Honeywell

HONEYWELL ELECTRICAL DEVICES AND SYSTEMS INDIA LIMITED

2018-2019

Annual Report

Honeywell

BOARD OF DIRECTORS

Mr. Inder Jeet Singh	(Independent Director)
Mr. Virender Shankar	(Independent Director)
Mr. Ajay Kumar Kukreja	(Director)
Mr. Vimal Chawla	(Director) [appointed w.e.f. March 28, 2019]
Mr. Narayana Sudhir Pillai	(Whole Time Director) [resigned w.e.f. March 08, 2019]

Contents

BANKERS

Citibank N.A.

REGISTERED OFFICE

5th, 6th & 7th Floors,
North Tower, KRM Plaza,
No.2, Harrington Road,
Chetpet, Chennai,
Tamil Nadu – 600031

AUDITORS

Deloitte Haskins & Sells LLP
Chartered Accountants
Pune

WORKS

Khasra No.323 (MI)
Camp Road, Central Hopetown,
Selaqui Industrial Area
Selaqui, Dehradun 248 197

Notice is hereby given that the Thirty Fourth Annual General Meeting of the Members of Honeywell Electrical Devices and Systems India Limited will be held on Friday September 27, 2019 at the registered office of the Company at 5th, 6th & 7th Floors, North Tower, KRM Plaza, No.2, Harrington Road, Chetpet, Chennai, Tamil Nadu – 600031 at 11.00 AM (IST) to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2019 along with the Reports of the Directors and Auditors thereon
2. To appoint a director in place of Mr. Ajay Kumar Kukreja who retires by rotation and being eligible, has offered himself for re-appointment

SPECIAL BUSINESS:

3. **Ratification of remuneration of Cost Auditors:**

To consider and if thought fit to pass with or without modification(s) the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, the remuneration payable to M/s. C.S. Adawadkar & Co; Cost Accountants having Membership No. M-22758, appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2020, amounting to Rs. 1,75,000/- as also the payment of GST as applicable and reimbursement of out of pocket expenses incurred in connection with the aforesaid audit, be and is hereby ratified and confirmed.

RESOLVED FURTHER THAT any of the Directors of the Company be and are hereby severally authorized to do all such acts, deeds and things, and to execute all such deeds, documents, writings as it may in its absolute discretion deem necessary or incidental and pay such fees, etc. and incur such expenses in relation thereto as it may deem appropriate for giving effect to this resolution including but not limited to filing of necessary forms and documents with statutory authorities and with any other regulatory authorities, as may be required."

4. **Appointment of Mr. Vimal Chawla as Director:**

To consider and if thought fit to pass with or without modification(s) the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Section 149,152 and 160 of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Vimal Chawla (DIN: 08396551), who was appointed as an Additional Director of the Company on March 28, 2019 and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as Director of the Company whose period of office shall be determinable by retirement of Directors by rotation.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as in its absolute discretion it may consider necessary, expedient or desirable and to settle any question or doubt that may arise in relation thereto and the Board shall have absolute power to decide breakup of the remuneration and in order to give effect to the forgoing resolution, or as may be otherwise considered by it to be in the best interest of the Company."

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN THE MEETING AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY
2. The instrument appointing the proxy must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
3. Members / proxies should bring duly filled Attendance Slips sent herewith to attend the meeting.
4. The Statutory Registers maintained under the Companies Act, 2013, will be available for inspection by the members at the ANNUAL GENERAL MEETING.
5. Explanatory Statement pursuant to **Section 102** of the Companies Act, 2013 is annexed hereto.
6. A route map to the venue of the Annual General Meeting has been provided at the end of the Annual Report.
7. The Company has initiated the process for dematerialization of shares and has also intimated its shareholders of the same. The Shareholders are requested to approach their respective Depository Participants (DPs) and submit the necessary application and share certificates for dematerialisation. In case of any queries, the shareholders may write to investor.heds@gmail.com.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 3

The Board of Directors of the Company has approved the appointment and remuneration of M/s. C.S. Adawadkar & Co; Cost Accountant, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2019.

In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a)(ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is required to be ratified by the members of the Company. Accordingly, the members are requested to ratify the remuneration payable to the Cost Auditors for audit of cost records of the Company for the financial year 2019-20 as set out in the resolution for the aforesaid services to be rendered by them.

None of the Directors are, in any way interested or concerned in the resolution. The Board recommends the resolution set forth in Item No. 3 for the approval of the members.

Item No. 4

The Board appointed Mr. Vimal Chawla as an Additional Director of the Company on March 28, 2019 pursuant to Section 161 of the Companies Act, 2013.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Mr. Vimal Chawla holds office up to the date of the ensuing Annual General Meeting. It is proposed to appoint Vimal Chawla as Director of the Company.

The Company has received from Mr. Vimal Chawla (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, and (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013.

Further, the Nomination and Remuneration Committee and the Board of Directors have recommended appointment of Mr. Vimal Chawla as a Director of the Company.

The Board recommends the resolution set forth in Item No. 4 for the approval of the members.

Date: - August 23, 2019
Place: - Gurgaon

For and on behalf of Board of
Honeywell Electrical Devices and Systems India Limited

Ajay Kumar Kukreja
Director
DIN: 06607494

Details of Directors to be appointed/ re-appointed at the Annual General Meeting to be held on Friday September 27, 2019 in terms of Secretarial Standard on General Meetings (SS-2).

Item No. 2 and 4

NAME	Mr. Ajay Kumar Kukreja (DIN: 06607494)	Mr. Vimal Chawla (DIN : 08396551)
DATE OF BIRTH AND AGE	November 2, 1968 Age: 49 Years	October 24, 1969 Age: 50 Years
DATE OF FIRST APPOINTMENT ON BOARD IF ANY	January 10, 2017	March 28, 2019
QUALIFICATION	Bachelor of Science from Barkatullah University, Bhopal, and Masters in Personnel Management and Industrial Relations from Jiwaji University, Gwalior	B. Tech, Mechanical
EXPERIENCE	Mr. Ajay Kumar Kukreja was appointed Country Human Resources Director for Honeywell India in August 2012. In this role, Mr. Ajay is responsible for managing and deploying the HR country generalist resources to meet the needs of the businesses across India. In addition, he focuses on driving standardization of policies and processes and providing in-country expertise to HR and business leaders across the country. Mr. Ajay joined Honeywell in 2008 and, from 2010 onwards, he served as the India HR Leader for Performance Materials and Technologies. Prior to joining Honeywell, he held a variety of HR leadership and executive positions at both Indian and American multinational companies across industry segments.	Mr. Vimal Chawla is the HBT ISC Director for India/SEA and Australia. He is responsible for the operations of manufacturing sites in these countries. Mr. Vimal drives continuous improvement of the customer experience by safety, quality, delivery, cycle time, inventory and cost improvements. Mr. Vimal has more than 30 years of experience in Supply Chain and operations of Automotive, Aerospace and Engineering companies. He has spent 10 years in Automotive Company developing new Vehicles and parts with the suppliers across all commodities. He has experience of working in operations and has lead teams in various streams of the value chain. He understands the Global competitive nature of supply chain and commodity strengths in the regions. He has lead product lines and has been responsible for complete ownership of revenue generation and financials for the product line. Mr. Vimal lives in Bangalore with his wife and two kids. He holds a Degree in Mechanical Engineering from NIT Kurukshetra and has completed Advanced Management program from IIM Bangalore. He has also done course on Business in Global context at ESCP Europe, Paris. He is a certified Lean expert and Six Sigma trained.

DIRECTORSHIP HELD IN OTHER COMPANIES	Nil	Nil
MEMBERSHIP/ CHAIRMANSHIP OF COMMITTEES ACROSS ALL COMPANIES	He is a member of the Nomination and Remuneration Committee & Corporate Social Responsibility Committee in the Company. He does not hold membership/chairmanship of committees in any other company.	He is a Member of Audit Committee and Corporate Social Responsibility Committee. He does not hold membership/chairmanship of committees in any other company.
NUMBER OF SHARES HELD IN THE COMPANY AS ON DATE OF THIS NOTICE	Nil	Nil
TERMS AND CONDITIONS OF APPOINTMENT OR RE-APPOINTMENT INCLUDING REMUNERATION	Mr. Ajay Kumar Kukreja was appointed as Additional Director on January 10, 2017 to hold office till the date of ensuing Annual General Meeting. If appointed, Mr. Ajay Kumar Kukreja will be Non-Executive Director liable to retire by rotation.	The Board appointed Mr. Vimal Chawla as an Additional Director of the Company on March 28, 2019. Pursuant to the provisions of Section 161 of the Companies Act, 2013, Mr. Vimal Chawla holds office up to the date of the ensuing Annual General Meeting. It is proposed to appoint him as Director of the Company. If appointed, Mr. Vimal Chawla will be Non-Executive Director liable to retire by rotation.
RELATIONSHIP WITH OTHER DIRECTORS, KEY MANAGERIAL PERSONNEL OF THE COMPANY	Mr. Ajay Kumar Kukreja is not related to any of the directors of the Company.	Mr. Vimal Chawla is not related to any of the directors of the Company.
NUMBER OF MEETINGS OF THE BOARD ATTENDED DURING THE YEAR	The number of meetings attended by Mr. Ajay Kumar Kukreja is as disclosed elsewhere in the Directors' Report.	The number of meetings attended by Mr. Vimal Chawla is as disclosed elsewhere in the Directors' Report.

Date: - August 23, 2019
Place: - Gurgaon

For and on behalf of Board of
Honeywell Electrical Devices and Systems India Limited

Ajay Kumar Kukreja
Director
DIN: 06607494

Dear Members,

Your Directors have pleasure in presenting the Directors' Report of the Company along with the Balance Sheet and Profit and Loss Account for the year ended March 31, 2019.

FINANCIAL RESULTS

Your company achieved a turnover of Rs. 12, 662 Lakhs and the loss after tax of Rs. 2,108 Lakhs. The key aspects of financial performance of the Company for the financial year 2018-19 are tabulated below:

(Rs. in Lakhs)

PARTICULARS	2018-19	2017-18
Sales and Other Income	13,073	14,306
Profit/(Loss) before depreciation and Interest	(2,394)	(385)
Less: Depreciation and Interest	317	419
Profit /(Loss) before Tax	(2,711)	(34)
Less Tax Expense	603	9
Profit /(Loss) After Tax Other Comprehensive Income Surplus brought forward from previous year	**(2,108)** **(39)** **10,757**	**(25)** **16** **10,782**
Balance carried to Balance Sheet	**8,649**	**10,757**

RESERVES

The Company has not transferred any amounts to reserves during the year. The Company has carried the amount of Loss for the year of Rs. 2,108 Lakhs to the Surplus Account.

DIVIDEND

In view of loss in the current year directors do not declare any dividend.

CORPORATE DEVELOPMENT

The Indian real estate industry continued to face challenges in the financial year 2018-19. Residential construction industry continued to go through a slow down on account of liquidity crunch, high inventory and muted demand. The affordable housing segment is also seeing a strong push across multiple regions. The home automation market is seeing strong growth and various companies from electrical products and related industries are launching solutions to address this growing customer need. In the year, the Company focused on serving growing demand from government projects and commercial office segments to mitigate slow demand in the residential sector. The Company upgraded its Critic range of wiring devices to make it one of the softest operating ranges of switches in its segment. This upgrade was well-accepted by the market. The Company is investing significantly in developing new products across various customer segments to drive profitability and market share.

