institutions and providing the right equipments and tools to support timely diagnosis and treatments of various ailments and conditions, including COVID19
- INR 5,14,41,435 were contributed towards the Disaster Management Project implemented by Americares India Foundation, a not-for-profit organization. This included the purchase and installing of oxygen generation plants of sufficient capacity to make the PHCs self-sufficient in terms of its oxygen needs and to cater to the existing and future COVID19 or viral outbreaks
- INR 62,91,890 spent towards dedicated administrative expenditure of HHSIF for managing Company's CSR programmes.

**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. Thorough need assessment was conducted for the holistic rural development programme to ensure strong relevance of the interventions to the community. The district administration, local bodies, key stakeholders, and beneficiary groups have been engaged at various stages of these programmes to ensure community adoption and impact creation.

Holistic Rural Development Programme in collaboration with Swades Foundation and Americares India Foundation addresses the needs of the remote rural communities from relatively less developed areas of Thane, Pune, Ahmednagar, Raigad, and Nashik. Intervention specific trainings were provided to the beneficiaries to operationalize and sustain interventions, for example, farmer training for drip irrigation. Post intervention follow-up is an integral part of the M&E which further helps in ensuring higher community adoption of the programmes.

**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 2.2%.

**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 I services, product safety etc.

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

**Ashish Gaikwad**  
Managing Director

**Dr. Ganesh Natarajan**  
Chairman

Pune, May 12, 2022

**INDEPENDENT AUDITOR'S REPORT****TO THE MEMBERS OF HONEYWELL AUTOMATION INDIA LIMITED  
Report on the Audit of the Financial Statements****Opinion**

We have audited the accompanying financial statements of Honeywell Automation India Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2022, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, 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 ("SA"s) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by 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><b>Accuracy of revenue recognition in line with Ind AS 115 Revenue from Contracts with Customers:</b></p> <p>The Company recognizes revenue from turnkey contracts on a percentage of completion basis, using cost-based input method, which is determined by using a cost-to-cost input method. The estimation of total costs involves significant judgment and is assessed throughout the period of the contract to reflect any changes based on the latest available information. Cost contingencies are included in these estimates to take into account specific uncertain risks, arising within each contract. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the estimated efforts or costs to complete the contract.</p> <p>Given the significance of the judgments necessary to estimate costs associated with these long-term contracts (which varies upon the length of the contract), auditing long-term contracts requires a high degree of auditor judgment.</p> <p>Refer to Note Number. 2(g) and Note number 21 of the Financial Statements</p>	<p><b>Principal Audit Procedures Performed:</b></p> <ul style="list-style-type: none"> <li>• We tested the effectiveness of internal controls over the recognition of revenue on Percentage of Completion basis and the determination of estimated contract costs including controls over the review of management's assumptions and key inputs used to recognize revenue and costs on long-term contracts using the cost-to-cost input method.</li> <li>• We tested the relevant underlying computer application systems used in recording revenue/project costs and budgeting systems including system generated reports.</li> <li>• We selected samples of ongoing turnkey contracts, wherein revenue was recorded on percentage of completion basis, and performed the following: <ul style="list-style-type: none"> <li>- tested contractual terms by agreeing these back to signed contracts, tested the mathematical accuracy of the cost incurred till date to budgeted total cost and re-performed the calculation of revenue recognized during the year based on the percentage of completion;</li> <li>- tested the actual costs incurred on construction works during the reporting period with supporting system reports on project status and extent of obligations fulfilled against the Company's estimates as provided in prior periods or initial budget to identify significant variations and evaluate whether those variations have been considered appropriately and timely</li> <li>- performed enquiries with the project managers for the samples selected and corroborated their responses to the contract testing.</li> <li>- tested management's estimates of the impact to revenue and budgeted costs arising from scope changes made to the original contracts, claims, disputes and liquidation damages with reference to supporting documents including variation orders/executed purchase orders and correspondences between the Company and the customers.</li> <li>- performed a retrospective review of costs incurred with costs estimated to assess management's ability to achieve estimates and to identify potential bias in the recognition of revenue over time.</li> </ul> </li> </ul>

Sr. No.	Key Audit Matter	Auditor's Response
2	<p><b>Evaluation of Provisions, disclosures and analysis with respect to ongoing direct and indirect tax litigations</b></p> <p>The Company has various ongoing direct and indirect taxes related disputes/litigations in various states and at various levels of appellate authorities.</p> <p>The evaluation of the Company's position and determination of possible outcome of these disputes and provisions and related disclosures, if any, required to be made in the books involves significant management judgment.</p> <p>Refer Note 2(L) and note 34 to the financial statements.</p>	<p><b>Principal Audit Procedures Performed:</b></p> <ul style="list-style-type: none"> <li>• We assessed management's processes and tested the internal controls implemented for the identification, recognition and measurement of tax positions and its assessment of the potential impact on the Company.</li> <li>• We received a statement of all ongoing disputes/litigations along with the necessary documentation and <ul style="list-style-type: none"> <li>- We evaluated management's assessments including advice/opinion obtained from external consultants/legal advisors with respect to prospects of success of appeals and tax proceedings.</li> <li>- We involved our internal experts to challenge the management's position on these select litigations and to consider legal precedence and other rulings in evaluating management's position on these tax positions.</li> </ul> </li> </ul>

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including specific Annexures to Board's Report and Management Discussion and Analysis, but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### 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.

The 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 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 Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid financial statements comply with the 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, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 including derivative contracts;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company .
  - iv.
    - (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
    - (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
    - (c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
  - v. As stated in Note 39 to the Financial Statement
    - (a) The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with section 123 of the Act, as applicable.
    - (b) The Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.
2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

**Saira Nainar**  
Partner  
(Membership No. 040081)  
UDIN: 22040081AIWAQB8328

Place: Pune  
Date: May 12, 2022

## **ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT**

(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, 2022 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 (the “ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by ICAI and the Standards on Auditing prescribed under Section 143(10) of the Act, 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, 2022, based on the criteria for internal financial control over financial reporting established by the respective Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**Saira Nainar**  
Partner  
(Membership No. 040081)  
UDIN: 22040081AIWAQB8328

Place: Pune

Date: May 12,2022

**ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT**

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

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

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment, Capital work-in-progress and relevant details of right-of-use assets.  
(B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a program of verification of property, Plant and Equipment to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were due for verification during the year and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) Based on our examination of the title deeds and property tax paid receipts provided to us, we report that, the title deed of all the immovable property, (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in (property, plant and equipment and capital work-in progress) are held in the name of the Company as at the balance sheet date.
- (d) The Company has not revalued any of its property, plant and equipment (including Right of use assets) and intangible assets during the year.
- (e) No proceedings have been initiated during the year or are pending against the Company as at 31st March 2022 for holding any benami property under the Benami Transaction(Prohibition) Act , 1988 (as amended in 2016) and rules made thereunder.
- (ii) The inventories were physically verified during the year by the Management at reasonable intervals. In our opinion and according to the information and explanation given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account.  
(b) According to the information and explanation given to us, at any point of time of the year, the Company has not been sanctioned any working capital facility from banks or financial institutions and hence reporting under clause 3 (ii) (b) of the order is not applicable.
- (iii) The Company has not made any investments in, provided any guarantee or security, and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, and hence reporting under clause 3 (iii) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of investments made by the Company. According to the information and explanations given to us, the Company has not granted loans or provided guarantees and securities.

- (v) The Company has not accepted any deposits from the public and hence reporting under clause 3 (v) of the Order is not applicable to the Company.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) In respect of statutory dues:
- (a) Undisputed statutory dues, including Goods and Service Tax, Provident Fund, Employees State Insurance, Income Tax, Duty of Custom, Cess and other material statutory dues applicable to the Company have generally been regularly deposited by it with the appropriate authorities though the delays in respect of remittance of
- 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 31st, 2022 for a period of more than six months from the date they became payable.
- (b) Details of statutory dues referred to in sub- clause (a) above which have not been deposited as on March 31st, 2022 on account of disputes are given below:

(Rs. in lakhs)

<b>Income Tax Act, 1961</b>				
<b>Nature of Dues</b>	<b>Forum where Dispute is Pending</b>	<b>Period to which the amount relates</b>	<b>Amount unpaid</b>	<b>Amount Paid</b>
Income Tax	Assessing office/ Transfer Pricing officer	AY 2003-04	349.19	195.08
Income Tax	Commissioner of Income Tax Appeals	AY 2008-09	167.59	-
Income Tax	Assessing office/ Transfer Pricing officer	AY 2009-10	45.88	-
Income Tax	Commissioner of Income Tax Appeals	AY 2010-11	121.69	-
Income Tax	Commissioner of Income Tax Appeals	AY 2011-12	9.80	-
Income Tax	Commissioner of Income Tax Appeals	AY 2012-13	11.86	-
Income Tax	Commissioner of Income Tax Appeals	AY 2013-14	445.99	-
Income Tax	Assessing office/ Transfer Pricing officer	AY 2015-16	566.52	23.50
Income Tax	Commissioner of Income Tax Appeals	AY 2017-18	91.89	105.49

<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>
BST	Tribunal, Maharashtra	2001-02	32.28	-
CST	Additional Commissioner (appeals), Bihar	2015-16	13.16	3.82
CST	Additional Commissioner, Uttar Pradesh	2010-11	6.56	-
CST	Appellate authority -I, Commercial Tax Department, Jaipur, Rajasthan	2012-13	39.93	-
CST	Appellate Deputy Commissioner, Andhra Pradesh (New)	2016-17	1.94	-
CST	Assessing officer, Karnataka	2017-18	10.11	-
CST	Assessing officer, Gurugram	2015-16 to 2017-18	112.94	-
CST	Assistant commissioner, Maharashtra	2013-14 to 2015-16	68.74	-
CST	Assistant commissioner, Tamil Nadu	2013-14 to 2017-18	21.68	-
CST	Deputy Commissioner, Kerala	2010-11 and 2012-13	15.23	-
CST	Deputy Commissioner, Maharashtra	2012-13 and 2013-14	137.49	276.09
CST	Deputy Commissioner, Uttar Pradesh	2016-17 and 2017-18	18.73	18.02
CST	Joint commissioner (Appeals), Maharashtra	2015-16 to 2017-18	1,587.77	19.30
CST	Joint Commissioner, Maharashtra	2010-11	103.52	18.16
CST	Joint Commissioner, West Bengal	2014-15 to 2016-17	9.81	1.04
CST	Revision board-Bench - VII, West Bengal	2012-13 and 2013-14	126.97	17.04
CST	Special Objection Hearing Authority, Delhi	2007-08,2015-16 to 2017-18	201.50	-
CST	Tribunal, Maharashtra	2001-02 and 2009-10	211.38	32.42
Entry Tax	Assessing officer, Uttar Pradesh	2005-06 and 2006-07	26.00	-
Entry Tax	Deputy Commissioner of Commercial Tax, Madhya Pradesh	2016-17	6.18	2.06
GST	Deputy Commissioner of Commercial Tax (Appeals) Jammu	2017-18	36.19	-

<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>
VAT	Additional Commissioner (appeals), Bihar	2015-16	15.69	3.40
VAT	Additional Commissioner, Uttar Pradesh	2012-13	144.33	20.73
VAT	Appellate authority -I, commercial tax dept. Jaipur, Rajasthan	2012-13	42.31	0.99
VAT	Assessing officer, Uttar Pradesh	2006-07	233.76	-
VAT	Assistant Commissioner of Commercial Taxes, Goa	2017-18	2.31	0.29
VAT	Assistant commissioner (Commercial tax), Karnataka	2012-13, 2014-15 and 2016-17	138.14	72.94
VAT	Assistant Commissioner, Jharkhand	2007-08 and 2014-15	12.81	-
VAT	Assistant commissioner, Maharashtra	2013-14	116.94	-
VAT	Assistant commissioner, Tamil Nadu	2010-11	5.80	-
VAT	Deputy commissioner (Commercial Tax), Telangana	2010-11 and 2011-12	22.96	-
VAT	Deputy Commissioner of Commercial Tax, Madhya Pradesh	2016-17	3.18	1.06
VAT	Deputy Commissioner, Gujarat	2001-02	19.73	-
VAT	Deputy Commissioner, Kerala	2009-10 to 2015-16	529.63	33.10
VAT	Deputy Commissioner, Uttar Pradesh	2008-09, 2011-12, 2014-15 to 2016-17	453.77	11.55
VAT	Joint commissioner (Appeals), Maharashtra	2015-16	190.86	8.02
VAT	Joint Commissioner, Maharashtra	2011-12	52.67	131.23
VAT	Joint Commissioner, West Bengal	2015-16 and 2016-17	1,053.30	128.41
VAT	Joint Excise & taxation Commissioner (Appeals), Faridabad, Haryana	2017-18	6.10	-
VAT	Revision board-Bench - VII, West Bengal	2010-11, 2012-13 to 2014-15	157.23	25.69
VAT	Sales tax office, Jharkhand	1997-98 to 1999-00	39.73	-