THE YEAR AHEAD

The Company is gearing up to capture opportunity in affordable housing. In addition to this, the Company will continue to strengthen existing product line with new products range in midmarket segment. The Company will also look at exploring new product opportunities in high-growth sectors like warehouses, hospitality and healthcare.

PEOPLE DEVELOPMENT AND INDUSTRIAL RELATION

Hopetown facility received the India Manufacturing Excellence Gold Award by Frost & Sullivan in 2018. The Hopetown facility emerged as a successful manufacturing system, process, and technology enterprise that is also driving environmental-friendly practices. Special Recognition award in EHS in 6th CII Northern Region Inter Company Competition in 2019**.** The Management continues to invest on employee development initiatives and top talent retention programs. The two ways communication process between Management and Employees has further strengthened with regular town hall meetings and leadership interactions. Harmonious Industrial relations at site & in the region, Skill availability throughout the year has further supported Company's long term strategy and development of New Products from Hopetown site.

DEPOSITS

In terms of the provisions of Sections 73 of the Companies Act, 2013 read with the relevant Rules of the Act, the Company has not accepted any deposits during the year under review and as such, no amount of principal or interest was outstanding as on March 31, 2019.

SHARE CAPITAL

The Authorized Share Capital of the Company is Rs. 2,00,00,000/- (Rupees Two Crores Only) divided into 20,00,000 (Twenty Lakhs Only) Equity Shares of Rs. 10/- (Rupees Ten Only) each. The paid up Share Capital of the company is 9,51,640 (Nine Lakhs Fifty One Thousand Six Hundred and Forty Only) Equity Shares of Rs. 10/- (Rupees Ten Only) each amounting to Rs. 95,16,400/- (Rupees Ninety Five Lakhs Sixteen Thousand and Four Hundred Only).

MANAGEMENT STRUCTURE

During the period under review Mr. Narayana Sudhir Pillai (DIN: 07775062) had resigned as a Whole- Time Director of the Company with effect from March 08, 2019. The Board is thankful for his contribution and guidance during the tenure of his directorship.

During the period under review, Mr. Vimal Chawla (DIN: 08396551) was appointed as an Additional Director of the Company. As per Section 160 of the Companies Act, 2013, it is proposed to appoint him as Director. The resolution for the same is proposed in the forthcoming Annual General Meeting of the Company.

As per the provisions of the Companies Act, 2013, Mr. Ajay Kumar Kukreja, retires by rotation at the forthcoming AGM and being eligible, has offered himself for reappointment. The Board recommends his reappointment.

As on March 31, 2019, following are the Directors of the Company:

Sl. No.	Name of the Director	Designation
1.	Mr. Inder Jeet Singh	Independent Director (Non-Executive)
2.	Mr. Virender Shankar	Independent Director (Non-Executive)
3.	Mr. Ajay Kumar Kukreja	Director (Non-Executive)
4.	Mr. Vimal Chawla	Director (Non-Executive)

None of the Directors of the Company are disqualified under section 164(1) & 164(2) of the Companies Act, 2013.

STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTOR UNDER SUB – SECTION (6) OF SECTION 149

The Company has received necessary declarations from the Independent Directors under Section 149(7) of the Companies Act, 2013, that they meet the criteria of Independence laid down in Section 149(6) of the Companies Act, 2013.

BOARD COMMITTEES

The Company has the following Committees –

1. Audit Committee
2. Nomination and Remuneration Committee
3. Corporate Social Responsibility Committee

The composition of each of the above Committees, their respective roles and responsibilities is as detailed below –

AUDIT COMMITTEE

During the year, the Audit Committee was re-constituted on June 07, 2019. Currently, the Committee is comprised of Mr. Inder Jeet Singh, Mr. Virender Shankar and Mr. Vimal Chawla. Mr. Sudhir Pillai ceased to be a member of the Audit Committee due to his resignation as a Director with effect from March 08, 2019. Mr. Vimal Chawla was co-opted as a Member of the Audit Committee with effect from June 07, 2019.

The Audit Committee's primary objective is to monitor and provide effective supervision of the Management's financial reporting process, to ensure accurate and timely disclosures with highest levels of transparency, integrity and quality of financial reporting.

NOMINATION AND REMUNERATION COMMITTEE

There is no change in the composition of the Nomination and Remuneration Committee. Currently, the Committee is comprised of Mr. Inder Jeet Singh, Mr. Virender Shankar and Mr. Ajay Kumar Kukreja.

The Committee is responsible for formulating criteria for determining the remuneration of individual members of the Board of Directors of the Company.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Company had also re-constituted the Corporate Social Responsibility Committee during the year on June 07, 2019.

Mr. Sudhir Pillai ceased to be the member of the Committee due to his resignation as a Director with effect from March 08, 2019. Mr. Vimal Chawla was co-opted as Member of the Corporate Social Responsibility Committee with effect from June 07, 2019. Currently, the Committee is comprised of Mr. Inder Jeet Singh, Mr. Virender Shankar, Mr. Ajay Kumar Kukreja and Mr. Vimal Chawla.

Your Company has a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Corporate Social Responsibility Committee and the Board. Since there is loss in the current year i.e. in 2018-19 company is not eligible for CSR expenditure for the current year and hence no report on CSR is annexed.

MEETINGS OF BOARD AND ITS COMMITTEES

The details of meetings of Board and its Committees and Directors attending the same are given below:-

A.BOARD OF DIRECTORS:

NA= Not Applicable

Name of Director	Inder Jeet Singh	Vimal Chawla[1]	Ajay Kumar Kukreja	Virender Shankar	Narayana Sudhir Pillai[2]
Date of Meeting					
May 10, 2018	Yes	NA	Yes	Yes	Yes
June 29, 2018	No	NA	Yes	Yes	Yes
July 13, 2018	Yes	NA	Yes	Yes	Yes
September 07, 2018	Yes	NA	Yes	No	Yes
December 14, 2018	Yes	NA	Yes	Yes	Yes
March 15, 2019	Yes	NA	Yes	Yes	NA

[2]Resigned w.e.f. March 08, 2019
[1]Appointed w.e.f. March 28, 2019

B. AUDIT COMMITTEE

The Audit Committee met 4 (Four) times during the year, on May 10, 2018, June 29, 2018, December 14, 2018 and March 15, 2019. Attendance of the members for the same is given below:

Name of Director	Inder Jeet Singh	Narayana Sudhir Pillai[2]	Virender Shankar	Vimal Chawla[1]
Date of Meeting				
May 10, 2018	Yes	Yes	Yes	NA
June 29, 2018	No	Yes	Yes	NA
December 14, 2018	Yes	Yes	Yes	NA
March 15, 2019	Yes	NA	Yes	NA

[2]Resigned w.e.f. March 08, 2019
[1]Appointed w.e.f. March 28, 2019

C. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee had met 2 (Two) times during the year, on June 29, 2018 and March 15, 2019. Attendance of the members for the same is given below:

Name of Director	Inder Jeet Singh	Ajay Kumar Kukreja	Virender Shankar	Vimal Chawla[1]
Date of Meeting				
June 29, 2018	No	Yes	Yes	NA
March 15, 2018	Yes	Yes	Yes	NA

[1]Appointed w.e.f. March 28, 2019

D. CSR COMMITTEE

The CSR Committee had met 1 (One) time during the year, on June 29, 2018. All the members of Corporate Social Responsibility Committee were present.

Name of Director	Inder Jeet Singh	Ajay Kumar Kukreja	Virender Shankar	Narayana Sudhir Pillai[2]	Vimal Chawla[1]
Date of Meeting					
June 29, 2018	No	Yes	Yes	Yes	NA

[2]Resigned w.e.f. March 08, 2019
[1]Appointed w.e.f. March 28, 2019

VIGIL MECHANISM / WHISTLE BLOWER POLICY

In terms of the provisions of sub – section (10) of section 177 of the Companies Act, 2013, the Vigil Mechanism of the Company, which also incorporates a whistle blower policy, includes Code of Ethics. Protected disclosures can be made by a whistle blower through an e-mail, or telephone line. The policy has been displayed on https://www.honeywellsmarthomes.com/about-honeywell/statutory-info.

COMPANYS' POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

In terms of provisions of clause(e) of sub – section (3) of section 134 of the Companies Act, 2013, the Company has formulated the criteria for determining qualification, positive attributes and independence of a Director and a policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees. The criteria and the policy is as under:

Policy relating to Directors

a. The person to be chosen as a Director shall be of high integrity with relevant expertise and experience so as to have a diverse Board having expertise in the fields of Information Technology, sales /marketing, finance, taxation, law, governance and general management.

b. In case of appointment of Independent Directors, the Board shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.

c. The Board / Committee shall consider the following attributes / criteria, whilst recommending the candidature for appointment as Director:

  (i) Qualification, expertise and experience of the Directors in their respective fields;

  (ii) Personal, Professional or business standing; and

  (iii) Diversity of the Board.

d. In case of re-appointment of Non-Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

<u>Remuneration Policy</u>

The Company's remuneration policy is driven by the success and performance of the individual employees and the Company. The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and performance incentives, commission (variable component) to its Whole-Time Director and other Executive Directors.

IMPLEMENTATION OF RISK MANAGEMENT POLICY

In terms of the provisions of clause (n) of sub – section (3) of section 134 of the Companies Act, 2013, the Company has a robust policy to identify, evaluate business risks and opportunities. The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage. These are discussed at various department level meetings of the Company. The Company has identified various risks and also has mitigation plans for each risk identified.

INTERNAL CONTROL SYSTEMS AND ADEQUACY OF INTERNAL FINANCIAL CONTROLS

In terms of the provisions of clause (n) of sub – section (3) of section 134 of the Companies Act, 2013, the Company has a proper and adequate system of internal controls. This ensures that all transactions are authorized, recorded and reported correctly, and assets are safeguarded and protected against loss from unauthorized use or disposition. In addition, there are operational controls and fraud risk controls, covering the entire spectrum of internal financial controls. The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested by Internal Auditors. Significant audit observations and follow up actions thereon are reported to the Management / Board.

SEPARATE MEETING OF INDEPENDENT DIRECTORS

There was a separate meeting of the Independent Directors (without the presence of non-independent directors and members of the management). 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. The inputs from the meeting were shared with the Nomination and Remuneration Committee.

SUBSIDIARY COMPANIES

The Company has no subsidiary company as on the end of the financial year March 31, 2019. Further there were no subsidiary companies of Honeywell Electrical Devices and Systems India Limited which have become or ceased to be its subsidiaries, joint ventures or associate companies during the year under review.

EXTRACT OF THE ANNUAL RETURN

The extract of Annual Return of your Company as on March 31, 2019 as provided under sub-section (3) of Section 92 has been given in the prescribed Form MGT - 9 as **Annexure 1.**

RELATED PARTY TRANSACTIONS

There have been no materially significant related party transactions between the Company and the Directors, the management, the subsidiaries or the relatives except for those disclosed in the financial statements. Particulars as prescribed under contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013 read with Rule 8 of Companies (Accounts) Rules, 2014 in Form AOC -2 is attached to the report as **Annexure 2.**

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance with clause (c) of sub – section (3) of section 134 and sub – section (5) of section 134 of the Companies Act, 2013, your Directors confirm and state as follows:

1. That in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. That your Directors have selected such accounting policies and have 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 at the end of the financial year and of the loss of the Company for the period under review.
3. That your 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.
4. That the annual financial statements have been prepared on a going concern basis.
5. That the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS MADE BY THE COMPANY

During the year, the Company has not made any loans or investments to any persons within the meaning of Section 186 of the Companies Act, 2013 and has also not given any guarantees within the meaning of that section.