<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>
VAT	Deputy Commissioner (Commercial Tax), Andhra Pradesh (New)	2014-15	21.14	-
VAT	Special Objection Hearing Authority, Delhi	2007-08, 2010-11, 2011-12, 2014-15 to 2017-18	1,378.76	106.20
VAT	Tribunal, Maharashtra	2007-08 and 2009-10	208.48	52.09
VAT	Tribunal, West Bengal	2011-12	0.08	-
WCT	Additional Commissioner, Odisha	2011-12 and 2012-13	153.61	-
<b>WCT</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	2.4	-

- (viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
- (ix) (a) The Company has not taken any loans or borrowings from any lender. Hence reporting under clause 3 (ix)(a) of the Order is not applicable to the Company.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company has not taken any term loan during the year and there are no unutilised term loans at the beginning of the year and hence, reporting under clause 3 (ix)(c) of the Order is not applicable.
- (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- (e) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause 3 (ix)(e) of the Order is not applicable.
- (f) The Company has not raised any loans during the year and hence reporting on clause 3 (ix)(f) of the Order is not applicable.
- (x) (a) The Company has not issued any of its securities (including debt instruments) during the year and hence reporting under clause 3 (x) (a) of the Order is not applicable to the Company.
- (b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3 (x)(b) of the Order is not applicable to the Company.

- (xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) We have taken into consideration the whistle blower complaints received by the Company during the year and provided to us, when performing our audit.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable.
- (xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and nature of its business.
- (b) We have considered, the internal audit reports issued to the Company during the year and covering period upto March 2022 and the draft of the internal audit reports where issued after the balance sheet date covering period April-22 for the period under audit.
- (xv) In our opinion, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of Section 192 of the Companies Act,2013 are not applicable to the Company.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3 (xvi) (a), (b) and (c) of the Order is not applicable.
- The group does not have any CIC as a part of the group and accordingly reporting under clause 3 (xvi) (d) of the order is not applicable.
- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating the Company is not capable of meeting its liabilities existing at the date of the balance sheet as and when they fall due within period of one year from the balance sheet date. We however, state that this is not an assurance as to the future viability of the Company. We further state that, our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified VII to the Companies Act or special account in compliance with the provisions of sub-section (6) of the section 135 of the said Act. Accordingly, reporting under clause 3 (xx) of the order is not applicable for the year.

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

**Saira Nainar**  
Partner  
(Membership No. 040081)  
**UDIN: 22040081AIWAQB8328**

Place: Pune  
Date: May 12, 2022

(Rupees in lakhs)

Particulars	Notes	As at 31st March 2022	As at 31st March 2021
<b>Assets</b>			
<b>Non-current assets</b>			
(a) Property, Plant and Equipment	4	13,032	14,639
(b) Right-Of-Use Assets		5,040	7,015
(c) Capital work in progress	4	214	212
(d) Intangible assets	5	3	4
(e) Financial assets			
(i) Trade receivables	6	308	255
(ii) Other financial assets	9	2,525	2,638
(f) Income tax assets (net)	10	10,197	6,711
(g) Deferred tax assets (net)	11	5,792	5,487
(h) Other non-current assets	12	5,842	6,012
<b>Total non-current assets</b>		<b>42,953</b>	<b>42,973</b>
<b>Current assets</b>			
(a) Inventories	13	9,861	9,541
(b) Financial assets			
(i) Trade receivables	6	67,513	92,267
(ii) Cash and cash equivalents	7	29,068	23,137
(iii) Bank balances other than (ii) above	8	1,71,554	1,56,549
(iv) Other financial assets	9	71,925	58,713
(c) Other current assets	12	8,187	10,288
<b>Total current assets</b>		<b>3,58,108</b>	<b>3,50,495</b>
<b>Total Assets</b>		<b>4,01,061</b>	<b>3,93,468</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
(a) Equity share capital	14	884	884
(b) Other equity	15	2,82,793	2,57,003
<b>Total Equity</b>		<b>2,83,677</b>	<b>2,57,887</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Trade payables	17		
(A) Trade payables to Micro Small and Medium Enterprise		-	-
(B) Trade payables others		211	-
(ii) Lease liabilities	18	3,634	5,477
(b) Provisions	16	2,586	4,406
<b>Total non-current liabilities</b>		<b>6,431</b>	<b>9,883</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Trade payables	17		
(A) Trade payables to Micro Small and Medium Enterprise		4,210	7,524
(B) Trade payables others		67,416	86,984
(ii) Lease liabilities	18	1,940	1,912
(iii) Other financial liabilities	19	14,896	14,077
(b) Other current liabilities	20	12,218	9,207
(c) Provisions	16	10,273	5,994
<b>Total current liabilities</b>		<b>1,10,953</b>	<b>1,25,698</b>
<b>Total Equity and Liabilities</b>		<b>4,01,061</b>	<b>3,93,468</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

**Saira Nainar**  
Partner  
Membership No: 040081

**Ganesh Natarajan**  
Chairman

**Ashish Gaikwad**  
Managing Director

**Farah Irani**  
Company Secretary

**Pulkit Goyal**  
Chief Financial Officer

Place : Pune  
Date : May 12, 2022

Place : Pune  
Date : May 12, 2022

(Rupees in lakhs)

Particulars	Notes	Year ended	Year ended
		31st March 2022	31st March 2021
(I) Revenue from operations	21	2,94,832	3,04,278
(II) Other Income	22	8,234	8,397
<b>(III) Total Income (I + II)</b>		<b>3,03,066</b>	<b>3,12,675</b>
<b>(IV) Expenses:</b>			
Cost of materials consumed	23	1,24,734	1,27,039
Purchases of Stock in Trade		29,712	28,077
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	52	(2,026)
Employee benefits expense	25	55,754	52,436
Finance costs	26	549	621
Depreciation and amortization expense	4,5 & 30	5,246	4,866
Other expenses	27	41,257	39,860
<b>Total expenses</b>		<b>2,57,304</b>	<b>2,50,873</b>
<b>(V) Profit before tax (III - IV)</b>		<b>45,762</b>	<b>61,802</b>
<b>(VI) Income tax expense:</b>			
- Current tax		11,890	15,770
- Deferred tax		(41)	28
- Relating to earlier years		-	-
<b>Total tax expense</b>		<b>11,849</b>	<b>15,798</b>
<b>(VII) Profit for the year (V-VI)</b>		<b>33,913</b>	<b>46,004</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		(741)	243
A (ii) Income tax relating to items that will not be reclassified to profit or loss		187	(61)
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		(306)	448
B (ii) Income tax relating to items that may be reclassified to profit and loss		77	(113)
<b>Total other comprehensive income (A (i-ii) + B (i-ii) )</b>		<b>(783)</b>	<b>517</b>
<b>(IX) Total comprehensive income for the year (VII + VIII)</b>		<b>33,130</b>	<b>46,521</b>
Earning per equity share (In Rs.)			
Basic and Diluted	31	383.57	520.32
Nominal value per share: Rs.10			

See accompanying notes to the financial statements  
In terms of our report of even date  
For **Deloitte Haskins & Sells LLP**  
Chartered Accountants  
Firm Registration Number - FRN 117366W/W100018

For and on behalf of the Board

**Saira Nainar**  
Partner  
Membership No: 040081

**Ganesh Natarajan**  
Chairman

**Ashish Gaikwad**  
Managing Director

**Farah Irani**  
Company Secretary

**Pulkit Goyal**  
Chief Financial Officer

Place : Pune  
Date : May 12, 2022

Place : Pune  
Date : May 12, 2022

(Rupees in lakhs)

Particulars	Year ended	Year ended
	31st March 2022	31st March 2021
<b>A. Cash flow from operating activities</b>		
<b>Profit for the year</b>	<b>33,913</b>	<b>46,004</b>
Adjustments for:		
Income tax expense recognised in profit and Loss account	11,849	15,798
Depreciation and amortisation of non current assets	5,246	4,866
(Gain) / Loss on sale / write off of property, plant and equipment (net)	(25)	(1)
Interest income recognised in profit and loss	(5,519)	(5,455)
Employee stock options provisions	175	172
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(361)	396
Effect of unrealized exchange (Gain)/Loss	27	323
Other interest cost	549	621
Liabilities no longer required written back	(433)	(606)
Interest on Other financial assets carried at amortised cost	(154)	(197)
Expected credit loss allowance	363	1,107
<b>Movements in working capital:</b>		
(Increase) /decrease in trade and other receivables	24,416	(19,372)
(Increase) /decrease in amount due from customers under construction contracts and unbilled services	(12,984)	(11,345)
(Increase) in inventories	(320)	2,548
(Increase) /decrease in other assets	2,323	1,376
Increase/ (decrease) in trade payables	(22,414)	17,349
Increase/ (decrease) in provisions	1,718	(2,086)
Increase/ (decrease) in other current liabilities	3,365	(4,025)
<b>Cash generated from operations</b>	<b>41,734</b>	<b>47,473</b>
Income taxes paid (net of refund, if any)	(15,376)	(11,033)
<b>Net cash generated from operations</b>	<b>26,358</b>	<b>36,440</b>
<b>B. Cash flow from investing activities</b>		
Payments for Property, Plant and equipment	(1,265)	(4,854)
Proceeds from disposal of Property, Plant and equipment	183	125
Interest received	5,152	5,928
Fixed deposits placed during the year	(1,71,500)	(3,42,300)
Proceeds from fixed deposits matured during the year	1,56,495	3,10,788
<b>Net cash used in investing activities</b>	<b>(10,935)</b>	<b>(30,313)</b>
<b>C. Cash flow from financing activities</b>		
Repayment of lease liabilities	(2,343)	(2,328)
Dividend paid	(7,510)	(6,619)
<b>Net cash used in financing activities</b>	<b>(9,853)</b>	<b>(8,947)</b>

(Rupees in lakhs)

Particulars	Year ended	Year ended
	31st March 2022	31st March 2021
<b>Net change in cash and cash equivalents</b>	<b>5,570</b>	<b>(2,820)</b>
Cash and cash equivalents as at the beginning of the year	23,137	26,353
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	361	(396)
Cash and cash equivalents as at the end of the year	29,068	23,137
<b>Movement in cash and cash equivalents</b>	<b>5,570</b>	<b>(2,820)</b>

- Statement of cash flows has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows" as specified in the Companies (Indian Accounting Standards) Rules, 2015.
- Purchase of fixed assets represents additions to property, plant and equipment and other intangible assets adjusted for movement of (a) capital work in progress for property, plant and equipment and (b) intangible assets under development during the year.
- Cash and cash equivalents included in the Statement of Cash Flows comprise the following:

Cash and cash equivalents consist of	31st March 2022	31st March 2021	31st March 2020
<b>Bank Balances</b>			
Current Accounts	26,368	18,789	22,128
Cheques on hand	-	117	94
Demand deposits (Original maturity less than 3 months)	2,700	4,231	4,131
	<b>29,068</b>	<b>23,137</b>	<b>26,353</b>