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

The particulars as prescribed under clause (m) of sub – section (3) of section 134 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, are set out in **Annexure 3.**

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

There are no significant material orders passed by the Regulators or Courts or Tribunal which would impact the going concern status of the Company and its future operations. However, members' attention is drawn to the statement on contingent liabilities, commitments in the notes forming part of the Financial Statements.

AUDITORS AND AUDITORS' REPORT

STATUTORY AUDITORS

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the rules framed there under M/s Deloitte Haskins & Sells LLP (Firm Registration No. 117366W/W-100018) were appointed as the Statutory Auditors for a period of 5 years to hold office from the conclusion of the Annual General Meeting (AGM) of the Company held on December 23, 2015.

EMPHASIS OF MATTER BY AUDITORS AND MANAGEMENT RESPONSE

The Auditors in the Auditors' Report have stated the following emphasis of matter; which is self-explanatory and no separate comments by management are required :-

We draw your attention to Note 38 regarding the total remuneration paid to the then Managing Director and Whole-time Director(s) of the Company as below:-

The Company had received a communication from Ministry of Corporate Affairs vide their e-mail dated June 9, 2017 and November 22, 2017 directing the Company to recover Rs. 50 lakhs and Rs. 44 lakhs respectively being the remuneration paid to the then managing director for the financial year 2011-12 and 2012-13, in excess of the limits prescribed under section 198 of the Companies Act, 1956 read with Schedule XIII therein. The Company has recorded the said amount as recoverable from the then managing director, and while the Company is taking necessary steps to recover the said amount, considering that the managing director had subsequently resigned on August 28, 2015, the said amount has been fully provided for as of the balance sheet date. –

Rs. 93 lakhs being the remuneration paid to the then managing director for the financial year 2013-14, which is in excess of the limits prescribed under the section 198 of the Companies Act, 1956, read with Schedule XIII therein / section 197 of the Act read with Schedule V therein, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as applicable. The Company had made necessary applications to the Central Government for the approval of such excess payment which was pending as of September 12, 2018. However, with the introduction of Companies (Amendment) Act, 2017, with effect from September 12, 2018, the application pending before the Central Government shall abate, and the Company shall, within one year of such commencement, obtain the approval of the Company in general meeting by way of special resolution. The Company has plans to seek the requisite approval of its members in the ensuing Extraordinary General Meeting.

Our opinion is not modified in respect of this matter.

MANAGEMENTS' RESPONSE

Mr. Sadanand Vitthal Teje was the Managing Director of the Company. The Company had obtained approval of Central Government for payment of remuneration to Mr. Sadanand Teje for the period of 4 years from 2007-2008 to 2010-2011.

For the period of 2011-2012, 2012-2013 and 2013-2014 the Company had filed applications for waiver of remuneration paid to him as specified in the text of the resolution.

Mr. Sadanand Teje had experience of over 26 years in the industry and his qualification was commensurate with the remuneration paid to him. He had been instrumental in establishing the business throughout the Country. But for his able leadership, it was not possible for the Company to achieve this growth and reach out at large in the arena of new challenges.

Mr. Teje's remuneration was fixed based on the performance of the company, but due to downturn in the economy and real estate going through the lean patch and their impact on wiring devices industry being substantial in the relevant financial years, the Company was unable to achieve the expected net profits and hence the remuneration which was fixed and paid to Mr. Teje became in excess of the statutory limits laid down in the then Section 309 of the Companies Act, 1956.

The Company had therefore made applications to Central Government after obtaining approval of shareholders for waiver of excess remuneration paid to Mr. Sadanand Teje in terms of provisions of Companies Act 1956/ 2013; as applicable from time to time. The Company had submitted the reply to clarifications sought by Central Government on the said applications from time to time. The Company had received the orders from Central Government for recovery of excess remuneration for FY 2011-12 and 2012-13 pending the processing of the application for the financial year 2013-2014.

Mr. Sadanand Teje is no longer serving the Company since his resignation on August 28, 2015. He is placed out of India and has not been in contact with the Company thereafter.

However, in order to comply with the Central Government Order, the Company was exploring all possible means of recovery of excess remuneration paid to Mr. Teje. Meanwhile, the Company received a communication dated October 17, 2018 from Central Government stating the amendment in S. 197 of the Companies Act 2013 and consequently, the said applications made to Central Government stood abated and since been closed.

Section 197 of the Companies Act, 2013 was amended by the Companies (Amendment) Act, 2017 and a new sub-section (17) was added to S. 197 (effective September 12, 2018) which provides as follows-

Any application made to the Central Government under the provisions of this section [as it stood before such commencement], which is pending with that Government shall abate, and the company shall, within one year of such commencement, obtain the approval in accordance with the provisions of this section, as so amended.

As per the said amendment, the powers of Central Government are now vested with the Shareholders of the Company and therefore, the Company needs to obtain approval of shareholders by September 10, 2019. The company is seeking the requisite approvals in the ensuing extra-ordinary general meeting to be held on September 10, 2019 for waiver of excess remuneration paid to Mr. Sadanand Teje - Managing Director of the Company during the year 2011-2012, 2012-2013 and 2013-2014.

INTIMATION ABOUT CHENNAI PLANT

The Board of Directors at their meeting on July 13, 2018 decided to close the operations of its manufacturing facility at Chennai effective October 12, 2018 on commercial considerations. Such closure does not constitute discontinued operations under Ind AS 105 and does not impact the ability of the Company to continue as a going concern. The Company has obtained the necessary statutory/regulatory approvals for closure and is in the process of complying with the necessary statutory/regulatory requirements for closure. The estimated closure costs, including the employee related provisions, have been adequately provided for as at March 31, 2019.

COST AUDITORS

In terms of the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, Cost Audit is applicable to your Company for the financial year 2018-19.

Your Company submitted its Cost Audit Report for the FY 2017-18, duly audited by M/s Chandrashekar S Adawadkar, Cost Accountants, with the Ministry of Corporate Affairs within the stipulated time. The Board has reappointed him as the Cost Auditor for the year 2019-2020. A resolution seeking their appointment forms part of the Notice of AGM.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

As the Company is an unlisted company, it is not required to disclose the details of employee remuneration in this report.

DISCLOSURE AS REQUIRED UNDER SECTION 22 OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Honeywell Electrical Devices and Systems India Limited as an organization is committed to provide a healthy environment to all its employees and thus does not tolerate any discrimination and/or harassment in any form. The Company has in place a Prevention of Sexual Harassment (POSH) policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Frequent communication of this policy is done in assimilation programs and at regular intervals to its employees. Following are some of the awareness programs imparted to train the employees and Internal Complaints Committee (ICC).

1. Every employee is supposed to undergo mandatory e-learning module on "Prevention of Sexual Harassment" at workplace.
2. Policy of "Prevention of Sexual Harassment" at workplace is available on intranet for employee to access as and when required.

The Company has setup an Internal Complaints Committee (ICC) both at the head office / corporate office in India. ICC has equal representation of men and women and is chaired by senior lady employee and has an external women representation.

ACKNOWLEDGEMENT

Your Directors acknowledge the support and co-operation received from business partners and investors. The Directors are proud and thankful to each and every employee, each of whom has contributed in the growth of the Company. The support received from the Government of India was valuable and is thankfully acknowledged. We thank all our stakeholders for the confidence reposed on us and for the support they have given in building the success of the Company.

For and on behalf of the Board of Directors of
Honeywell Electrical Devices and Systems India Limited

Date: August 23, 2019	**Vimal Chawla**	**Ajay Kumar Kukreja**
Place: Gurgaon	**Director**	**Director**
	DIN: 08396551	**DIN: 06607494**

Annexure 1

FORM NO MGT - 9

EXTRACT OF THE ANNUAL RETURN AS ON FINANCIAL YEAR ENDED MARCH 31, 2019
[Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and Other Details:

i) CIN: U31901TN1984PLC011107

ii) Registration Date: 22/08/1984

iii) Name of the Company: Honeywell Electrical Devices and Systems India Limited

iv) Category/Sub category of the Company: Company Limited by shares Indian Non-government Company

v) Address of the Registered Office and contact details: 5th, 6th & 7th Floors, North Tower, KRM Plaza, No.2, Harrington Road, Chetpet, Chennai, Tamil Nadu – 600031

vi) Whether listed Company: No

vii) Name, Address and Contact details of Registrar or Transfer Agent if any:
Link Intime India Private Limited
C 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400083.
R&T Services-Shares and Interest on Bonds : 022 - 4918 6270
Fixed Deposits Registry Services : 022 - 4918 6260
Public Issue-Shares and Bonds (Allotment) : 022 - 4918 6200
Fax : 022 - 4918 6060

II. Principal Business Activities of the Company:

The business activities contributing 10% or more of the total turnover of the Company are as under:

Sl. No	Name and Description of main products/ Services	NIC code of the product/Services	Percentage of contribution to total turnover (%)
01	Manufacturing and trading of Electricals devices and control systems	31200	99.56%

III. Particulars of Holding, Subsidiary and Associate Companies:

Sl. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary or Associates	Percentage of share held	Applicable Section
1.	NOVAR ED&S LTD.	--------------	Holding Company	91.33	2(46)

IV. Share holding Pattern (Equity share capital Breakup as percentage of Total Equity)

i) Category – wise share holding

Categories of share holders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
a) Individual	--	--	--	--	--	--	--	--	--
b) Central Govt	--	--	--	--	--	--	--	--	--
c) State Govt (s)	--	--	--	--	--	--	--	--	--
d) Bodies Corp.	--	--	--	--	--	--	--	--	--
e) Banks / FI	--	--	--	--	--	--	--	--	--
f) Any Other	--	--	--	--	--	--	--	--	--
Sub-total (A) (1)	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
(2) Foreign									
a) NRIs – Individuals	--	--	--	--	--	--	--	--	--
b) Other Individuals	--	--	--	--	--	--	--	--	--
c) Bodies Corp.	--	8,69,100	8,69,100	91.33	--	8,69,100	8,69,100	91.33	--
d) Banks / FI	--	--	--	--	--	--	--	--	--
e) Any Other	--	--	--	--	--	--	--	--	--
Sub-total (A) (2)	**--**	**8,69,100**	**8,69,100**	**91.33**	**--**	**8,69,100**	**8,69,100**	**91.33**	**--**
Total shareholding of Promoter (A) = (A1) + (A2)	**--**	**8,69,100**	**8,69,100**	**91.33**	**--**	**8,69,100**	**8,69,100**	**91.33**	**--**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	--	--	--	--	--	--	--	--	--

Categories of share holders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
b) Banks / FI	--	--	--	--	--	--	--	--	--
c) Central Govt	--	--	--	--	--	--	--	--	--
d) State Govt(s)	--	--	--	--	--	--	--	--	--
e) Venture Capital Funds	--	--	--	--	--	--	--	--	--
f) Insurance Companies	--	--	--	--	--	--	--	--	--
g) FIIs	--	--	--	--	--	--	--	--	--
h) Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
i) Others (specify) Trust	--	--	--	--	--	--	--	--	--
Sub-total (B)(1)	--	–	–	–	--	–	–	–	--
2. Non-Institutions									
a) Bodies Corp.	--	--	--	--	--	--	--	--	--
i) Indian	--	800	800	0.08	650	300	950	0.10	–
ii) Overseas	--	--	--	--	--	--	--	--	--
b) Individuals	30,850	50,890	81,740	8.59	44,570	37,020	81,590	8.57	–
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	5,800	50,490	56,290	5.92	19,120	37,020	56,540	5.90	–
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	25,050	–	25,050	2.63	25,050	--	25,050	2.63	--
c) Others (specify) HUF	--	400	400	0.04	400	–	400	0.04	--
Sub-total (B)(2)	**30,850**	**51,690**	**82,540**	**8.67**	**45,220**	**37,320**	**82,540**	**8.67**	
Total Public Shareholding (B) = (B)(1)+(B)(2)	**30,850**	**51,690**	**82,540**	**8.67**	**45,220**	**37,320**	**82,540**	**8.67**	
C. Shares held by Custodian for GDRs & ADRs	--	--	--	--	--	--	--	--	--
Grand Total (A+B+C)	**3,850**	**9,20,790**	**9,51,640**	**100**	**45,220**	**9,06,420**	**9,51,640**	**100**	**--**

ii) Shareholding of Promoters:

Sl. No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Novar ED&S LTD	869100	91.32	Nil	869100	91.32	Nil	Nil

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

There is no change in Promoters' Shareholding during the year.

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the company
1	**Ganesh Shridhar Shanbag**				
	At the beginning of the year	25050	2.63%	25050	2.63%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year (or on the date of separation, if separated during the year)	25050	2.63%	25050	2.63%
2	**Reyaz Ratan Mama**				
	At the beginning of the year	2000	0.21%	2000	0.21%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil	Nil	Nil	Nil
	At the End of the year (or on the date of separation, if separated during the year)	2000	0.21%	2000	0.21%
3	**Sheila P Bajaj**				
	At the beginning of the year	1500	0.15%	1500	0.15%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil	Nil	Nil	Nil
	At the End of the year (or on the date of separation, if separated during the year)	1500	0.15%	1500	0.15%

Sl. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the company
4	**Mahendra Girdharilal**				
	At the beginning of the year	1200	0.12%	1200	0.12%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil	Nil	Nil	Nil
	At the End of the year (or on the date of separation, if separated during the year)	1200	0.12%	1200	0.12%
5	**Manoj Jalan**				
	At the beginning of the year	1100	0.11%	1100	0.11%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil	Nil	Nil	Nil
	At the End of the year (or on the date of separation, if separated during the year)	1100	0.11%	1100	0.11%
6	**Rajkumar S Mehta**				
	At the beginning of the year	700	0.07%	700	0.07%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil	Nil	Nil	Nil
	At the End of the year (or on the date of separation, if separated during the year)	700	0.07%	700	0.07%
7	**Parimal K Shah**				
	At the beginning of the year	600	0.06%	600	0.06%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year (or on the date of separation, if separated during the year)	600	0.06%	600	0.06%
8	**Ajay Sheth**				
	At the beginning of the year	500	0.05%	500	0.05%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL

Sl. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the company
	At the End of the year (or on the date of separation, if separated during the year)	500	0.05%	500	0.05%
9	**Ambaram Ramji Alipuria**				
	At the beginning of the year	500	0.05%	500	0.05%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year (or on the date of separation, if separated during the year)	500	0.05%	500	0.05%
10	**Jerome Hereford Lazaro**				
	At the beginning of the year	500	0.05%	500	0.05%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil	Nil	Nil	Nil
	At the End of the year (or on the date of separation, if separated during the year)	500	0.05%	500	0.05%
11	**Nirmala Murali**				
	At the beginning of the year	500	0.05%	500	0.05%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil	Nil	Nil	Nil
	At the End of the year (or on the date of separation, if separated during the year)	500	0.05%	500	0.05%
12	**Darius Cama**				
	At the beginning of the year	500	0.05%	500	0.05%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil	Nil	Nil	Nil
	At the End of the year (or on the date of separation, if separated during the year)	500	0.05%	500	0.05%
13	**Indra Saraf**				
	At the beginning of the year	500	0.05%	500	0.05%

Sl. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the company
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil	Nil	Nil	Nil
	At the End of the year (or on the date of separation, if separated during the year)	500	0.05%	500	0.05%
14	**Kamla Balumal Khatri**				
	At the beginning of the year	500	0.05%	500	0.05%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil	Nil	Nil	Nil
	At the End of the year (or on the date of separation, if separated during the year)	500	0.05%	500	0.05%
15	**Micheal George Miranda**				
	At the beginning of the year	500	0.05%	500	0.05%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil	Nil	Nil	Nil
	At the End of the year (or on the date of separation, if separated during the year)	500	0.05%	500	0.05%
16	**Rajni Khokhani**				
	At the beginning of the year	500	0.05%	500	0.05%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil	Nil	Nil	Nil
	At the End of the year (or on the date of separation, if separated during the year)	500	0.05%	500	0.05%
17	**Saju I Bhojwani**				
	At the beginning of the year	500	0.05%	500	0.05%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil	Nil	Nil	Nil
	At the End of the year (or on the date of separation, if separated during the year)	500	0.05%	500	0.05%

Sl. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the company
18	**Shah Alam Pawaskar**				
	At the beginning of the year	500	0.05%	500	0.05%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil	Nil	Nil	Nil
	At the End of the year (or on the date of separation, if separated during the year)	500	0.05%	500	0.05%
19	**Sachin P Bajaj**				
	At the beginning of the year	500	0.05%	500	0.05%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil	Nil	Nil	Nil
	At the End of the year (or on the date of separation, if separated during the year)	500	0.05%	500	0.05%
20	**3A Financial Services Limited**				
	At the beginning of the year	450	0.045%	450	0.045%
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil	Nil	Nil	Nil
	At the End of the year (or on the date of separation, if separated during the year)	450	0.045%	450	0.045%

V. Indebtedness: NIL

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	NIL	NIL	NIL	NIL
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL
• Addition	NIL	NIL	NIL	NIL
• Reduction	NIL	NIL	NIL	NIL
Indebtedness at the end of the financial year	NIL	NIL	NIL	NIL
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	**NIL**	**NIL**	**NIL**	**NIL**

VI. Remuneration of Directors and key Managerial personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

Sl. No	Particulars of Remuneration	Total Amount (INR)
		Narayana Sudhir Pillai – Whole-time Director (April 01, 2018 to March 08, 2019)
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	76,87,068
2	Stock Option	Nil
3	Sweat Equity	Nil
4	Commission - as % of profit - others, specify	Nil

Sl. No	Particulars of Remuneration	Total Amount (INR)
		Narayana Sudhir Pillai – Whole-time Director (April 01, 2018 to March 08, 2019)
5	Others, please specify Contribution to provident and other funds	Nil
	Total (A)	**76,87,068**
	Ceiling as per the Act	1,20,00,000

A. Remuneration to other Directors:

Not applicable, since certain Directors of the Company are employees of the ultimate holding company and are remunerated by that company. Resultantly, remuneration of such directors has not been included in this section.

B. Remuneration to Key Managerial Personnel Other than MD/ Manager/ WTD

Not applicable, since the Company does not have any Key Managerial Personnel other than Directors.

VII. Penalties / Punishment/ Compounding of Offences

There were no penalties or punishments levied on the company during the year. Further, there was no necessity for the Company to compound any offence.

For and on behalf of the Board of Directors of
Honeywell Electrical Devices and Systems India Limited

Date: August 23, 2019
Place: Gurgaon

Vimal Chawla
Director
DIN: 08396551

Ajay Kumar Kukreja
Director
DIN: 06607494

Annexure 2

Form No. AOC-2
[Pursuant to clause (h) of sub-section (3)of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms' length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis -
   None
2. Details of material contracts or arrangement or transactions at arm's length basis –

   All the transactions are on ongoing basis and in the ordinary course of business and at arms' length and are disclosed in the Financial Statements.

For and on behalf of the Board of Directors of
Honeywell Electrical Devices and Systems India Limited

Date: August 23, 2019	**Vimal Chawla**	**Ajay Kumar Kukreja**
Place: Gurgaon	**Director**	**Director**
	DIN: 08396551	**DIN: 06607494**

Annexure 3

Details of conservation of energy, technology absorption, foreign exchange earnings and outgo

(a) Conservation of energy

Your Company continues to make every effort to conserve energy required for all its operations. Some of the key initiatives undertaken during the period ended March 31, 2019 for the same are as under:

Hope Town: Energy Saving Programme

Year 2018-19

Total Energy Saving in FY 2018-19 is 94k KWH / yr. (By replacing Conventional lights by energy efficient LED light)

(b) Technology absorption

Your Company is an affiliate Company of Honeywell International Inc., and on merits it continues to have access to some of the latest products and technology of the parent Company.

(c) Foreign exchange earnings and Outgo

During the year, the total foreign exchange used was Rs. 2,012/- Lakhs and the total foreign exchange earned were Rs. 1,291/- Lakhs.

For and on behalf of the Board of Directors of
Honeywell Electrical Devices and Systems India Limited

Date: August 23, 2019	**Vimal Chawla**	**Ajay Kumar Kukreja**
Place: Gurgaon	**Director**	**Director**
	DIN: 08396551	**DIN: 06607494**

To The Members of Honeywell Electrical Devices and Systems India Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Honeywell Electrical Devices and Systems India Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2019, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw your attention to Note 38 regarding the total remuneration paid to the then Managing Director and Whole-time Director(s) of the Company as below:

- The Company had received a communication from Ministry of Corporate Affairs vide their e-mail dated June 9, 2017 and November 22, 2017 directing the Company to recover Rs.50 lakhs and Rs. 44 lakhs respectively being the remuneration paid to the then managing director for the financial year 2011-12 and 2012-13, in excess of the limits prescribed under section 198 of the Companies Act, 1956 read with Schedule XIII therein. The Company has recorded the said amount as recoverable from the then managing director, and while the Company is taking necessary steps to recover the said amount, considering that the managing director had subsequently resigned on August 28, 2015, the said amount has been fully provided for as of the balance sheet date.
- Rs. 93 lakhs being the remuneration paid to the then managing director for the financial year 2013-14, which is in excess of the limits prescribed under the section 198 of the Companies Act, 1956, read with Schedule XIII therein / section 197 of the Act read with Schedule V therein, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as applicable. The Company had made necessary applications to the Central Government for the approval of such excess payment which was pending as of 12th September 2018. However, with the introduction of Companies (Amendment) Act, 2017, with effect from 12th September 2018, the application pending before the Central Government shall abate, and the Company shall, within one year of such commencement, obtain

the approval of the Company in general meeting by way of special resolution. The Company has plans to seek the requisite approval of its members in the ensuing Extraordinary General Meeting.

Our opinion is not modified in respect of this matter.

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 Report and annexures thereto,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.

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement 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 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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) 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 : Refer Note 33 to the financial statements;
   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Hemant M. Joshi
Partner
(Membership No. 38019)

Date: August 23, 2019
Place: Pune
UDIN: 19038019AAAACY2719

(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 ELECTRICAL DEVICES AND SYSTEMS INDIA LIMITED** ("the Company") as of March 31, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, 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)

Hemant M. Joshi
Partner
(Membership No. 38019)

Date: August 23, 2019
Place: Pune
UDIN: 19038019AAAACY2719

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

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed and property tax related compliance documents provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.

(iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause 3(iv) of the Order is not applicable to the Company.