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

**Saira Nainar**  
Partner  
Membership No: 040081

Place : Pune  
Date : May 12, 2022

**For and on behalf of the Board**

**Ganesh Natarajan**  
Chairman

**Farah Irani**  
Company Secretary

Place : Pune  
Date : May 12, 2022

**Ashish Gaikwad**  
Managing Director

**Pulkit Goyal**  
Chief Financial Officer

**A. Equity share capital**

(Rupees in lakhs)

	Amount
Balance as at 31st March 2021	884
Changes in Equity share capital due to prior period errors	-
Restated balance at the beginning of the current reporting period	884
Changes in equity share capital	-
As at 31st March 2022	884

**B. Other equity**

(Rupees in lakhs)

	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 2020</b>	1,577	18,552	1,97,967	580	(1735)	-	2,16,941
Profit for the year	-	-	46,004	-	-	-	46,004
Other comprehensive income for the year, net of income tax	-	-	-	-	182	335	517
<b>Total comprehensive income for the year</b>	-	-	<b>46,004</b>	-	<b>182</b>	<b>335</b>	<b>46,521</b>
Dividend Paid (refer note 39)	-	-	(6,631)	-	-	-	(6,631)
Dividend Distribution Tax Paid	-	-	-	-	-	-	-
Recognition of share-based payments	-	-	-	172	-	-	172
<b>Balance as at 31st March 2021</b>	<b>1,577</b>	<b>18,552</b>	<b>2,37,340</b>	<b>752</b>	<b>(1,553)</b>	<b>335</b>	<b>2,57,003</b>
Profit for the year	-	-	33,913	-	-	-	33,913
Other comprehensive income for the year, net of income tax	-	-	-	-	(554)	(229)	(783)
<b>Total comprehensive income for the year</b>	-	-	<b>33,913</b>	-	<b>(554)</b>	<b>(229)</b>	<b>33,130</b>
Dividend Paid (refer note 39)	-	-	(7,515)	-	-	-	(7,515)
Dividend Distribution Tax Paid	-	-	-	-	-	-	-
Recognition of share-based payments	-	-	-	175	-	-	175
<b>Balance as at 31st March 2022</b>	<b>1,577</b>	<b>18,552</b>	<b>2,63,738</b>	<b>927</b>	<b>(2,107)</b>	<b>106</b>	<b>2,82,793</b>

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

**Saira Nainar**  
Partner  
Membership No: 040081

**Ganesh Natarajan**  
Chairman

**Ashish Gaikwad**  
Managing Director

**Farah Irani**  
Company Secretary

**Pulkit Goyal**  
Chief Financial Officer

Place : Pune  
Date : May 12, 2022

Place : Pune  
Date : May 12, 2022



**NOTES TO THE FINANCIAL STATEMENTS****Note 1 - General Information:**

Honeywell Automation India Limited (the 'Company') is engaged primarily in the business of Automation & Control systems on turnkey basis and otherwise. The Company is a public limited company incorporated and domiciled in India and has its registered office at 56,57 Hadapsar Industrial Estate, Pune – 411013, Maharashtra, India. The Company is listed on the Bombay Stock Exchange, Mumbai (BSE) and the National Stock Exchange (NSE).

The financial statements are approved for issue by the Company's Board of Directors on May 12, 2022.

**Note 2 - Significant Accounting Policies:****A. Statement of Compliance**

These financial statements are prepared in accordance with Indian Accounting Standard (Ind AS), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ("the Act") (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued there after.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

**Operating cycle for current and non-current classification :**

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle, based on the duration of the specified project/contract/product line/service including the defect liability period, wherever applicable and extends up to the realization of receivables (including retention monies) within the agreed credit period normally applicable to this industry.

**B. Basis of Preparation and Presentation**

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following material items that have been measured at fair value as required by relevant Ind AS:

- i) Derivative financial instruments
- ii) Certain financial assets and financial liabilities measured at fair values (as required by the relevant Ind AS)
- iii) Share based payment transactions and
- iv) Defined benefit and other long term employee benefits

Historical cost is generally based on the fair value of the consideration given in exchange of goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the assets or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and disclosure purpose in these financial statement is determined on such basis, except for share-based transactions that are within scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly;

Level 3 inputs are unobservable inputs for the asset or liability.

Amounts in the financial statements are presented in Indian Rupees in lakhs and rounded off as permitted by Schedule III to the Companies Act, 2013. Per share data are presented in Indian Rupees to two decimal places.

### C. Property, Plant and Equipment

Property, Plant and Equipment are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any.

Items of Property, Plant and Equipment that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements. Any expected loss is recognised immediately in the Statement of Profit and Loss.

Losses arising from the retirement of, and gains or losses arising from disposal of Property, Plant and Equipment are recognised in the Statement of Profit and Loss.

Freehold land is not depreciated.

The Company depreciates Property, Plant and Equipment over their estimated useful lives using the straight-line 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.

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 are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are discounted to its present value as appropriate.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous contracts are measured at the present value of lower of the expected net cost of fulfilling the contract and the expected cost of terminating the contract.

**Contingent Liabilities:** Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is termed as a contingent liability.

Contingent assets are disclosed where an inflow of economic benefits is probable.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date. Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

#### **M. Leases**

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.

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.

A right-of-use asset and corresponding lease liability are not recorded for leases with an initial term of 12 months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes lease payments as operating expense as incurred over the lease term.

The Company has also elected practical expedient available within the standard:

- not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 April 2019
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

## **N. Financial Instruments**

Financial assets and financial liabilities are recognised when a company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly



attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in Statement of Profit and Loss.

## **O. Financial Assets**

All purchases or sales of financial assets are recognised and derecognised on a trade date basis including delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

### **i. Classification of financial assets**

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition) :

- 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 financial asset that results from transactions that are within the scope of Ind AS 115, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix based on judgement considering past experience.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

**v. Derecognition of financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flow from the asset expired or when it transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred assets the Company recognises its retained interest in the asset and then associated liability for amounts it may have to pay.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial assets.

On derecognition of a financial asset other than in its entirety, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of relative fair values of those part on the date of the transfer. The difference between carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit and loss if such gain or loss would have otherwise been recognised in profit and loss on disposal of that financial asset. A cumulative gain or loss that has been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair value of those parts.

**vi. Foreign exchange gains and losses**

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit and loss.

Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.

For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured amortised cost. Thus, 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. New Accounting Standards, Amendments to Existing Standards, Annual Improvements, Interpretations, etc applicable to the Company effective subsequent to March 31, 2021**

Ministry of Corporate Affairs (“MCA”) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, as below.

**Ind AS 16 – Property Plant and equipment -**

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The Company has evaluated the amendment and there is no impact on its financial statements.

**Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets –**

The amendment specifies that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022, although early adoption is permitted. The Company has evaluated the amendment and the impact is not expected to be material.

**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.”
6. Ind AS 116 requires lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Company’s operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the company has concluded that no material changes are required to lease period relating to the existing lease contracts. Refer note no 2 (M).

## Notes to the financial statements

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

(Rupees in lakhs)

Particulars / Class of Assets	31st March 2022	31st March 2021
<b>Carrying amounts of :</b>		
Freehold land	30	30
Buildings	6,210	6,511
Plant and machinery	3,194	3,993
Computers and networks	1,596	1,948
Furniture and fixtures	633	768
Office equipments	1,369	1,389
Vehicles	-	-
	<b>13,032</b>	<b>14,639</b>
Capital work-in-progress (Refer note 41)	214	212
	<b>13,246</b>	<b>14,851</b>

Particulars / Class of Asset	Freehold land	Buildings	Plant and machinery	Computers and networks	Furniture and fixtures	Office equipments	Vehicles	Total
Cost or deemed cost								
<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>
Additions	-	1,835	2,008	1,019	231	788	-	5,881
Disposals/ assets written off	-	(19)	(217)	(245)	(108)	(18)	-	(607)
<b>Balance at March 31, 2021</b>	<b>30</b>	<b>8,265</b>	<b>6,863</b>	<b>5,383</b>	<b>1,271</b>	<b>1,832</b>	<b>-</b>	<b>23,644</b>
Additions	-	391	187	916	30	198	-	1,722
Disposals/ assets written off	-	-	(321)	(801)	(1)	(34)	-	(1,157)
<b>Balance at March 31, 2022</b>	<b>30</b>	<b>8,656</b>	<b>6,729</b>	<b>5,498</b>	<b>1,300</b>	<b>1,996</b>	<b>-</b>	<b>24,209</b>
<b>Accumulated depreciation and impairment (if any)</b>								
<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>
Eliminated on disposal of assets	-	(19)	(113)	(245)	(106)	-	-	(483)
Depreciation expenses	-	547	738	1,132	144	142	-	2,703
<b>Balance at March 31, 2021</b>	<b>-</b>	<b>1,754</b>	<b>2,870</b>	<b>3,435</b>	<b>503</b>	<b>443</b>	<b>-</b>	<b>9,005</b>
Eliminated on disposal/ assets written off	-	-	(192)	(784)	(0)	(23)	-	(999)
Depreciation expenses	-	692	857	1,251	164	207	-	3,171
<b>Balance at March 31, 2022</b>	<b>-</b>	<b>2,446</b>	<b>3,535</b>	<b>3,902</b>	<b>667</b>	<b>627</b>	<b>-</b>	<b>11,177</b>
<b>Carrying Amount</b>								
<b>Balance at March 31, 2021</b>	<b>30</b>	<b>6,511</b>	<b>3,993</b>	<b>1,948</b>	<b>768</b>	<b>1,389</b>	<b>-</b>	<b>14,639</b>
<b>Balance at March 31, 2022</b>	<b>30</b>	<b>6,210</b>	<b>3,194</b>	<b>1,596</b>	<b>633</b>	<b>1,369</b>	<b>-</b>	<b>13,032</b>



## Notes to the financial statements

## NOTE 5 - INTANGIBLE ASSETS

(Rupees in lakhs)

Particulars / Class of Assets	31st March 2022	31st March 2021
Computer software	3	4
	<b>3</b>	<b>4</b>

Particulars / Class of Assets	Computer software
<b>Cost or deemed cost</b>	
<b>Balance at March 31, 2020</b>	<b>81</b>
Additions	
Disposals/ write off	-
<b>Balance at March 31, 2021</b>	<b>81</b>
Additions	-
Disposals/ write off	(1)
<b>Balance at March 31, 2022</b>	<b>80</b>
<b>Accumulated amortisation and impairment (if any)</b>	
<b>Balance at March 31, 2020</b>	<b>77</b>
Amortisation expenses	
<b>Balance at March 31, 2021</b>	<b>77</b>
Amortisation expenses	-
<b>Balance at March 31, 2022</b>	<b>77</b>
<b>Carrying Amount</b>	
<b>Balance at March 31, 2021</b>	<b>4</b>
<b>Balance at March 31, 2022</b>	<b>3</b>

"During the year ended March 31, 2022 and March 31, 2021, there is no movement in property, plant and equipment and intangible asset on account of revaluation, business combination, impairment.

The aggregate depreciation has been included under depreciation and amortization expense in the statement of Profit and Loss."

## Notes to the financial statements

## NOTE 6 - TRADE RECEIVABLES

(Rupees in lakhs)

	As at 31st March 2022	As at 31st March 2021
<b>Non-Current</b>		
<b>Undisputed trade receivables</b>		
(a) Secured, considered good	-	-
(b) Unsecured, considered good	387	325
Less: Expected credit loss allowance for doubtful trade receivables	(79)	(70)
<b>Total</b>	<b>308</b>	<b>255</b>
<b>Current</b>		
<b>Undisputed trade receivables</b>		
(a) Secured, considered good	-	-
(b) Unsecured, considered good	71,066	95,262
Less: Expected credit loss allowance for doubtful trade receivables	(3,553)	(2,995)
	67,513	92,267
(c) Unsecured, considered credit impaired	3	234
Less: Expected credit loss allowance for doubtful trade receivables	(3)	(234)
	-	-
<b>Total</b>	<b>67,513</b>	<b>92,267</b>

Also, refer note 21.1(B) below and note 29 for related party balances and note 37 -B for ageing.