(v) According to the information and explanations given to us, the Company has not accepted any deposits 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 Act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Act, and are of the opinion that, *prima facie,* the prescribed cost records have been made and maintained.We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Goods and Service Tax (GST), cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Goods and Service Tax (GST), Cess and other material statutory dues in arrears as at 31st March, 2019 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and GST which have not been deposited as on 31st March, 2019 on account of disputes are given below:

Nature of Due	Forum where Pending	Period to which it pertains	Amount Unpaid (Rs. Lakhs)	Amount paid under protest (Rs. Lakhs)
Income Tax Act, 1961				
Income Tax	Commissioner of Income Tax (A), Chennai	FY 2008-09 to FY 2011-12	79.82	406.56

Nature of Due	Forum where Pending	Period to which it pertains	Amount Unpaid (Rs. Lakhs)	Amount paid under protest (Rs. Lakhs)
Income Tax	Madras High Court	FY 2004-05	-	205.78
Respective Sales Tax Laws - Value Added Tax (VAT)				
VAT	Additional Commissioner, Delhi	FY 2009-10 to FY 2011-12	16.46	5.26
VAT	Appellate Authority, Maharashtra	FY 2013-14	12.02	6.20
VAT	Deputy Commissioner, Karnataka	FY 2010-11	3.59	2.05
VAT	Deputy Commissioner, Uttarakhand	FY 2007-08 , FY 2008-09 and FY 2013-14	182.31	-
VAT	Appellate Authority, Haryana	FY 2013-14	46.29	-
VAT	Additional Commissioner, Tamil Nadu	FY 2010-11 and FY 2011-12	45.96	66.55

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

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

(iv) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(v) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(vi) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable to the Company.

(vii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(viii) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.

(ix) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable to the Company.

(x) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Hemant M. Joshi
Partner
(Membership No. 38019)

Date: August 23, 2019
Place: Pune
UDIN: 19038019AAAACY2719

(Rupees in lakhs)

Particulars	Notes	As at 31st March 2019	As at 31st March 2018
Assets			
Non-current assets			
(a) Property, Plant and Equipment	4	699	954
(b) Capital work in progress	4	190	-
(c) Financial assets			
(i) Other financial assets	9	78	75
(d) Income tax assets (net)	10	1,188	1,328
(e) Deferred tax assets (net)	11	987	283
(f) Other non-current assets	12	675	482
Total non-current assets		3,817	3,122
Current assets			
(a) Inventories	5	1,872	1,980
(b) Financial assets			
(i) Trade receivables	6	3,978	5,097
(ii) Cash and cash equivalents	7	3,271	3,478
(iii) Bank balances other than (ii) above	8	1,100	1,450
(iv) Other financial assets	9	23	48
(c) Other current assets	12	1,681	1,151
Total current assets		11,925	13,204
Total Assets		**15,742**	**16,326**
Equity and Liabilities			
Equity			
(a) Equity share capital	13	95	95
(b) Other equity	14	8,522	10,685
Total equity		8,617	10,780
Liabilities			
Non-current liabilities			
(a) Financial Liabilities			
(i) Trade payables	16		
(A) Total outstanding dues of Micro enterprises and Small enterprises		-	-
(B) Total outstanding dues of creditors other than Micro enterprises and Small enterprises		9	15
(b) Provisions	15	281	308
Total non-current liabilities		**290**	**323**

(Rupees in lakhs)

Particulars	Notes	As at 31st March 2019	As at 31st March 2018
Current liabilities			
(a) Financial liabilities			
(i) Trade payables	16		
(A) Total outstanding dues of Micro enterprises and Small enterprises		118	6
(B) Total outstanding dues of creditors other than Micro enterprises and Small enterprises		5,831	4,483
(ii) Other financial liabilities	17	16	5
(b) Provisions	15	485	305
(c) Other current liabilities	18	385	424
Total current liabilities		6,185	5,223
Total Equity and Liabilities		**15,742**	**16,326**

See accompanying notes to the financial statements
In terms of our report of even date
For **Deloitte Haskins & Sells LLP**
Firm Registration Number - FRN 117366W/W-100018
Chartered Accountants

Hemant M. Joshi
Partner
Membership No: 38019

Place : Pune
Date : August 23, 2019

For and on behalf of the Board

Vimal Chawla
Director
DIN: 08396551

Ajay Kumar Kukreja
Director
DIN: 06607494

Place : Gurgaon
Date : August 23, 2019

(Rupees in lakhs)

Particulars	Notes	Year ended 31st March 2019	Year ended 31st March 2018
I. Revenue from operations	19	12,662	13,896
II. Other Income	20	411	410
III. Total Income (I + II)		13,073	14,306
IV. Expenses:			
Cost of materials consumed	21	3,824	3,764
Purchases of Stock in Trade		2,905	3,052
Changes in inventories of finished goods, work-in-progress and stock-in-trade	22	10	178
Excise duty on sale of goods		-	294
Employee benefits expense	23	4,718	3,024
Finance costs	24	15	35
Depreciation and amortization expense	4	302	384
Other expenses	25	4,010	3,609
Total expenses (IV)		15,784	14,340
V. Profit / (Loss) before tax (III - IV)		(2,711)	(34)
VI. Income tax expense:			
-Current tax		50	107
-Deferred tax		(690)	(116)
-Relating to earlier years		37	-
Total tax expense (VI)		**(603)**	**(9)**
VII. Profit / (Loss) for the year (V - VI)		(2,108)	(25)
VIII. Other comprehensive income			
A (i) Items that will not be reclassified to Profit or Loss			
(a) Remeasurements of the defined benefit plans		(53)	24
A (ii) Income tax / Deferred tax relating to items that will not be reclassified to profit or loss		14	(8)
B (i) Items that may be reclassified to Profit or Loss		-	-
B (ii) Income tax relating to items that may be reclassified to profit or loss		-	-
Total other comprehensive income (A (i-ii) + B (i-ii)) (VIII)		(39)	16
XI. Total comprehensive income for the year (VII - VIII)		(2,147)	(9)
Earning/(Loss) per equity shares (In Rs.)	30		
Basic and Diluted		(221.51)	(2.66)
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**
Firm Registration Number - FRN 117366W/W-100018
Chartered Accountants

Hemant M. Joshi
Partner
Membership No: 38019

Place : Pune
Date : August 23, 2019

For and on behalf of the Board

Vimal Chawla
Director
DIN: 08396551

Ajay Kumar Kukreja
Director
DIN: 06607494

Place : Gurgaon
Date : August 23, 2019

(Rupees in lakhs)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
A. Cash flow from operating activities		
Profit/ (Loss) for the year	**(2,108)**	**(25)**
Adjustments for:		
Income tax expense recognised in statement of profit and Loss	(603)	(9)
Depreciation and amortisation expense	302	384
Unrealised foreign exchange (gain)/loss	(51)	(28)
Provision for doubful debts	(35)	45
Gain /Loss on disposal of property, plant and equipment	93	(12)
Interest income recognised in statement of profit and loss	(222)	(243)
Dividend income in profit or loss	-	-
Liabilities/ Provision no longer required written back	(18)	(6)
Employee stock options provisions	(16)	-
Finance cost	13	-
Movements in working capital:		
(Increase)/decrease in trade and other receivables	1,150	(615)
(Increase)/decrease in inventories	108	372
(Increase)/decrease in other assets	(541)	(916)
(Increase)/decrease in other financial assets	(3)	1
Increase/(decrease) in trade payables	1,459	1,953
Increase/(decrease) in provisions	118	210
Increase/(decrease) in other current liabilities	(44)	23
Cash generated from operations	**(398)**	**1,134**
Income taxes paid (net of refund, if any)	39	(143)
Net cash generated from operations	**(359)**	**991**
B. Cash flow from investing activities		
Payments for Property, Plant and equipment	(504)	(97)
Proceeds from disposal of property, plant and equipment	-	14
Interest received	247	213
Proceeds / (Payments) from fixed deposits matured during the year	7,702	-
Fixed deposits placed during the year	(7,352)	(1,450)
Net cash generated from investing activities	**93**	**(1,320)**
C. Cash flow from financing activities	**-**	**-**
Net cash used in financing activities	**-**	**-**
Net change in cash and cash equivalents	**(266)**	**(329)**

(Rupees in lakhs)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
Cash and cash equivalents as at the beginning of the Year	3,478	3,807
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	59	-
Cash and cash equivalents as at the end of the Year	3,271	3,478
Movement in cash and cash equivalents	(266)	(329)
Cash and cash equivalents consist of		
Bank Balances		
Current Accounts	815	187
Demand deposits (Original maturity less than 3 months)	2,456	3,291
	3,271	**3,478**

For **Deloitte Haskins & Sells LLP**
Firm Registration Number - FRN 117366W/W-100018
Chartered Accountants

Hemant M. Joshi
Partner
Membership No: 38019

Place : Pune
Date : August 23, 2019

For and on behalf of the Board

Vimal Chawla
Director
DIN: 08396551

Ajay Kumar Kukreja
Director
DIN: 06607494

Place : Gurgaon
Date : August 23, 2019

A. Equity share capital

(Rupees in lakhs)

	Amount
As at 31st March 2018	95
Changes in equity share capital	-
As at 31st March 2019	95

B. Other equity

(Rupees in lakhs)

	Reserves and surplus				Total
	Capital Redemption Reserve	Retained earnings	Share based payment reserve	Other comprehensive Income - Remeasurements of the defined benefit plans	
Balance as at 31st March 2017	**5**	**10,782**	**16**	**(109)**	**10,694**
Profit/(loss) for the year	-	(25)	-	-	(25)
Other comprehensive income/ (loss) for the year, net of income tax	-	-	-	16	16
Total comprehensive income/(loss) for the year	**-**	**(25)**	**-**	**16**	**(9)**
Recognition of share-based payments	-	-	-	-	-
Balance as at 31st March 2018	**5**	**10,757**	**16**	**(93)**	**10,685**
Profit/ (loss) for the year	-	(2,108)	-	-	(2,108)
Other comprehensive income/(loss) for the year, net of income tax	-	-	-	(39)	(39)
Total comprehensive income/ (loss) for the year	**-**	**(2,108)**	**-**	**(39)**	**(2,147)**
Recognition of share-based payments	-	-	(16)	-	(16)
Balance as at 31st March 2019	**5**	**8,649**	**-**	**(132)**	**8,522**

In terms of our report of even date
For **Deloitte Haskins & Sells LLP**
Firm Registration Number - FRN 117366W/W-100018
Chartered Accountants

Hemant M. Joshi
Partner
Membership No: 38019

Place : Pune
Date : August 23, 2019

For and on behalf of the Board

Vimal Chawla
Director
DIN: 08396551

Ajay Kumar Kukreja
Director
DIN: 06607494

Place : Gurgaon
Date : August 23, 2019

NOTE 1. GENERAL INFORMATION:

Honeywell Electrical Devices and Systems India Limited ('the Company'), a Public Limited Company was incorporated in India on August 22, 1984. The Company is a subsidiary of Novar ED&S Limited, U.K. The principal activities of the Company include manufacturing and trading of electrical devices and control systems viz. Switches, Sockets, Cable Management Systems, Lighting Management Systems and Other Wiring Devices.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES:

A. Statement of Compliance

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

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

B. Basis of Preparation and Presentation

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

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the assets or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and disclosure purpose in these financial statement is determined on such basis, except for share-based transactions that are within scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

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

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

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

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

C. Property, Plant and Equipment and Depreciation

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 which are carried at cost are recognised in the Statement of Profit and Loss.

Freehold land is not depreciated. Leasehold rights over land and building are amortised over the period of lease.

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:

Class of Assets	Useful Lives
Buildings	30 years
Plant and Machinery*	10 years
Tooling	4 years
Office Equipment (including computer)	3 years to 6 years
Furniture and Fixture	10 years
Vehicles*	4 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.