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. This provision matrix is based on judgement considering past experience. The provision matrix at the end of reporting period is as follows:

## AGEING

	Expected credit loss %	
	31st March 2022	31st March 2021
0-90 days past due (Including contractual long term unbilled)	0.59%	0.44%
More than 90 days past due	13.72%	10.48%

## Notes to the financial statements

## AGE OF TRADE RECEIVABLES

(Rupees in lakhs)

	As at 31st March 2022	As at 31st March 2021
0-90 days past due	47,215	70,623
More than 90 days past due	24,241	25,198
<b>Total</b>	<b>71,456</b>	<b>95,821</b>

## MOVEMENT IN THE EXPECTED CREDIT LOSS ALLOWANCE

(Rupees in lakhs)

	As at 31st March 2022	As at 31st March 2021
Balance at beginning of the year	3,299	2,672
Add: Expected credit loss during the year	3,315	1,404
Less: Amounts recovered / reversed in the current year	(2,979)	(777)
<b>Balance at the end of the year</b>	<b>3,635</b>	<b>3,299</b>

The concentration of credit risk is limited due to the fact that the customer base is large.

The Company determines the allowance for expected credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company has specifically evaluated the potential impact with respect to customers which could have an immediate impact and the rest which could have an impact with expected delays. Basis this assessment, the allowance for doubtful trade receivables as at March 31, 2022 is considered adequate.

The Company is not having any trade receivables representing more than 5% of total trade receivables.

## NOTE 7 - CASH AND CASH EQUIVALENTS

(Rupees in lakhs)

	As at 31st March 2022	As at 31st March 2021
<b>Bank balances</b>		
In current accounts	26,368	18,789
Cheques on hand	-	117
Demand deposits (Original maturity less than 3 months)	2,700	4,231
<b>Total</b>	<b>29,068</b>	<b>23,137</b>

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

The deposits maintained by the Company with banks and financial institutions comprise time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

## Notes to the financial statements

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

(Rupees in lakhs)

	As at 31st March 2022	As at 31st March 2021
<b>Other bank balances</b>		
Long term deposits with original maturity more than 3 months but less than 12 months	1,71,500	1,56,500
Unpaid dividend account	54	49
<b>Total</b>	<b>1,71,554</b>	<b>1,56,549</b>

## NOTE 9 - OTHER FINANCIAL ASSETS

(Rupees in lakhs)

	As at 31st March 2022	As at 31st March 2021
<b>Non-Current</b>		
Deposits against bank guarantee	1,242	1,218
Unsecured security deposits [net of expected credit loss allowance Rs 155 Lakhs, (31st March 2021 Rs. 190 Lakhs)]	1,120	1,024
Earnest money deposits [net of expected credit loss allowance Rs. 305 Lakhs, (31st March 2021 Rs. 287 Lakhs )]	-	-
Unbilled services (refer note 21.1(B))	163	396
<b>Total</b>	<b>2,525</b>	<b>2,638</b>
<b>Current</b>		
Deposits against bank guarantee	233	226
Interest accrued on deposits with banks	1,697	1,330
Foreign currency forward contracts designated in hedge accounting relationships	333	564
Unsecured security deposits	36	208
Earnest money deposits	76	145
<b>Contract assets</b>		
"Amounts due from customers under construction contracts (refer note 21.1(B) and note below) [net of expected credit loss allowance of Rs. 1624 Lakhs; (31st March 2021 Rs. 1,929 Lakhs)] "	64,713	52,052
"Unbilled services (refer note 21.1(B)) [net of expected credit loss allowance of Rs. 351 Lakhs; (31st March 2021 Rs. 160 Lakhs)]"	4,837	4,188
<b>Total</b>	<b>71,925</b>	<b>58,713</b>

**Notes to the financial statements**Movement in the expected credit allowance on amounts due from customers under construction contracts

(Rupees in lakhs)

	As at 31st March 2022	As at 31st March 2021
Balance at beginning of the year	1,929	1,079
Add: Expected credit loss during the year	1,191	1,331
Less: Amounts recovered / reversed in the current year	(1,496)	(481)
<b>Balance at the end of the year</b>	<b>1,624</b>	<b>1,929</b>

The expected credit loss is calculated considering the likelihood of change in billing patterns, liquidation and recoverability plans. Basis this assessment, the allowance for amounts due from customers under construction contracts as at March 31, 2022 is considered adequate.

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

(Rupees in lakhs)

	As at 31st March 2022	As at 31st March 2021
Taxes paid in advance less provisions [Net of Provision for tax Rs. 138,436 Lakhs; (31st March 2021 Rs. 126,546 Lakhs)]	10,197	6,711
	<b>10,197</b>	<b>6,711</b>

The income tax expense for the year can be reconciled to the accounting profit as follows:

(Rupees in lakhs)

	As at 31st March 2022	As at 31st March 2021
Profit before tax	45,762	61,802
Tax expenses	11,849	15,798
Effective tax rate	<b>25.89%</b>	<b>25.56%</b>
Net impact of deduction/exemption and disallowance	-0.71%	-0.38%
Tax rate as per Income Tax Act	<b>25.17%</b>	<b>25.17%</b>

The applicable Indian statutory tax rate for financial year ended March 31, 2022 and March 31, 2021 is 25.17%.

During the previous 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, 2022 and March 31, 2021 have been recognized basis the above option.

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

(Rupees in lakhs)

	As at 31st March 2022	As at 31st March 2021
Deferred tax liability (A)	39	228
Deferred tax assets (B)	5,831	5,715
<b>Deferred tax assets (Net) (B-A)</b>	<b>5,792</b>	<b>5,487</b>

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

## Notes to the financial statements

## 2021-22

	Opening Balance	Recognised in the Statement of Profit and Loss	Recognised in other comprehensive income	Closing balance
<b>Deferred tax assets / (liabilities) in relation to</b>				
Depreciation and amortisation	(86)	131	-	45
Gain / (loss) on hedging instruments	(142)	(19)	77	(84)
<b>Total</b>	<b>(228)</b>	<b>112</b>	<b>77</b>	<b>(39)</b>
Expected Credit Loss on trade and other receivables	1,476	52	-	1,528
Provision for estimated cost to complete	381	540	-	921
Provision for compensated absences	479	63	-	542
Provision for other expenses	1,537	(38)	-	1,499
Provision for gratuity and other retirement benefits	239	(14)	104	329
Provision for Bonus	650	(322)	-	328
Lease liabilities	94	40	-	134
Others	859	(392)	83	550
<b>Total</b>	<b>5,715</b>	<b>(71)</b>	<b>187</b>	<b>5,831</b>

## 2020-21

	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	(108)	22	-	(86)
Gain / (loss) on designated portion of hedging instruments	-	(29)	(113)	(142)
<b>Total</b>	<b>(108)</b>	<b>(7)</b>	<b>(113)</b>	<b>(228)</b>
Expected Credit Loss on trade and other receivables	1,198	278	-	1,476
Provision for estimated cost to complete	853	(472)	-	381
Provision for compensated absences	424	55	-	479
Provision for other expenses	1,313	224	-	1,537
Provision for gratuity and other retirement benefits	284	(1)	(44)	239
Provision for Bonus	837	(187)	-	650
Lease liabilities	110	(16)	-	94
Others	778	98	(17)	859
<b>Total</b>	<b>5,797</b>	<b>(21)</b>	<b>(61)</b>	<b>5,715</b>

## Notes to the financial statements

## NOTE 12 - OTHER ASSETS

(Rupees in lakhs)

	As at 31st March 2022	As at 31st March 2021
<b>Non-current</b>		
Balances with Government authorities (including payments made under protest)	5,842	6,005
Prepaid expenses	-	7
<b>Total</b>	<b>5,842</b>	<b>6,012</b>
<b>Current</b>		
Balances with Government authorities	6,493	7,048
Advances recoverable in cash or kind	1,176	3,030
Advances to employees	346	95
Prepaid expenses	172	115
<b>Total</b>	<b>8,187</b>	<b>10,288</b>

## NOTE 13 - INVENTORIES

(Rupees in lakhs)

	As at 31st March 2022	As at 31st March 2021
Inventories (lower of cost and net realisable value)		
Raw materials [includes in transit: Rs. 874 lakhs (31st March 2021 : Rs. 732 lakhs)]	2,424	2,052
Work-in progress	2,373	2,149
Finished goods	201	213
Stock-in-trade (in respect of goods acquired for trading)	4,863	5,127
<b>Total</b>	<b>9,861</b>	<b>9,541</b>

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

Refer note 29 for related party balances.

During the year Rs. 77 lakhs was recognised as reversal of write down of inventory. In previous year, write down of inventory was Rs. 620 lakhs

## Notes to the financial statements

## NOTE 14 - EQUITY SHARE CAPITAL

(Rupees in lakhs)

	As at 31st March 2022	As at 31st March 2021
<b>Authorised:</b>		
10,000,000 (March 31, 2021: 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, 2021: 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, 2021: 8,841,523 ) equity shares of Rs. 10 each (fully paid up)	884	884
<b>Total</b>	<b>884</b>	<b>884</b>

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

Equity shares: The Company has one class of equity shares having a par value of 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 March 31, 2022		As at March 31, 2021	
	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 March 31, 2022		As at March 31, 2021	
	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

\* There are no changes in promoter's shareholding during the year ended March 31, 2022 and March 31, 2021



## Notes to the financial statements

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

Particulars	As at 31st March 2022		As at 31st March 2021	
	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, 2021 : 6,631,142 ) Equity shares constituting 75% (March 31, 2021 : 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, 2022.

## NOTE 15 - OTHER EQUITY

(Rupees in lakhs)

	As at 31st March 2022	As at 31st March 2021
<b>Securities Premium (A) (*)</b>	1,577	1,577
<b>Share based payment reserve (B)</b>	927	752
<b>General Reserve (C)</b>	18,552	18,552
<b>Other comprehensive Income (D)</b>		
Remeasurements of the defined benefit plans (net)	(2,107)	(1,553)
Effective portion of cash flow hedge (net)	106	335
<b>Retained Earnings (E)</b>	2,63,738	2,37,340
<b>Total (A+B+C+D+E)</b>	<b>2,82,793</b>	<b>2,57,003</b>

(\*) The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve

## Notes to the financial statements

## NOTE 16 - PROVISIONS

(Rupees in lakhs)

	As at 31st March 2022	As at 31st March 2021
<b>Non Current</b>		
Gratuity and other retirement benefits (refer note 36)	2,388	4,061
Provision for Warranty (refer note 35)	198	345
	<b>2,586</b>	<b>4,406</b>
<b>Current</b>		
Compensated absences	2,153	1,902
Gratuity and other retirement benefits (refer note 36)	2,228	373
Provision for Warranty and other potential claims (refer note 35)	621	609
Provision for litigations/ disputes (refer note 35)	1,612	1,576
Provision for estimated cost to complete on contracts (refer note 35)	3,659	1,534
	<b>10,273</b>	<b>5,994</b>

## NOTE 17 - TRADE PAYABLES

(Rupees in lakhs)

	As at 31st March 2022	As at 31st March 2021
<b>Non current</b>		
Trade Payables	211	-
<b>Total</b>	<b>211</b>	<b>-</b>
<b>Current</b>		
Trade Payables to Micro Small and Medium Enterprise (refer note 32)	4,210	7,524
Trade Payables others	67,416	86,984
<b>Total</b>	<b>71,626</b>	<b>94,508</b>

\* Refer note 37-B for ageing schedule from due date of payment and note 42 for struck off companies. Refer note 29 for related party transactions.