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.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

The amortisation rates used are:

a) Computer Software - amortized over a period of 4 years.

E. Impairment of Tangible And Intangible Assets Other Than Goodwill

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible 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) On March 28, 2018, the Ministry of Corporate Affairs (MCA) has notified Indian Accounting Standard (Ind AS) 115 – Revenue from contracts with customers. Ind AS 115 replaces Ind AS 18 Revenue. The Company has adopted Ind AS 115 with effect from April 1, 2018 by using cumulative catch-up transition method applied to contracts that were not completed as on April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted.

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.

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:

Defined contribution plans :

i) Superannuation fund:

This is a defined contribution plan. The Company makes contribution as per the scheme to superannuation fund administered by Life Insurance Corporation of India. The Company has no further obligation of future superannuation benefits other than its annual contributions and recognises such contributions as expense as and when due.

ii) Provident Fund:

Contribution towards provident fund for employees is made to the regulatory authorities, 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. The Company recognises such contribution as expense in the Statement of Profit and Loss.

Defined Benefit Plans :

i) 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. 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. The Company’s liability is actuarially determined (using the Projected Unit Credit method) at the end of each financial reporting period.

ii) Compensated Absences:

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year 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.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Company’s liability is actuarially determined by an independent actuary (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

iii) 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 or 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 statement of 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.

i) 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.

ii) Deferred tax:-

Deferred tax is recognized using the balance sheet approach. Deferred tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements.

Deferred tax asset are recognized to the extent that it is probable that taxable profit will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

L. Provisions and Contingencies Provisions

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

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

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

M. Leases

At the inception of a lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

As a lessee:

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower.

Lease payments under operating leases are recognised as an expense on a straight line basis in the statement of profit and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

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 or 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 or loss are recognised immediately in Statement of Profit and Loss.

O. Financial assets

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

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

1. 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) :

i) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

ii) 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 amount outstanding.

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

i) the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and

ii) 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 amount outstanding.

Interest income is recognised in profit or 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 or 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 Statement of Profit and Loss.

All other financial assets are subsequently measured at fair value.

2. Effective interest method

The effective interest method is a method of calculating the amortised cost of debt instrument of allocating interest over the relevant period. The effective interest rate is the rate that exactly 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 the "Other income".

3. 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 recognising 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 the 'Other income' line item. 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.

4. Impairment of financial assets

The company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instrument at FVTOCI, trade receivables, other contractual right to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the company expects to receive, discounted at the original effective interest rate (or credit-Adjusted effective interest rate for purchased or originated credit-impaired financial assets). The company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the company measures the loss allowance for that financial instrument at an amount equal to 12 month expected credit losses. 12 month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the company again measures the loss allowance based on 12 month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the company uses the change in the risk of a default accruing over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financials asset that result from transactions that are within the scope of Ind AS 115, the Company always 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 which takes into account historical credit loss experience and adjusted for forward - looking information.

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

5. 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.

6. 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 or 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 at amortised cost. Thus, the exchange difference on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

P. Financial liabilities and equity instruments

1. 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.

2. 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.

3. Financial liabilities

All financial liabilities are subsequently measured at amoritised cost using effective interest method of FVTPL.

3.1 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 or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in 'Other Income'.

3.2 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 the 'finance cost' line item.

The effective interest method is a method of calculating the amoritised 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.

3.3 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 profit or loss.

3.4 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 or loss.

Q. New Accounting Standards, Amendments to Existing Standards, Annual Improvements and Interpretations applicable to the Company effective subsequent to March 31, 2019

Ind AS 116 Leases:

On March 30, 2019, Ministry of Corporate Affairs (MCA) notified Ind AS 116 Leases. The effective date for adoption of IND AS 116 is financial period beginning on or after April 1, 2019. Ind AS 116 replaces Ind AS 17 from its effective date. The core principle of the new standard is that lessee should recognize a 'right-of-use asset' and a corresponding 'lease liability' for its leasing arrangements on their balance sheets. Lessees will use single accounting model for all leases, with limited exceptions. Optional exemption is available in respect of short-term leases and low-value assets.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application.

The Company will adopt the standard on April 1, 2019 by recognizing the cumulative effect of initially applying this standard as an adjustment to the opening balance of retained earnings at the date of application. Accordingly, comparatives for the year ended March 31, 2019 will not be retrospectively adjusted.

Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments):

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company is in process of evaluating the effect of this on the financial statements.

Ind AS 19 Plan Amendment, Curtailment or Settlement:

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company is in process of evaluating the effect of this on the financial statements.

NOTE 3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In the application of the Company's accounting policies, which are described in note 3, 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 stock compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest.

3. In case of Property, plant and equipment, The charge in respect of periodic depreciation 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.

4. Product warranty - The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures.

5. Provision for inactive, obsolete and surplus inventory of spares and consumables is made as per the policy of the Company. It considers various factors including comparing non-movement of the inventory items for a certain period against its actual consumption, excess inventory calculated with reference to expected consumption based on the forecasted use and specific identification of the obsolete items through the continuous monitoring of listed items.

Notes to financial statements

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

(Rupees in lakhs)

	31st March 2019	31st March 2018
Carrying amounts of :		
Freehold land	34	34
Buildings	149	159
Plant and machinery	284	364
Toolings	132	272
Furniture and fixtures	35	49
Office equipments (including computers)	65	76
	699	**954**
Capital work-in-progress	190	-
	889	**954**

Notes to financial statements

(Rupees in lakhs)

	Freehold land	Buildings	Plant and machinery	Tooling	Furniture and fixtures	Office equipments (including computers)	Vehicles	Total
Cost or deemed cost								
Balance at March 31, 2017	**34**	**198**	**856**	**834**	**132**	**206**	**19**	**2,279**
Add: Additions	-	-	5	41	-	26	-	72
Less: Disposals / Written off	-	-	(6)	-	-	-	-	(6)
Balance at March 31, 2018	**34**	**198**	**855**	**875**	**132**	**232**	**19**	**2,345**
Add: Additions	**-**	**4**	**53**	**37**	**1**	**46**	**-**	141
Less: Disposals / Written off	-	-	(163)	(43)	(13)	(33)	(7)	(259)
Balance at March 31, 2019	**34**	**202**	**745**	**869**	**120**	**245**	**12**	**2,227**
Accumulated depreciation and impairment								
Balance at March 31, 2017	**-**	**26**	**392**	**399**	**68**	**111**	**15**	**1,011**
Less: Eliminated on disposal of assets	-	-	(4)	-	-	-	-	(4)
Add: Depreciation expenses	-	13	103	204	15	45	4	384
Balance at March 31, 2018	**-**	**39**	**491**	**603**	**83**	**156**	**19**	**1,391**
Less: Eliminated on disposal of assets	-	-	(98)	(31)	(10)	(19)	(7)	(165)
Add: Depreciation expenses	-	14	68	165	12	43	-	302
Balance at March 31, 2019	**-**	**53**	**461**	**737**	**85**	**180**	**12**	**1,528**
Carrying Amount								
Balance at March 31, 2018	**34**	**159**	**364**	**272**	**49**	**76**	**-**	**954**
Balance at March 31, 2019	**34**	**149**	**284**	**132**	**35**	**65**	**-**	**699**

NOTE 5 - INVENTORIES

(Rupees in lakhs)

	As at 31st March 2019	As at 31st March 2018
Inventories (lower of cost and net realisable value)		
Raw Materials and Components	670	773
Raw Material in transit	41	41
Packing Materials	42	37
Work-in progress	52	100
Finished goods	395	345
Stock in trade (in respect of goods acquired for trading)	637	674
Stock-in-trade In transit (in respect of goods acquired for trading)	35	10
Total	**1,872**	**1,980**

Notes to financial statements

NOTE 6 -TRADE RECEIVABLES

(Rupees in lakhs)

	As at 31st March 2019	As at 31st March 2018
Current		
Trade Receivables		
(a) Secured, considered good	-	-
(b) Unsecured, considered good	4,070	5,224
Less: Expected credit loss allowance for doubtful trade receivables	(92)	(127)
	3,978	5,097
(c) Credit impaired	20	20
Less: Expected credit loss allowance for doubtful trade receivables	(20)	(20)
	-	-
Total	**3,978**	**5,097**

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:

	Expected credit loss %	
Ageing	**31st March 2019**	**31st March 2018**
0- 90 days past due	0%	0%
More than 90 days past due	19%	65%

Age of Trade receivables

(Rupees in lakhs)

	As at 31st March 2019	As at 31st March 2018
0- 90 days past due	3,512	4,870
More than 90 days past due	578	374
	4,090	**5,244**

Movement in the expected credit allowance

(Rupees in lakhs)

	As at 31st March 2019	As at 31st March 2018
Balance at beginning of the year	147	102
Add: Expected credit loss during the year	38	45
Less: Amount recovered / reversed in the current year	73	-
Balance at the end of the year	112	147

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

Notes to financial statements

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

(Rupees in lakhs)

As at	Number of customers	Outstanding balance
31st March 2019	1	256
31st March 2018	1	1,258

NOTE 7 - CASH AND CASH EQUIVALENTS

(Rupees in lakhs)

	As at 31st March 2019	As at 31st March 2018
Bank balances		
In current accounts	815	187
Demand deposits (Original maturity less than 3 months)	2,456	3,291
Total	**3,271**	**3,478**

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

NOTE 8 - BANK BALANCES OTHER THAN (ii) ABOVE

(Rupees in lakhs)

	As at 31st March 2019	As at 31st March 2018
Other bank balance		
Long term deposits with original maturity more than 3 months but less than 12 months	1,100	1,450
Total	**1,100**	**1,450**

NOTE 9 -OTHER FINANCIAL ASSETS

(Rupees in lakhs)

	As at 31st March 2019	As at 31st March 2018
Non-Current		
Security deposits	78	75
Total	**78**	**75**
Current		
Interest accrued on deposits with banks	23	48
Total	**23**	**48**

Notes to financial statements

NOTE 10 - INCOME TAX ASSETS (NET)

(Rupees in lakhs)

	As at 31st March 2019	As at 31st March 2018
Current tax assets		
Tax refund receivable (Net of provision of Rs. 2,176 lakhs (March 31, 2018: Rs. 2,126 lakhs)	1,188	1,328
	1,188	**1,328**

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

	As at 31st March 2019	As at 31st March 2018
Profit/(Loss) before tax	(2,711)	(34)
Tax expenses	(603)	(9)
Effective tax rate	**22.24%**	**26.24%**
Net impact of deduction/exemption and disallowance	6.94%	6.82%
Additional tax provision for earlier years arising out of proceedings with the authorities during the current year	-1.36%	0.00%
Tax rate as per Income tax act	**27.82%**	**33.06%**

NOTE 11 - DEFERRED TAX ASSET (NET)

(Rupees in lakhs)

	As at 31st March 2019	As at 31st March 2018
Deferred tax assets	987	282
Deferred tax assets (Net)	**987**	**282**

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

Notes to financial statements

2018-19

(Rupees in lakhs)

	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
Deferred tax assets/ (liabilities) in relation to				
Depreciation and amortisation	41	49	-	90
Provision for trade and other receivables	48	(18)	-	30
Provision for Warranty	14	1	-	15
Retirement Benefits	101	(23)	14	92
Provision for Indirect Tax Matter	-	108	-	108
Bonus	79	-	-	79
Others	-	573	-	573
Total	**283**	**690**	**14**	**987**

2017-18

	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
Deferred tax assets/ (liabilities) in relation to				
Depreciation and amortisation	8	33	-	41
Provision for trade and other receivables	33	15	-	48
Provision for Warranty	-	14	-	14
Retirement Benefits	80	29	(8)	101
Bonus	54	25	-	79
Total	**175**	**116**	**(8)**	**283**

NOTE 12 - OTHER ASSETS

(Rupees in lakhs)

	As at 31st March 2019	As at 31st March 2018
Non-Current		
Capital advances	182	-
Advance rent	38	43
Sales Tax paid under protest	455	439
Total	**675**	**482**
Current		
Balances with Government authorities	1,605	1,074
Advances recoverable in cash or kind (net of provision for doubtful recovery Rs. 94 lakhs, 31st March 2018 Rs. 94 lakhs)(Refer note 38)	53	58
Advances to employees	12	12
Prepaid expenses	11	7
Total	**1,681**	**1,151**

Notes to financial statements

NOTE 13 - EQUITY SHARE CAPITAL

(Rupees in lakhs)

	As at 31st March 2019	As at 31st March 2018
Authorised:		
20,00,000 (March 31, 2018: 20,00,000) equity shares of Rs.10 each	200	200
	200	**200**
Issued:		
9,51,640 (March 31, 2018: 9,51,640) Equity Shares of Rs.10 each, fully paid	95	95
	95	**95**
Subscribed and paid up		
9,51,640 (March 31, 2018: 9,51,640) Equity Shares of Rs.10 each, fully paid	95	95
Total	**95**	**95**

(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, 2019		As at March 31, 2018	
	Number of shares	(Rupees in lakhs)	Number of shares	(Rupees in lakhs)
Equity shares				
Balance as at the beginning and end of the year	951,640	95	951,640	95

(c) Shares held by the holding company

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number of shares	(Rupees in lakhs)	Number of shares	(Rupees in lakhs)
Equity shares:				
Novar ED&S Limited, U.K. (Holding company)	869,100	87	869,100	87

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

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number of shares	Percentage	Number of shares	Percentage
Novar ED&S Limited, U.K. (Holding company)	869,100	87	869,100	87

Notes to financial statements

NOTE 14 - OTHER EQUITY

(Rupees in lakhs)

	As at 31st March 2019	As at 31st March 2018
Capital Redemption Reserve (A)	5	5
Balance as at the beginning and end of the year		
Other comprehensive Income (B)		
Remeasurements Gain/ (Losses) of the defined benefit plans	(132)	(93)
Share based payment reserve (C)	-	16
Balance as at the beginning of the year	10,757	10,782
Profit / (Loss) for the year	(2,108)	(25)
Retained Earnings (D)	8,649	10,757
Total (A-B+C+D)	**8,522**	**10,685**

NOTE 15 - PROVISIONS

(Rupees in lakhs)

	As at 31st March 2019	As at 31st March 2018
Non Current		
Gratuity and other retirement benefits (Refer note 35)	184	193
Compensated Absences	63	74
Provision for Warranty (Refer note 34)	34	41
Total	**281**	**308**
Current		
Gratuity and other retirement benefits(Refer note 35)	70	31
Compensated absences	13	14
Provision for Indirect Tax Matters (Refer note 34)	383	260
Provision for Warranty (Refer note 34)	19	-
Total	**485**	**305**

NOTE 16 - TRADE PAYABLES

(Rupees in lakhs)

	As at 31st March 2019	As at 31st March 2018
Non current		
Total outstanding dues of creditors other than Micro enterprises and Small enterprises	9	15
Total	**9**	**15**
Current		
Total outstanding dues of creditors other than Micro enterprises and Small enterprises	5,831	4,483
Total outstanding dues of Micro enterprises and Small enterprises (Refer note 31)	118	6
Total	**5,949**	**4,489**

Notes to financial statements

NOTE 17 - OTHER FINANCIAL LIABILITIES

(Rupees in lakhs)

	As at 31st March 2019	As at 31st March 2018
Current		
Creditors for capital goods	16	5
Total	**16**	**5**

NOTE 18 - OTHER CURRENT LIABILITIES

(Rupees in lakhs)

	As at 31st March 2019	As at 31st March 2018
Advances from customers	1	62
Statutory dues (including Provident Fund, VAT and Tax deducted at Source)	106	115
Interest due to suppliers registered under the MSMED Act (refer note 31)	61	56
Provision for Discount	217	191
Total	**385**	**424**

NOTE 19 - REVENUE FROM OPERATIONS

(Rupees in lakhs)

	Year ended 31st March 2019	Year ended 31st March 2018
Sale of products (Net of Rebates and Discount)	7,470	9,062
Sale of traded products	5,136	4,771
Sale of services (Testing of Products)	43	43
Other operating revenue		
Scrap sale	13	20
Total	**12,662**	**13,896**

NOTE 19.1 - REVENUE FROM CONTACT WITH CUSTOMERS

(Rupees in lakhs)

	Year ended 31st March 2019
A. Disaggregation of revenue	
(a) Timing of revenue recognition	
Point in time	12,606
Over time	43
(b) Geographical location	
India	11,358
Europe	1,034
Others	257

Notes to financial statements

(Rupees in lakhs)

(c) Type of contract	
Fixed price	12,606
Time and material	43

B. Contract balances

Progress on satisfying performance obligations under contracts with customers and the related billings and cash collections are recorded in accounts receivable. The customer advances are recorded as Other Current Liabilities.

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

(Rupees in lakhs)

	Year ended 31st March 2019
(a) Opening balance of Contract receivables (net of expected credit loss allowance)	5,097
Closing balance of Contract receivables (net of expected credit loss allowance)	3,978
(b) Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods	-

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. 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.

For some contracts the Company may be entitled to receive an advance payment. The Company provides standard warranty on its products and records obligation on the same based on past trend.

D. Transaction price

(Rupees in lakhs)

	Year ended 31st March 2019
Amount of transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied)	-

The Company has applied the practical expedient to exclude the value of remaining performance obligations for contracts with an original expected term of one year or less. Performance obligations recognized as of March 31, 2019 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.

Notes to financial statements

NOTE 20 - OTHER INCOME

(Rupees in lakhs)

	Year ended 31st March 2019	Year ended 31st March 2018
Interest income earned on financial assets that are not designated as a fair value through profit and loss account		
Bank Deposits	222	243
Interest on Income tax refund	46	-
Foreign exchange gain (net)	62	-
Profit on assets sold/ discarded (net)	-	12
Provision/Liabilities written back to the extent no longer required	18	6
Miscellaneous income	63	149
Total	**411**	**410**

NOTE 21 - COST OF MATERIALS CONSUMED

(Rupees in lakhs)

	Year ended 31st March 2019	Year ended 31st March 2018
Raw materials consumed		
Opening inventory	851	1,045
Add: Purchases (net)	3,726	3,570
Less: Inventory at the end of the year	753	851
Cost of raw materials consumed	**3,824**	**3,764**

NOTE 22 - CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS

(Rupees in lakhs)

	Year ended 31st March 2019	Year ended 31st March 2018
(Increase)/ decrease in stock		
Stock at the beginning of the year		
Finished goods	345	479
Work in progress	100	165
Stock in trade (in respect of goods acquired for trading)	684	663
Total (A)	1,129	1,307
Stock at the end of the year		
Finished goods	395	345
Work in progress	52	100
Stock in trade (in respect of goods acquired for trading)	672	684
Total (B)	1,119	1,129
(Increase)/ decrease in stock (A-B)	**10**	**178**

Notes to financial statements

NOTE 23 - EMPLOYEE BENEFIT EXPENSES

(Rupees in lakhs)

	Year ended 31st March 2019	Year ended 31st March 2018
Salaries, wages and bonus	4,383	2,656
Contribution to Provident and Other Funds (Refer note 35)	200	204
Staff welfare expenses	135	164
Total	**4,718**	**3,024**

NOTE 24 - FINANCE COST

(Rupees in lakhs)

	Year ended 31st March 2019	Year ended 31st March 2018
Interest (Refer note 31)	15	35
Total	**15**	**35**

NOTE 25 - OTHER EXPENSES

(Rupees in lakhs)

	Year ended 31st March 2019	Year ended 31st March 2018
Power and fuel	92	115
Stores and Spares Consumed	114	90
Packing, Freight and Forwarding	530	640
Rent (Refer note 2 (M) and 29)	308	317
Rates and taxes	172	157
Repairs and maintenance		
Building	19	3
Plant and machinery	120	156
Others	13	-
	152	159
Auditors remuneration		
As Auditors	13	18
Others (including tax audit)	2	3
Out of pocket expenses	1	1
	16	22
Travelling and conveyance	349	350
Communication expenses	39	64
Insurance	7	4
Loss on sale / write off of property, plant and equipment (net)	93	-
Professional fees	1,174	516
Foreign exchange loss (Net)	-	62

Notes to financial statements

(Rupees in lakhs)

	Year ended 31st March 2019	Year ended 31st March 2018
Bad debts written off (Net of expected credit loss allowance) (refer note 26)	3	105
Corporate overhead allocations	507	690
Expenditure towards Corporate Social Responsibility (Refer note 37)	-	11
Bank Charges	4	8
Expense for warranty (Refer note 34)	33	41
Advertisement and Sales Promotion	269	189
Miscellaneous expenses	148	69
Total	**4,010**	**3,609**

NOTE 26 - BAD DEBTS WRITTEN OFF NET OF EXPECTED CREDIT LOSS ALLOWANCE

(Rupees in lakhs)

	Year ended 31st March 2019	Year ended 31st March 2019
Bad debts written off	38	60
Expected credit loss allowance	(35)	45
Bad debts written off (Net of expected credit loss allowance)	3	105

NOTE 27A - 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. Manufacture and Trading in Electrical and Electronic devices. There are no other reportable segments.

Geographical Information:

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

(Rupees in lakhs)

Particulars	Revenue for the year ended		Non current assets as at	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
India	11,371	10,915	889	954
Europe	1,034	2,513	-	-
Other	257	468	-	-
Total	**12,662**	**13,896**	**889**	**954**

Fixed assets used in the Company's business or liabilities contracted have not been identified to any segment as the fixed assets and services are used interchangeably between segments. Accordingly no disclosure relating to total segment assets and liabilities is made.

NOTE 27B - The Board of Directors at their meeting on July 13, 2018 decided to close the operations of its manufacturing facility at Chennai effective October12, 2018 on commercial considerations. Such closure does not constitute discontinued operations under Ind AS 105 and does not impact the ability of the Company to continue as a going concern. The Company has obtained the necessary statutory/regulatory approvals for closure and is in the process of complying with the necessary statutory/regulatory requirements for closure. The estimated closure costs, including the employee related provisions, have been adequately provided for as at March 31, 2019.

Notes to financial statements

28 RELATED PARTY DISCLOSURE :

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

i) Parties where control exists

Novar ED&S Limited, UK , Holding company

Honeywell International Inc., Ultimate holding company

Other related parties with whom transactions have taken place during the year:

ii) Fellow subsidiaries

Honeywell Automation India Limited

Honeywell China Limited

Honeywell International India Private Limited

Honeywell Hometown Solutions India Foundation

Honeywell Middle East FZE

Honeywell Pte Limited

Honeywell Technology Solutions Lab Private Limited

Salisbury Electrical Safety LLC

MK Cable Management (Saudi Arabia) Limited

MK Electric (China) Limited

MK Electric (Malaysia) SDN BHD

MK Electric (Singapore) Pte Limited

Honeywell Protective Clothing

Honeywell Australia Limited

Honeywell New Zealand Limited

Honeywell Co., Ltd.