## NOTE 18 - LEASE LIABILITIES

(Rupees in lakhs)

	As at 31st March 2022	As at 31st March 2021
<b>Non Current</b>		
Lease liabilities (refer note 2 (M) and note 30)	3,634	5,477
<b>Total</b>	<b>3,634</b>	<b>5,477</b>
<b>Current</b>		
Current maturities of lease liabilities (refer note 2 (M) and note 30)	1,940	1,912
<b>Total</b>	<b>1,940</b>	<b>1,912</b>

## Notes to the financial statements

## NOTE 19 - OTHER FINANCIAL LIABILITIES

(Rupees in lakhs)

	As at 31st March 2022	As at 31st March 2021
<b>Current</b>		
Unclaimed dividend	54	49
Creditors for capital goods	704	245
Provision for expenses	14,138	13,783
	<b>14,896</b>	<b>14,077</b>

## NOTE 20 - OTHER CURRENT LIABILITIES

(Rupees in lakhs)

	As at 31st March 2022	As at 31st March 2021
<b>Contract liabilities</b>		
Deferred revenue (refer note 21.1(B))	1,051	824
Amount due to customers under construction contract (refer note 21.1(B))	6,834	4,077
Advances from customers	1,162	546
Statutory dues (including Provident Fund and Tax deducted at Source)	3,171	3,760
	<b>12,218</b>	<b>9,207</b>

## NOTE 21 - REVENUE FROM OPERATIONS

(Rupees in lakhs)

	Year ended 31st March 2022	Year ended 31st March 2021
<b>Revenue from contracts with customers (refer note 21.1)</b>		
Manufactured products and jobs	1,53,270	1,60,528
Traded products	41,752	38,779
Sale of services	98,719	1,02,118
<b>Other operating revenue</b>		
Scrap sale	7	29
Refund of taxes and duties	1,084	2,824
<b>Total</b>	<b>2,94,832</b>	<b>3,04,278</b>

## Notes to the financial statements

## NOTE 21.1 - REVENUE FROM CONTRACTS WITH CUSTOMERS

(Rupees in lakhs)

	Year ended 31st March 2022	Year ended 31st March 2021
<b>A. Disaggregation of revenue</b>		
(a) Timing of revenue recognition		
Point in time	70,064	88,647
Over time	2,23,677	2,12,778
(b) Geographical location		
India	1,82,887	1,63,489
Other	1,10,854	1,37,936
(c) Type of contract		
Fixed price	2,22,700	2,27,313
Time and material	71,041	74,112

**B. Contract balances**

Progress on satisfying performance obligations under contracts with customers and the related billings and cash collections are recorded in accounts receivable and the unbilled receivables in Other Financial Assets. The customer advances are recorded as Other Current Liabilities. Unbilled receivables (Contract Assets) arise when the timing of cash collected from customers differs from the timing of revenue recognition, such as when contract provisions require specific milestones to be met before a customer can be billed. Those assets are recognized when the revenue associated with the contract is recognized prior to billing and derecognized when billed in accordance with the terms of the contract. Contract liabilities are recorded when a milestone is met triggering the contractual right to bill but revenue recognised over time is not recognized.

When contracts are modified to account for changes in contract specifications and requirements, the Company considers whether the modification either creates new or changes the existing enforceable rights and obligations. Contract modifications that are for goods or services that are not distinct from the existing contract, due to the significant integration with the original good or service provided, are accounted for as if they were part of that existing contract. The effect of a contract modification on the transaction price and the measure of progress for the performance obligation to which it relates, is recognized as an adjustment to revenue (either as an increase in or a reduction of revenue) on a cumulative catch-up basis. When the modifications include additional performance obligations that are distinct, they are accounted for as a new contract and performance obligation, which are recognized prospectively.

## Notes to the financial statements

	(Rupees in lakhs)	
	Year ended 31st March 2022	Year ended 31st March 2021
(a) Opening balances		
Contract receivables (net of expected credit loss allowance)	92,522	75,140
Contract assets (net of expected credit loss allowance)	56,636	46,224
Contract liabilities	4,901	9,104
 Closing balances		
Contract receivables (net of expected credit loss allowance)	67,821	92,522
Contract assets (net of expected credit loss allowance)	69,713	56,637
Contract liabilities	7,885	4,901
 (b) Revenue recognised from opening balance of contract liability	4,411	7,836
 (c) Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods	-	944

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.

## Notes to the financial statements

## D. Transaction price

(Rupees in lakhs)

	Year ended 31st March 2022	Year ended 31st March 2021
Amount of transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied)	85,537	89,196
<b>Reconciliation of revenue</b>		
Contracted Price	2,93,829	3,01,540
Liquidated Damages	(88)	(115)
Revenue as per Statement of Profit & Loss	2,93,741	3,01,425

The Company has applied the practical expedient for certain revenue streams to exclude the value of remaining performance obligations for contracts with an original expected term of one year or less. Performance obligations recognized as at the year end will be satisfied over the course of future periods. The disclosure of the timing for satisfying the performance obligation is based on the requirements of contracts with customers. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts and periodic revalidations.

## NOTE 22 - OTHER INCOME

(Rupees in lakhs)

	Year ended 31st March 2022	Year ended 31st March 2021
Interest income earned on financial assets that are not designated as a fair value through the Statement of Profit and Loss		
i) Bank Deposits	5,519	5,455
ii) Other financial assets carried at amortised cost	154	197
Foreign exchange gain (net)	1,926	-
Interest on income tax and VAT refund	-	1,924
Liabilities no longer required written back	433	606
Profit on sale of Property, Plant and Equipment (net)	25	1
Miscellaneous income	177	214
<b>Total</b>	<b>8,234</b>	<b>8,397</b>

## Notes to the financial statements

## NOTE 23 - COST OF MATERIALS CONSUMED

(Rupees in lakhs)

	Year ended 31st March 2022	Year ended 31st March 2021
Raw materials consumed		
Opening inventory	2,052	6,626
Add: Purchases (net)	1,25,106	1,22,465
Less: Inventory at the end of the year	2,424	2,052
<b>Cost of raw materials consumed</b>	<b>1,24,734</b>	<b>1,27,039</b>

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

(Rupees in lakhs)

	Year ended 31st March 2022	Year ended 31st March 2021
(Increase)/ decrease in stock		
Stock at the beginning of the year		
Finished goods	213	526
Work in progress	2,149	1,110
Stock-in-trade (in respect of goods acquired for trading)	5,127	3,827
<b>Total (A)</b>	<b>7,489</b>	<b>5,463</b>
Stock at the end of the year		
Finished goods	201	213
Work in progress	2,373	2,149
Stock-in-trade (in respect of goods acquired for trading)	4,863	5,127
<b>Total (B)</b>	<b>7,437</b>	<b>7,489</b>
<b>(Increase)/ decrease in stock (A-B)</b>	<b>52</b>	<b>(2,026)</b>

## NOTE 25 - EMPLOYEE BENEFIT EXPENSES

(Rupees in lakhs)

	Year ended 31st March 2022	Year ended 31st March 2021
Salaries, wages and bonus*	51,447	48,654
Share based payment (Refer note 33)	175	172
Contribution to Provident and Other Funds (refer note 36)	3,093	2,857
Staff welfare expenses	1,039	753
<b>Total</b>	<b>55,754</b>	<b>52,436</b>

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

## Notes to the financial statements

## NOTE 26 - FINANCE COST

(Rupees in lakhs)

	Year ended 31st March 2022	Year ended 31st March 2021
Interest cost on lease liabilities (Refer note 30)	430	501
Interest payable to MSME (Refer note 32)	114	113
Other interest cost	5	7
<b>Total</b>	<b>549</b>	<b>621</b>

## NOTE 27 - OTHER EXPENSES

(Rupees in lakhs)

	Year ended 31st March 2022	Year ended 31st March 2021
Power and fuel	1,169	831
Rent [(refer note 2 (M) and 30)]	420	777
Rates and taxes	196	285
Repairs and maintenance		
Plant and machinery	64	114
Others	1,271	1,161
	1,335	1,275
Auditors remuneration		
As Statutory auditors (including limited reviews)	36	36
Others (including tax audit)	15	15
Out of pocket expenses	-	-
	51	51
Travelling and conveyance	17,184	17,967
Warranty expenses (refer note 35)	335	207
Communication expenses	303	123
Insurance	223	170
Loss on sale / write off of Property, Plant and Equipment (net)	-	-
Sales commission	137	258
Professional fees	5,970	3,723
Foreign exchange loss (net)	-	1,279
Bad debts written off (net of expected credit loss allowance) (refer note 27.1)	1,555	1,994
Corporate overhead allocations (refer note 29)	10,729	9,479
Expenditure towards Corporate Social Responsibility (refer note 38 and 29)	1,236	1,071
Bank Charges	322	299
Miscellaneous expenses	92	71
<b>Total</b>	<b>41,257</b>	<b>39,860</b>



## Notes to the financial statements

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

	Year ended 31st March 2022	Year ended 31st March 2021
Bad debts written off	1,192	887
Expected credit loss allowance	363	1,107
Bad debts written off (net of expected credit loss allowance)	<b>1,555</b>	<b>1,994</b>

## NOTE 28 - SEGMENT INFORMATION

Information reported to the Chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses only on one business segment i.e. Automation & Control Systems. There are no other reportable segments.

**Geographical Information:**

The Company operates in two principal geographical areas, viz. India and Others. Revenue by location of operations and information about its non-current assets is given below:

(INR in lakhs)

Particulars	Revenue from external customer for the year ended		Non current assets* as at	
	31st March 2022	31st March 2021	31st March 2022	31st March 2021
India	1,83,978	1,66,342	18,289	21,870
Other	1,10,854	1,37,936		
<b>Total</b>	<b>2,94,832</b>	<b>3,04,278</b>	<b>18,289</b>	<b>21,870</b>

\* Property, Plant and Equipment, Right-Of-Use Assets, Capital work in progress and Intangible assets used in the Company's business have not been identified to "India" or "Other", as they are used interchangeably.

The Company generates more than 10% of the revenue only from Honeywell group

## NOTE 29 - RELATED PARTY DISCLOSURE :

List of related parties (as identified and certified by the Management)

<b>i) Parties where control exists</b>	HAIL Mauritius Limited, Holding company (previously Honeywell Asia Pacific Inc.) Honeywell International Inc., Ultimate holding company	
	<b>Other related parties with whom transactions have taken place during the year:</b>	
<b>ii) Fellow Subsidiaries</b>		
Ademco Asia Pacific Limited	Honeywell 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)	

## Notes to the financial statements

<p>Bryan Donkin RMG Gas Controls Ltd. Eclipse Combustion Private Limited Eclipse, Inc. Elster GmbH Elster Holdings US, Inc. Elster Instromet India Private Limited Elster Metering Limited Elster Metering Private Limited Elster s.r.o. Elster Solutions GmbH Elster Water Metering Limited Elster-Instromet Sdn. Bhd. Energy ICT N.V. Enraf B.V. Enraf Tanksystem AG EnviteC-Wismar GmbH Foreign Enterprise Honeywell Ukraine Honeywell &amp; Co. Oman LLC Honeywell (China) Advanced Solutions Co., Ltd. Honeywell (China) Co., Ltd. Honeywell (Tianjin) Limited Honeywell A.B.</p> <p>Honeywell A/S [Denmark] Honeywell Aerospace B.V. Honeywell AG Honeywell Algerie S.a.r.l. Honeywell AS [Norway] Honeywell ASCa Inc. Honeywell Asia Pacific Inc. Honeywell Austria GMBH</p>	<p>Honeywell Marine SAS Honeywell Measurex (Ireland) Limited Honeywell Middle East B.V. Honeywell Middle East FZE Honeywell Middle East Limited Honeywell NV [Belgium] Honeywell Oy Honeywell Peru S.A. Honeywell Portugal Automacao e Controlo S.A. Honeywell Pte. Ltd. Honeywell Romania s.r.l. Honeywell S.A. [France] Honeywell S.A.I.C. Honeywell S.r.l. Honeywell Sensing and Control Honeywell Sensing and Control (China) Co., Ltd. Honeywell Southern Africa (Proprietary) Limited Honeywell Sp. z o.o. Honeywell Specialty Chemicals MTO Honeywell spol. s.r.o. [Slovakia] Honeywell Systems (Thailand) Limited Honeywell Szabalyozastechnikai es Automatizalasi Kft. Honeywell Taiwan Limited Honeywell Technologies S.a.r.l. Honeywell Technology Solutions Lab Private Limited Honeywell Technology Solutions Qatar LLC Honeywell Teknoloji Anonim Sirketi Honeywell Controls &amp; Automation India Private Ltd. Honeywell Turki-Arabia Limited 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 Honeywell Automation and Control Solutions South Africa (Pty) Ltd Honeywell Automation and Controls Solutions Phillippines</p>	<p>Integrated Technical Innovation Company for General Services &amp; Trade Intelligrated Systems LLC Intermec Technologies (S) Pte Ltd</p>

## Notes to the financial statements

Honeywell Automation Control Solutions (China) Co Ltd	Life Safety Distribution AG
Honeywell Automation Controls System LLP (Kazakhstan)	Life Safety Germany GmbH
Honeywell Automatizacija i Kontrola d.o.o. (Honeywell Automation & Control d.o.o.)	Matrikon Europe Limited
Honeywell B.V.	Maxon Corporation
Honeywell Bahrain W.L.L	Maxon International B.V.B.A.
Honeywell Building Solutions GmbH	MK Electric (Malaysia) Sdn. Bhd.
Honeywell Chile S.A.	Movilizer GmbH
Honeywell Co., Ltd.	Novar ED&S Limited
Honeywell Colombia S.A.S	Novar France S.A.S.
Honeywell Control Systems Limited	Novar GmbH
Honeywell Limited (Canada)	Novar Systems Limited
Honeywell Controls International Ltd.	Pittway Sarl
Honeywell do Brasil Ltd	PT Honeywell Indonesia
Honeywell Egypt LLC	PT Honeywell Indonesia Trading
Honeywell Electrical Devices & Systems India Limited	RMG Regel + Messtechnik GmbH
Honeywell Electronic Materials, Inc.	S.C.A.M.E. Sistemi S.r.l.
Honeywell Engineering Sdn. Bhd.	Saia-Burgess Controls AG
Honeywell Enraf Americas, Inc.	Salisbury Electrical Safety LLC
Honeywell Environmental and Combustion Controls (Tianjin) Co., Ltd.	Trend Control Systems Limited
Honeywell EOOD	Tridium Asia Pacific Pte. Ltd.
Honeywell Europe NV	Tridium, Inc.
Honeywell GmbH	UOP India Private Limited
Honeywell Hometown Solution India Foundation	UOP L.L.C.
Honeywell Int Puerto Rico	UOP Limited
Honeywell International (India) Private Limited	Xtralis (UK) Limited
Honeywell International Middle East Ltd.	ZAO Honeywell
Honeywell International Sarl	Honeywell Kuwait International for Technical and Computer Services SPC
Honeywell International Sdn. Bhd.	Honeywell Kuwait K.S.C.
Honeywell Iraq Company for Technology Solutions and Services Ltd	Honeywell E.P.E.
Honeywell Japan Inc.	Honeywell Aftermarket Europe S.A.S. [France]
Honeywell Middle East Co Ltd AD	SINE GROUP PTY LTD
Honeywell BV	Enraf Tankssystem SA

## Notes to the financial statements

Honeywell Process Solutions France	Cataleasco, Inc.
Honeywell Automation Controls System LLP	Honeywell Japan Ltd.
Performix Solutions Private Lt	Honeywell Uruguay FTZ S.R.L.
Eclipse Combustion Equipment (Suzhou) Co. Ltd	Honeywell Automotive Parts Services (Shanghai) Co., Ltd.
Pittway Systems Technology Group Europe Limited	Honeywell Angola Lda
Honeywell Automation Controls System LLP	Honeywel Austalia C. V..
Performix Solutions Private Lt	Honeywell Aftermarket Europe S.A.S. [France]
Eclipse Combustion Equipment (Suzhou) Co. Ltd	
<b>iii) Key Management Personnel</b>	
Mr. Ashish Gaikwad, Managing Director	
Mr. Amit Tantia, CFO (Upto 11th Feb 2022)	
Ms. Farah Irani, Company Secretary	
Mr. Pulkit Goyal, CFO (With effect from 12th Feb 2022 )	

The Company's material related party transactions during the years ended March 31, 2022 and March 31, 2021 and outstanding balances as at March 31, 2022 and March 31, 2021 with whom the Company generally enters into transactions which are at arm's length and in the ordinary course of business

(Rupees in lakhs)

Transactions with Related Parties	Volume of transactions for year ended		Amount outstanding as at			
	31st March 2022	31st March 2021	31st March 2022		31st March 2021	
Description of the nature of transactions			Receivable	Payable / Provision	Receivable	Payable / Provision
<b>Sale of goods, services and reimbursement of expenses</b>						
Ultimate Holding Company						
Honeywell International Inc.	16,307	16,315	3,129	-	262	-
<b>Total</b>	<b>16,307</b>	<b>16,315</b>	<b>3,129</b>	<b>-</b>	<b>262</b>	<b>-</b>
<b>Fellow Subsidiaries</b>						
Honeywell Ltd. (Australia)	1,069	2,147	337	-	535	-
Honeywell Turki-Arabia Limited	6,652	5,222	2,439	-	851	-
Honeywell Middle East B.V.	4,294	6,455	921	-	2,169	-
Honeywell Co., Ltd.	4,152	7,324	373	-	813	-
Honeywell GmbH	5,469	8,942	733	-	994	-
Honeywell Control Systems Limited	5,354	8,912	1,185	-	621	-
Honeywell Pte Ltd	11,809	5,952	1,026	-	718	-
Other Fellow Subsidiaries	40,450	50,998	11,350	-	13,169	-
<b>Total</b>	<b>79,249</b>	<b>95,952</b>	<b>18,364</b>	<b>-</b>	<b>19,870</b>	<b>-</b>

## Notes to the financial statements

Transactions with Related Parties	Volume of transactions for year ended		Amount outstanding as at			
	31st March 2022	31st March 2021	31st March 2022		31st March 2021	
Description of the nature of transactions			Receivable	Payable / Provision	Receivable	Payable / Provision
<b>Purchase of goods, services (including GIT)</b>						
Ultimate Holding Company						
Honeywell International Inc.	11,122	11,998	-	6,822	-	11,621
<b>Total</b>	<b>11,122</b>	<b>11,998</b>	<b>-</b>	<b>6,822</b>	<b>-</b>	<b>11,621</b>
<b>Fellow Subsidiaries</b>						
Honeywell Measurex (Ireland) Limited	14,159	18,607	-	2,142	-	1,816
Honeywell International (India) Private Limited	6,138	5,850	-	1,554	-	1,767
Honeywell Turki Arabia Limited	282	11	-	1,305	-	4,998
Honeywell International S.a.r.l.	7,320	4,992	-	1,163	-	1,786
Honeywell Control Systems Limited	338	-	-	1,944	-	2,517
Other Fellow Subsidiaries	18,697	16,062	-	7,421	-	9,375
<b>Total</b>	<b>46,934</b>	<b>45,522</b>	<b>-</b>	<b>15,529</b>	<b>-</b>	<b>22,259</b>
<b>Expenditure towards Corporate Social Responsibility</b>						
Fellow Subsidiaries						
Honeywell Hometown Solution India Foundation	1,236	1,071	-	-	-	-
<b>Total</b>	<b>1,236</b>	<b>1,071</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Dividends paid</b>						
Holding Company						
HAIL Mauritius Limited (previously Honeywell Asia Pacific Inc.)	5,634	4,973	-	-	-	-
<b>Total</b>	<b>5,634</b>	<b>4,973</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Remuneration to Key Management Personnel

(Rupees in lakhs)

	Year ended	
	31st March 2022	31st March 2021
Short term benefits	449	305
Post-employment benefits*	29	22
Other long-term benefits	8	3
Share-based payments	136	118

\* The Provision for post-employment benefit are determined by way of Actuarial Valuation for a Company as a whole.

The Company generates a large percentage of its sales and profits from its business with the Honeywell group (Honeywell), its major shareholder. Sales to Honeywell group accounted for approximately 32% and 37% of our total net sales for the year ended March 31, 2022 and year ended March 31, 2021 respectively. The Company's

**Notes to the financial statements**

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)

	<b>Year ended 31st March 2022</b>	<b>Year ended 31st March 2021</b>
Depreciation charge for right-of-use assets	2,075	2,163
Interest expense on lease liabilities	430	501
Expense relating to short-term leases and leases of low-value assets	420	777
Expense relating to variable lease payments not included in the measurement of lease liabilities		
Cash outflow from operating leases	2,343	2,328
Additions to right-of-use assets during the year	309	1,137

**Maturity analysis of lease liabilities**

As a lessee under operating leases

(Rupees in lakhs)

2022-23	2,247
2023-24	2,060
2024-25	933
2025-26	381
2026-27	414
2027-28 and thereafter	182
<b>Total lease payments</b>	<b>6,217</b>
Less: Interest	642
<b>Total</b>	<b>5,575</b>

The leases that the Company has entered with lessors towards office premises are long term in nature.

## Notes to the financial statements

## 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:

	For the year ended	
	31st March 2022	31st March 2021
Profit after tax (Rs. in lakhs)	33,913	46,004
Weighted average number of equity shares	88,41,523	88,41,523
Basic/ Diluted earnings per share (Rs.)	383.57	520.32
Face value per share (Rs.)	10	10

## 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 2022	31st March 2021
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 - Interest thereon	4,210 114	7,524 113
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	- - 10,467	- - 8,021
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 - Total Interest remaining unpaid out of the above as at the balance sheet date	114 114	113 113

**Notes to the financial statements**

Sr No	Particulars	31st March 2022	31st March 2021
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	122	793
	Outstanding interest at the end of previous year	793	680

The Company has compiled this information based on intimations received from suppliers of their status as Micro or Small enterprises and / or its registration with the appropriate authority under Micro, Small and Medium Enterprises Development Act, 2006 (as amended from time to time).

**NOTE 33 - Share Based Payments****Employee share option plan of the company**

Honeywell International Inc. (HII), the ultimate holding company, may grant stock options and restricted stock awards to certain employees under its stock incentive plan.

**Stock Options** — The exercise price, term and other conditions applicable to each option granted under the stock plans are generally determined by the Management Development and Compensation Committee of the Board of Honeywell International Inc. The exercise price of stock options is set on the grant date and may not be less than the fair market value per share of the stock on that date. The fair value is recognized as an expense over the employee's requisite service period (generally the vesting period of the award). Options generally vest over a four-year period and expire after ten years.

**Restricted Stock Units** — Restricted stock unit (RSU) awards entitle the holder to receive one share of common stock for each unit when the units vest. RSUs are issued to certain employees as compensation at fair market value at the date of grant. RSUs typically become fully vested over periods ranging from three to seven years and are payable in Honeywell common stock upon vesting.

**Fair value of share options granted in the year**

The fair value of each stock option award is estimated on the date of grant using the Black-Scholes option-pricing model. Expected volatility is based on implied volatilities from traded options on common stock of HII and historical volatility of common stock of HII. Monte Carlo simulation model is used to derive an expected term which represents an estimate of the time options are expected to remain outstanding. Such model uses historical data to estimate option exercise activity and post-vest termination 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.



## Notes to the financial statements

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

Grant Date	11-Feb-22	12-Feb-21	14-Feb-20	26-Feb-19	27-Feb-18	28-Feb-17	25-Feb-16	26-Feb-15	27-Feb-14
Exercise price (USD)	189.72	202.72	180.92	154.22	155.39	124.99	103.07	103.31	93.44
*Exercise price in equivalent INR	14,379	15,365	13,712	11,689	11,777	9,473	7,812	7,830	7,082
Expected volatility	23.01%	24.84%	17.96%	18.38%	18.93%	18.96%	23.07%	21.55%	23.07%
Option life	4.74	4.54	4.62	4.87	4.95	5.04	4.97	4.96	4.99
Dividend yield	2.57%	2.32%	2.49%	2.65%	2.49%	2.81%	2.92%	1.98%	2.05%
Risk-free interest rate	1.81%	0.43%	1.42%	2.51%	2.71%	2.02%	1.29%	1.61%	1.48%
Fair value per share	\$30.84	\$32.10	\$21.41	\$21.53	\$23.65	\$16.65	\$15.59	\$17.21	\$16.35
Fair value per share in equivalent INR*	2,337	2,433	1,623	1,632	1,792	1,262	1,182	1,304	1,239
* converted into INR using exchange rate 75.79									

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	\$91.35	6,923
2011	700	31-Jul-15	NA	NA	\$100.38	7,608
2016	2,000	29-Jul-16	NA	NA	\$110.24	8,355
2016DIV	2,000	29-Jul-16	NA	NA	\$110.24	8,355
2016DIV	320	28-Feb-17	NA	NA	\$119.69	9,071
2016DIV	1,300	27-Jul-17	NA	NA	\$131.69	9,981
2016DIV	300	27-Feb-18	NA	NA	\$148.79	11,277
2016DIV	301	26-Feb-19	NA	NA	\$154.22	11,688
2016DIV	277	14-Feb-20	NA	NA	\$180.92	13,712
2016DIV	1,656	30-Jul-20	NA	NA	\$151.05	11,448
2016DIV	238	12-Feb-21	NA	NA	\$202.72	15,364
2016DIV	298	11-Feb-22	NA	NA	\$189.72	14,379
<b>Stock options</b>						
2011	1,500	27-Feb-14	26-Feb-24	89.48	\$16.35	1,239
2011	2,611	26-Feb-15	25-Feb-25	98.93	\$17.21	1,304

## Notes to the financial statements

Options series	Number	Grant date	Expiry date	Exercise price	Fair value at grant date	Equivalent fair value INR*
2011	4,000	25-Feb-16	24-Feb-26	98.7	\$15.59	1,182
2016	2,200	28-Feb-17	27-Feb-27	119.69	\$16.65	1,262
2016	2,100	27-Feb-18	26-Feb-28	148.79	\$23.65	1,792
2016	2,153	26-Feb-19	25-Feb-29	154.22	\$21.53	1,632
2016	2,336	14-Feb-20	13-Feb-20	180.92	\$21.41	1,623
2016	1,498	12-Feb-21	12-Feb-46	202.72	\$32.10	2,433
2016	1,834	11-Feb-22	10-Feb-32	189.72	\$30.84	2,337

\* converted into INR using exchange rate 75.79

Movements in Restricted Stock Units during the year	Restricted Stock Units	
	2021-22	2020-21
	No of Units	No of Units
Balance at beginning of year	4,795	3,509
Adjustments during the year*	-	-
Granted during the year	298	1,894
Forfeited during the year	-	-
Vested and issued during the year	1,712	608
Expired during the year	-	-
Balance at end of year	3,381	4,795

Movements in share options during the year	Employee stock option plan			
	2021-22		2020-21	
	No of Options	Weighted average exercise price	No of Options	Weighted average exercise price
Balance at beginning of year	10,376	165.56	11,995	161.29
Adjustments during the year*	-		-	
Granted during the year	1,834		1,498	
Forfeited during the year	-		-	
Exercised during the year	-		3,117	
Expired during the year	-		-	
Balance at end of year	12,210		10,376	

\* Represents adjustments made by Honeywell International Inc., the ultimate holding company, pursuant to realignment of employees' entitlement.

## Notes to the financial statements

## Restricted Stock Units vested and issued during the year

	Number Settled	Issue/ Vesting date
2016DIV	298	11-Feb-22
2016DIV	301	26-Feb-22
2016DIV	1411	29-Jul-21

## NOTE 34 - CONTINGENT LIABILITIES AND COMMITMENTS

## A) Contingent liabilities

(Rupees in lakhs)

Particulars		31st March 2022	31st March 2021
a)	Income tax liability that may arise in respect of matters in appeal	6,068	4,426
b)	Excise duty claims against the Company	2	2
c)	Sales tax liability that may arise in respect of matters in appeal	8,199	7,714
d)	Customs duty claims against the Company	187	187
e)	Third party Claims against the Company not acknowledged as debts	123	1,662

Note: It is not practicable for the Company to estimate the timing of cash outflow, if any, in respect of the above pending resolutions of the respective proceedings.

“As at March 31, 2022, Contingent liability majorly represent demands arising on completion of assessment proceedings under the Income-tax Act, 1961 and other indirect tax act including excise, custom and sales tax.

These claims are on account of various issues of disallowances, or addition in liability by tax liabilities related to various issues including C- forms, WCT TDS etc.

These matters are pending before various appellate authorities and the Management including its tax advisors expect that its position will likely be upheld on ultimate resolution and will not have a material adverse effect on the Company’s financial position and results of operations.

Third party claims against company not acknowledged as debts includes ongoing cases pending in commercial court/ Arbitral Tribunal in relation to claims/ counter claims raised by few vendors/ customers and HAIL for certain commercial teams disagreements. “

B) Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances) - Rs. 502 ('lakhs) [31st March 2021 Rs. 461 ('lakhs)]

## Notes to the financial statements

## NOTE 35 - DISCLOSURE AS REQUIRED BY IND AS -37

(Rupees in lakhs)

	Year ended 31st March	Opening balance	Additions	Utilizations	Reversals	Total
Provision for litigations/ disputes (A)	2022	1,576	36	-	-	1,612
	2021	1,602	-	(26)	-	1,576
Provision for warranty (B)	2022	954	341	(470)	(6)	819
	2021	1,309	398	(563)	(190)	954
Provision for estimated cost to complete on contracts (C)	2022	1,534	3,490	(1,199)	(166)	3,659
	2021	3,413	1,211	(2,718)	(372)	1,534

**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 2022	31st March 2021
1	Contribution to employees' superannuation fund	77	78
	<b>Total</b>	<b>77</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 2022	31st March 2021
1	Discount rate	7.15%	6.85%
2	Yield on asset based on the Market Value	6.85%	6.60%
3	Rate considered for actuarial valuation of PF interest shortfall	8.50%	8.50%
4	Salary escalation rate	8.50%	8.50%
5	Mortality rate	Provident Fund and Gratuity : IALM (2012-14) Ultimate Pension : LIC (1994-96) Ultimate Rates	Provident Fund and Gratuity : IALM (2012-14) Ultimate Pension : LIC (1994-96) 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

**Notes to the financial statements**

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 2022	31st March 2021
1	Current service cost	911	888
2	Past service cost		
3	Net Interest cost	60	102
	<b>Component of defined benefit costs recognised in profit and loss</b>	<b>971</b>	<b>990</b>
4	Remeasurement of defined benefit liability	-	-
5	Return on plan assets (excluding amounts included in net interest expenses)	-	-
6	Actuarial (gain)/ losses arising from changes in demographic assumptions	-	-
7	Actuarial (gain)/ losses arising from changes in financial assumptions	(275)	200
8	Actuarial (gain)/ losses arising from changes in experience adjustments	548	(310)
9	Return on plan assets (greater)/ less than discount rate	156	(36)
10	Adjustments for restriction on defined benefit asset	-	-
	<b>Component of defined benefit costs recognised in other comprehensive income</b>	<b>429</b>	<b>(146)</b>
	<b>Total</b>	<b>1,400</b>	<b>844</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.

## Notes to the financial statements

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 2022	31st March 2021
1	Present value of obligation as at beginning of the year	8,240	7,601
2	Current service cost	911	888
3	Interest cost	550	487
4	Remeasurement (gains)/losses:		
	Actuarial (gain)/ losses arising from changes in demographic assumptions	-	-
	Actuarial (gain)/ losses arising from changes in financial assumptions	(275)	200
	Actuarial (gain)/ losses arising from changes in experience adjustments	548	(310)
5	Curtailement cost/(credit)	-	-
6	Settlement cost/(credit)	-	-
7	Benefits paid	(998)	(556)
8	Acquisition/ Divestiture	(96)	(70)
9	Present value of obligation as at end of the year	8,880	8,240

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

(Rupees in lakhs)

Sr. No.	Particulars	For the year ended	
		31st March 2022	31st March 2021
1	Fair value of plan assets as at beginning of the year	7,146	5,847
2	Remeasurement gain/(loss)	(156)	36
3	Expected return on plan assets	489	386
4	Employers' contribution	873	1,480
5	Benefits payment from plan asset	(970)	(533)
6	Acquisition/ Divestiture (related to transfer of employees)	(96)	(70)
7	Fair value of plan assets as at end of the year	7,286	7,146

**Notes to the financial statements**

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 2022	31st March 2021
1	Present value of funded obligation	8,880	8,240
2	Fair value of plan assets	7,286	7,146
3	Net liability recognized in the Balance Sheet	1,594	1,094

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 2022	31st March 2021
1	Present value of funded obligation	35,709	32,368
2	Fair value of plan assets	32,705	29,036
3	Net liability	3,004	3,332

A significant part of the plan assets are classified as Level 2 where the fair value is determined basis the observable inputs either directly or indirectly. The financial assets carried at fair value by the trust are mainly investments in Government securities, public and private sector bonds and mutual funds.

**Sensitivity Analysis**

Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the Present value of obligation (PVO) and aids in understanding the uncertainty of reported amounts.

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



## Notes to the financial statements

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

(Rupees in lakhs)

Discount rate	March 31, 2022 Present value of Obligation	March 31, 2021 Present value of Obligation
a) Discount rate -100 basis point	9,852	9,165
b) Discount rate +100 basis point	8,052	7,452

## 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 2022	31st March 2021
a) Salary escalation	8,018	7,456
b) Salary escalation rate +100 basis point	9,874	9,141

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 2022	31st March 2021
1	Insurer managed funds	100%	100%

Gratuity fund contributions are made to LIC.

The overall expected rate of return on assets is based on the expectation of the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.

The actual return on plan assets is as follows

(Rupees in lakhs)

Sr. No.	Particulars	For the year ended	
		31st March 2022	31st March 2021
a	Actual return on plan assets	333	422

## A note on other risks

**Investment risk** – The funds are invested with an external insurer (LIC of India). The insurer manages the Gratuity Fund and provides quarterly interest returns. Considering LIC is a state insurer with a sovereign guarantee and no history of defaults the investment risk is not significant.

**Interest Risk** – The Gratuity fund managed by an external insurer (LIC of India) is in the form of cash accumulation scheme with interest rates declared annually – A significant fall in interest (discount) rates may not be offset by an increase in value of Gratuity Fund, hence may pose an interest rate risk.

**Notes to the financial statements**

**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)

<b>Year</b>	<b>Amount</b>
Year -1	502
Year -2	535
Year -3	613
Year -4	655
Year -5	631
Years 6 to 10	3,673
<b>Total</b>	<b>6,609</b>

## Notes to the financial statements

## NOTE 37 - Financial Instruments

## Categories of financial instrument

(Rupees in lakhs)

Particulars	31st March 2022			31st March 2021		
	Within twelve months	After twelve months	Total	Within twelve months	After twelve months	Total
<b>Financial assets</b>						
Measured at amortised cost						
(i) Trade Receivables	58,713	9,108	67,821	76,840	15,682	92,522
(ii) Cash and cash equivalents	29,068	-	29,068	23,137	-	23,137
(iii) Bank balances other than (ii) above	1,71,554	-	1,71,554	1,56,549	-	1,56,549
(iv) Other financials assets						
(a) Deposits against bank guarantee	233	1,242	1,475	226	1,218	1,444
(b) Interest accrued on deposits with banks	1,697	-	1,697	1,330	-	1,330
(c) Security deposits	36	1,120	1,156	208	1,024	1,232
(d) Earnest money deposits	76	-	76	145	-	145
(e) Amounts due from customers under construction contracts	63,764	949	64,713	51,609	443	52,052
(f) Unbilled services	5,000	-	5,000	4,584	-	4,584
Measured at Fair Value through Other Comprehensive Income						
(a) Foreign currency forward contracts designated in hedge accounting relationships (Basis of Valuation : Level - 2 described in note 2.B )	333	-	333	564	-	564
<b>Financial Liabilities</b>						
Measured at amortised cost						
(i) Trade payables						
(A) Trade payables to Micro Small and Medium Enterprise	4,210	-	4,210	7,524	-	7,524
(B) Trade payables others	67,416	211	67,627	86,984	-	86,984
(ii) Other financials Liabilities						
(a) Creditors for capital goods	704	-	704	245	-	245
(b) Unclaimed dividend	54	-	54	49	-	49
(c) Provision for expenses	14,138	-	14,138	13,783	-	13,783
(iii) Lease Liabilities	1,940	3,634	5,574	1,912	5,477	7,389

\* Trade payables also includes accruals towards government dues. Trade Payables are classified as current being payable on demand other than those classified as non-current.

**Notes to the financial statements****Financial risk management objectives**

Company is exposed to foreign exchange risk on account of import risk and hedging activities; and export transactions which is monitored periodically. The Company leverages the global treasury operations of Honeywell to improve mitigation of risk relating to foreign exchange.

**Foreign currency risk management**

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

**Unhedged by derivative instruments/ or otherwise**

(Rupees in lakhs)

Particulars	31st March 2022	31st March 2021
<b>a) Liability - Trade Creditors</b>		
In GBP	2	2
(Equivalent approximate in Rs.)	151	208
In USD	123	137
(Equivalent approximate in Rs.)	9,348	10,008
In EURO	41	40
(Equivalent approximate in Rs.)	3,473	3,408
In CAD	-	-
(Equivalent approximate in Rs.)	22	9
In AUD	-	-
(Equivalent approximate in Rs.)	4	3
In JPY	-	-
(Equivalent approximate in Rs.)	-	-
In CNY	65	114
(Equivalent approximate in Rs.)	782	1,274
In CHF	-	-
(Equivalent approximate in Rs.)	1	-
In NOK	-	-
(Equivalent approximate in Rs.)	-	1
In EGP	-	2
(Equivalent approximate in Rs.)	-	10
In AED	-	-
(Equivalent approximate in Rs.)	-	2

## Notes to the financial statements

Particulars	31st March 2022	31st March 2021
In SAR	-	-
(Equivalent approximate in Rs.)	1	1
In DZD	5	51
(Equivalent approximate in Rs.)	3	28
In RON	-	1
(Equivalent approximate in Rs.)	-	18
In ZAR	-	1
(Equivalent approximate in Rs.)	1	3
<b>b) Asset - Trade Receivables</b>		
In GBP	6	4
(Equivalent approximate in Rs.)	548	365
In EURO	5	5
(Equivalent approximate in Rs.)	414	394
In USD		-
(Equivalent approximate in Rs.)		-
<b>c) Asset - Bank Balances</b>		
In USD	157	172
(Equivalent approximate in Rs.)	11,863	12,569
In KRW	87	613
(Equivalent approximate in Rs.)	5	40
In ZAR	2	2
(Equivalent approximate in Rs.)	12	8

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

**Foreign currency exchange rate risk:**

The fluctuation in foreign currency exchange rates may have potential impact on the income statement and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the Company. Considering the countries and economic environment in which the Company operates, its operation are subject to risks arising from fluctuations in exchange rates in those countries. The risk primarily relate to U.S. Dollars against the functional currency of Honeywell Automation India Limited.

The Company, as per its Hedging policy, uses forward contracts to hedge foreign exchange exposure. The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using forward contracts in accordance with its risk management policies.

**Notes to the financial statements**

The Company uses forward exchange contracts to hedge its exposure in foreign currency. The information on derivative instruments is as follows :

Particulars	As At	Currency	Bought/ Sold	Amount in foreign Currency (Lakhs)	Amount in Rs. Lakhs
Foreign Exchange	March 31,2022	USD/INR	Sold	348	26,376
Forward contracts (*)	March 31,2021	USD/INR	Sold	366	26,758

\* Converted at Rs 75.79/ USD

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 2022	31st March 2021
Not Later than one month	47	85
Later than one month but not later than three months	44	67
Later than three month but not later than one year	257	214

**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.

(Rupees in lakhs)

	31st March 2022	31st March 2021
<b>USD Impact</b>		
<b>5% Appreciation in USD</b>		
Impact on profit or loss for the year {Gain/(Loss)}	126	120
Impact on total equity as at the end of the year	126	120
<b>5% Depreciation in USD</b>		
Impact on profit or loss for the year {Gain/(Loss)}	(126)	(120)
Impact on total equity as at the end of the year	(126)	(120)
<b>EURO Impact</b>		
<b>5% Appreciation in EURO</b>		
Impact on profit or loss for the year {Gain/(Loss)}	(153)	(151)
Impact on total equity as at the end of the year	(153)	(151)
<b>5% Depreciation in EURO</b>		
Impact on profit or loss for the year {Gain/(Loss)}	153	151
Impact on total equity as at the end of the year	153	151

**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

**Notes to the financial statements**

mitigate the risk of financial loss from defaults. Trade receivable consists of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

**Liquidity risk management**

The Company manages liquidity risk by maintaining adequate reserves, banking facility and by continuously monitoring forecasts and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

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

**Note 37 -A- Disclosure pursuant to Ind AS 1 "Presentation of financial statements":**

- (a) **Current assets expected to be recovered within twelve months and after twelve months from the reporting date:**

(Rupees in lakhs)

Particulars	Note reference	As at March 31, 2022			As at March 31, 2021		
		Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Inventories	13	9,861		<b>9,861</b>	9,541	-	<b>9,541</b>
Trade Receivables	6	58,713	8,800	<b>67,513</b>	76,840	15,427	<b>92,267</b>
Other financial assets	9	70,976	949	<b>71,925</b>	58,270	443	<b>58,713</b>
Other Current assets	12	8,187	-	<b>8,187</b>	10,288	-	<b>10,288</b>

## Notes to the financial statements

## (b) Current liabilities expected to be settled within twelve months and after twelve months from the reporting date:

(Rupees in lakhs)

Particulars	Note reference	As at March 31, 2022			As at March 31, 2021		
		Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Trade Payables to Micro Small and Medium Enterprise	17	4,210		4,210	7,524	-	7,524
Trade payables others	17	67,416		67,416	86,984	-	86,984
Lease liabilities	18	1,940		1,940	1,912	-	1,912
Other financial liabilities	19	14,896		14,896	14,077	-	14,077
Other current liabilities	20	11,459	759	12,218	8,700	507	9,207
Provisions	16	10,168	105	10,273	5,735	259	5,994

## NOTE 37 -B- ADDITIONAL DISCLOSURES PURSUANT TO SCHEDULE III TO COMPANIES ACT, 2013:

## TRADE RECEIVABLE AGEING

(Rupees in lakhs)

Particulars		Outstanding for following periods from due date of payment					Not due	Unbilled	Total
		Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years			
i) Undisputed Trade receivables – considered good	2022	23,458	9,017	1,235	546	1,224	23,709	8,632	67,821
	2021	48,972	2,962	1,631	346	975	25,438	12,197	92,522
ii) Undisputed Trade Receivables – which have significant increase in credit risk	2022	-	-	-	-	-	-	-	-
	2021	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	2022	-	-	-	-	-	-	-	-
	2021	-	-	-	-	-	-	-	-



## Notes to the financial statements

Particulars		Outstanding for following periods from due date of payment					Not due	Unbilled	Total
		Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years			
iv) Disputed Trade Receivables— considered good	2022	-	-	-	-	-	-	-	-
	2021	-	-	-	-	-	-	-	-
v) Disputed Trade Receivables – which have significant increase in credit risk	2022	-	-	-	-	-	-	-	-
	2021	-	-	-	-	-	-	-	-
vi) Disputed Trade Receivables – credit impaired	2022	-	-	-	-	-	-	-	-
	2021	-	-	-	-	-	-	-	-

## TRADE PAYBLE AGEING

(Rupees in lakhs)

Particulars		Outstanding for following periods from due date of payment					Not due	Unbilled	Total
		Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years			
MSME - disputed dues	2022	-	-	-	-	-	-	-	-
	2021	-	-	-	-	-	-	-	-
MSME - undisputed dues	2022	435	34	1	81	4	3,655	-	4,210
	2021	2,890	41	13	8	-	4,572	-	7,524
Others - disputed dues	2022	-	-	-	-	-	-	-	-
	2021	-	-	-	-	-	-	-	-
Others - undisputed dues	2022	29,129	2,851	4,188	-	38	31,421	-	67,627
	2021	45,753	3,488	3,704	823	278	32,938	-	86,984

**Notes to the financial statements****NOTE 38**

As set out in section 135 of the Companies Act, 2013 the Company is required to contribute/ spend Rs. 1236 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. 1236 lakhs (previous year Rs.1071 lakhs). There is no shortfall for CSR spend as at 31 March 2022 and 31 March 2021. Company has contributed to Honeywell Hometown Solution, trust controlled by Honeywell group for CSR activities. Ultimately trust had spent funds on activities such as 'safe kids, safe schools, safe water, covid relief, science program etc.

**NOTE 39**

The financial statements were approved for issue by the board of directors on May 12, 2022 (previous year ended March 31, 2021 on May 31, 2021). The Board of Directors have recommended dividend of Rs. 90 per equity share for the financial year ended March 31, 2022 (previous year ended March 31, 2021: Rs. 85 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 which is scheduled on 17th August. This final dividend if approved by shareholders would result in a net cash outflow of approximately Rs. 7957 lacs (previous year ended March 31, 2021: Rs. 7,515 lakhs approved by shareholder in Annual General Meeting held on August 18, 2021).

**NOTE 40 -RATIO ANALYSIS**

Ratio	Numerator	Denominator	Current period	Previous period	% variance	Reason for Variance required only if variance more than 25%
Current Ratio	Current asset	Current liabilities	3.23	2.79	16%	NA
Debt-Equity Ratio	Total Debt	Shareholder's Equity	Nil	Nil	-	NA
Debt Service Coverage Ratio	Earnings available for debt service	Debt Service	Nil	Nil	-	NA
Return on Equity Ratio	Profit after tax	Shareholder's Equity	12%	18%	-33%	Lower margins due to slower economic recovery from covid pandemic
Inventory turnover ratio	Cost of goods sold	Average Inventory	15.96	13.92	15%	NA
Trade Receivables turnover ratio	Net Sales	Avg. Accounts Receivable	3.66	3.60	2%	NA

## Notes to the financial statements

Ratio	Numerator	Denominator	Current period	Previous period	% variance	Reason for Variance required only if variance more than 25%
Trade payables turnover ratio	Net Purchases	Average Trade Payables	1.86	1.63	14%	NA
Net capital turnover ratio	Net Sales	Working Capital	1.19	1.34	-11%	NA
Net profit ratio	Net Profit	Net Sales	12%	15%	-24%	NA
Return on Capital employed	Earnings before interest and tax	Capital Employed	16%	24%	-33%	Lower margins due to slower economic recovery from covid pandemic
Return on investment	Return on investment	Average investments	Nil	Nil	-	NA

## NOTE 41- CAPITAL WORK IN PROGRESS

(Rupees in lakhs)

Particulars		Amount in CWIP for a period of				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	2022	214	-	-	-	214
	2021	37	34	37	104	212
Projects temporarily suspended	2022	-	-	-	-	-
	2021	-	-	-	-	-

Company does not have any overdue capital work in progress.

## NOTE 42A Company does not have any transaction with Struck off companies except:

Name of the company	Relationship of Struck off company	Transaction during FY 20-21	Balance outstanding as at March 31, 2021
Sara Enterprises	Vendor	Nil	- *

\*Less than Rs 1 Lakh

**Notes to the financial statements****NOTE 42B**

Company does not have any transaction with Struck off companies except

Name of the company	Relationship of Struck off company	Transaction during FY 21-22	Balance outstanding as at 31 March 2022
Sara Enterprises	Vendor	Nil	- *

\*Less than Rs 1 Lakh

**NOTE 43**

Figures for the previous year have been regrouped/reclassified wherever required.

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**For and on behalf of the Board**

**Ganesh Natarajan**  
Chairman

**Ashish Gaikwad**  
Managing Director

**Farah Irani**  
Company Secretary

**Pulkit Goyal**  
Chief Financial Officer

Place : Pune  
Date : May 12, 2022





Honeywell Automation India Limited  
56 & 57, Hadapsar Industrial Estate  
Pune 411 013. Maharashtra, India  
Tel: +91 20 7114 8888

E-mail: [HAIL.investorservices@honeywell.com](mailto:HAIL.investorservices@honeywell.com)



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

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