Honeywell Automation and Controls Solutions Phillippines

Honeywell Enviornmental & Combustion Controls (Tianjin) Co. Ltd

iii. Key management personnel

Mr. Sudhir Pillai (Managing Director) (till March 8, 2019)

Notes to financial statements

TRANSACTIONS WITH RELATED PARTIES

(Rupees in lakhs)

Description of the nature of transactions	Volume of transactions for year ended			
	March 31, 2019		March 31, 2018	
a) Purchase of Capital Goods				
Honeywell Enviornmental & Combustion Controls (Tianjin) Co. Ltd	59		-	
		59		**-**
b) Purchase of Other Goods				
Honeywell International India Private Limited	-		6	
Honeywell Automation India Limited	-		5	
Honeywell Technology Solutions Lab Private Limited	-		80	
MK Electric (Malaysia) SDN BHD	24		28	
Salisbury Electrical Safety LLC	-		-	
Novar ED&S Limited, UK	582		423	
		606		**542**
c) Sale of Goods and Services				
Honeywell International India Private Limited	19		38	
Honeywell Middle East FZE	61		115	
Honeywell Technology Solutions Lab Private Limited	-		66	
MK Electric (China) Limited	24		20	
MK Electric (Malaysia) Sdn Bhd	45		32	
MK Electric (Singapore) Pte Limited	9		74	
Novar ED&S Limited, UK	1,116		2,512	
Honeywell International Inc	48		128	
Honeywell Protective Clothing SAS	38		43	
Honeywell Australia Limited	18		42	
Honeywell Co., Ltd.	0		-	
Honeywell New Zealand Limited	3		8	
Elster Metering Private Limited	-		23	
		1,381		**3,101**
d) Corporate overhead allocations				
Honeywell International Inc	339		364	
Honeywell Pte Limited	4		26	
Honeywell China Limited	54		119	
Honeywell Technology Solutions Lab Private Limited	50		60	
Honeywell International India Private Limited	57		121	
Honeywell Automation and Controls Solutions Phillippines	3		-	
		507		**690**

Notes to financial statements

(Rupees in lakhs)

Description of the nature of transactions	Volume of transactions for year ended			
	March 31, 2019		March 31, 2018	
e) Cost Allocation and Others				
Honeywell Automation India Limited	100		145	
Honeywell International (India) Private Limited	-		1	
Honeywell Technology Solutions Lab Private Limited	277		37	
Honeywell Environmental & Combustion Controls (Tianjin) Co. Ltd	3		-	
Honeywell Hometown Solutions India Foundation	-		11	
		380		**194**
f) Rent paid				
Honeywell Automation India Limited	95		83	
Honeywell International India Private Limited	59		62	
		154		**145**
g) Staff Training				
Honeywell International India Private Limited	4		7	
Honeywell International Inc	-		6	
		4		**13**
h) Data Communication Charges				
Honeywell Automation India Limited	9		13	
Honeywell Pte Limited	10		11	
		19		**24**
i) R&D expense				
Honeywell Technology Solutions Lab Pvt. Ltd.	166		-	
Honeywell Automation India Limited	-		105	
Honeywell Environmental & Combustion Controls (Tianjin) Co. Ltd	93		-	
		259		**105**

Notes to financial statements

(Rupees in lakhs)

Description of the nature of transactions	Amount outstanding as at			
	March 31, 2019		March 31, 2018	
	Receivable	Payable	Receivable	Payable
Honeywell International India Private Limited	0	0	-	9
Honeywell Middle East FZE	34	-	-	-
Honeywell Co.,ltd	0	-	-	-
MK Electric (Singapore) Pte Limited	1	-	1	-
Novar ED&S Limited, UK	401	543	1,258	321
Honeywell Protective Clothing	-	-	4	-
Honeywell Newzealand Limited	0	-	-	-
Honeywell Protective Clothing SAS	4	-	-	-
Honeywell Technology Solutions Lab Private Limited	4	170	-	102
Honeywell International Inc	50	21	58	232
MK Electric (Malaysia) Sdn Bhd	12	5	10	9
Honeywell Automation India Limited	-	86	-	209
Honeywell Pte Limited	-	5	-	6
Salisbury Electrical Safety LLC	-	6	-	5
Honeywell China Co. Ltd.	-	-	-	4
Honeywell Environmental & Combustion Controls (Tianjin) Co., Ltd.	-	155	-	-
Honeywell Lonon Electrical Systems Technology (Guangdong) Co., Ltd.	0	-	-	-
Elster Metering Private Limited	-	-	2	-
Honeywell Vietnam Company Limited	1	-	0	-
	507	**991**	**1,333**	**897**

REMUNERATION TO KEY MANAGEMENT PERSONNEL

(Rupees in lakhs)

	year ended	
	March 31, 2019	March 31, 2018
Short term benefits	81	48
Post-employment benefits	10	-

29. LEASE TRANSACTIONS:

As a Lessee in Operating Lease

Rent Expenditure (included in Note 25) represent lease payments relating to operating leases for premises. These lease arrangements are generally for a period between 11 months to 10 years, which include both cancellable and non-cancellable lease. Most of the lease are renewable for further period on mutually agreeable terms and also include escalation clauses.

Notes to financial statements

Non cancelable

The Company has hired premises under non-cancelable operating lease arrangements at stipulated rentals. The future minimum lease payments under these leases as of March 31, 2019 are as follows:

(Rupees in lakhs)

	Not later than 1 year	Later than 1 year but not later than 5 years	Later than 5 years
Minimum lease payments	100	400	290
	(100)	(400)	(390)

Previous year figures are indicated in brackets.

30 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	
	March 31, 2019	March 31, 2018
Profit / (Loss) after tax (Rs. in lakhs)	(2,108)	(25)
Weighted average number of equity shares	951,640	951,640
Basic/ Diluted earnings per share (Rs.)	(221.51)	(2.66)
Face value per share (Rs.)	10	10

31. a) Disclosure in accordance with Section 22 of Micro, Small and Medium Enterprises Development Act, 2006

(Rupees in lakhs)

Sr No	Particulars	March 31, 2019	March 31, 2018
i)	The principle amount and the interest due thereon remaining unpaid to any supplier as at the end of the accounting period		
-	Principal amount outstanding	118	6
-	Interest thereon	5	2
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	160	77
-	Total interest accrued during the period	5	2
-	Total Interest remaining unpaid out of the above as at the balance sheet date	5	2
	Outstanding interest at the end of previous year	56	54
	Outstanding interest at the end of current period	61	56

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.

Notes to financial statements

32 FOREIGN CURRENCY EXPOSURES

Unhedged by derivative instruments/ or otherwise

(Rupees in lakhs)

	Particulars	As at March 31, 2019	As at March 31, 2018
a)	**Liability - Trade Creditors**		
	In GBP	6	3
	(Equivalent approximate in Rs.)	536	312
	In USD	1	6
	(Equivalent approximate in Rs.)	59	376
	In HKD	3	12
	(Equivalent approximate in Rs.)	30	101
b)	**Asset - Trade Receivables**		
	In USD	7	9
	(Equivalent approximate in Rs.)	500	585
c)	**Asset - Bank Balances**		
	In USD	11	2
	(Equivalent approximate in Rs.)	791	123

33. CONTINGENT LIABILITIES AND COMMITMENTS

A) Contingent liabilities

(Rupees in lakhs)

Particulars		As at March 31, 2019	As at March 31, 2018
a)	Income Tax Department under appeal	692	692
b)	Sales Tax Department under appeal	340	7,695
c)	Legal Case from Labour Court- Chennai	3	3

Note: 1. It is not practicable for the Company to estimate the timing of cash outflow, if any, in respect of the above pending resolutions of the respective proceedings.

B) Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances) Rs.333 ('lakhs) [Previous year 2018 Rs. 26 ('lakhs)]

Notes to financial statements

34. DISCLOSURE AS REQUIRED BY IND AS -37 - PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

(Rupees in lakhs)

	Year ended March 31,	Opening balance	Additions	Utilizations	Reversals	Total
Warranty	2019	41	33	21	-	53
	2018	24	17	-	-	41
Indirect tax matters	2019	260	123	-	-	383
	2018	165	95	-	-	260
Total	2019	301	156	21	-	436
	2018	189	112	-	-	301

a) Provision for warranty is considered based on the rolling average warranty expense incurred in the preceding 12 months. Product warranty is generally extended for a period of one year to five years from the date of sale to the end customer. Timing of outflow is over the period of warranty.

b) Indirect Tax Matters - Provision represents estimates made for possible liabilities relating to Indirect tax matters. The outflow with regard to said matters depends on the exhaustion of remedies available under the law and hence the Company is not able to reasonably ascertain the timing of the outflow.

35. EMPLOYEE BENEFIT PLANS

A. Defined contribution plans

The company has recognized the following amounts in the statement of profit and loss for the period.

(Rupees in lakhs)

Sr no	Particulars	Year ended March 31, 2019	Year ended March 31, 2018
1	Contribution to employees' superannuation fund	12	17
2	Provident fund paid to authorities	73	77
	Total	**85**	**94**

Provident Fund: Provident fund for all eligible employees are remitted to the Regional Provident Fund Commissioner towards Employee's Provident Fund and Employee's Family Pension Fund on monthly basis based on the statutory provisions as per the Employee Provident Fund Scheme and are charged to Statement of Profit and Loss. The Company has no further obligation in this regard.

Superannuation Fund: The Company contributes a sum equivalent to 10% of eligible employees salary for certain employees to a Superannuation Fund administered and managed by Life Insurance Corporation of India (LIC).The Company has no liability for future Superannuation Fund benefits other than its annual contribution and recognises such contributions as an expense in the year incurred.

B. Defined benefit plans (Gratuity)

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.

Notes to financial statements

The Principal assumptions used for the purposes of the actuarial valuations were as follows:

Sr. no	Particulars	As at March 31, 2019	As at March 31, 2018
1	Discount rate	7.50%	7.65%
2	Expected rate of return on plan assets	7.50%	7.00%
3	Withdrawal rate	Upto 30 years: 5% 31 - 45 years - 8% 46 - 58 years - 5%	Upto 30 years: 5% 31 - 45 years - 8% 46 - 58 years - 5%
4	Salary escalation rate - management staff	8.00%	8.00%

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 Account

(Rupees in lakhs)

Sr. No.	Particulars	For the year ended	
		March 31, 2019	March 31, 2018
1	Current service cost	39	36
2	Past service cost	-	44
3	Net Interest cost	16	10
	Component of defined benefit costs recognised in profit or loss	**55**	**90**
4	Actuarial (gain)/ losses arising from changes in demographic assumptions	-	-
5	Actuarial (gain)/ losses arising from changes in financial assumptions	3	(26)
6	Actuarial (gain)/ losses arising from changes in experience adjustments	39	4
7	Return on plan assets (greater)/ less than discount rate	11	(2)
8	Adjustments for restriction on defined benefit asset	-	-
	Component of defined benefit costs recognised in other comprehensive income	**53**	**(24)**
	Total	**108**	**66**

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 financial statements

Movements in the present value of the defined benefit obligation are as follows.

(Rupees in lakhs)

Sr No.	Particulars	March 31, 2019	March 31, 2018
1	Present value of obligation as at beginning of the year	475	415
2	Current service cost	38	36
3	Past service cost	-	44
4	Interest cost	35	28
5	Remeasurement (gains)/losses:		
	Actuarial (gain)/ losses arising from changes in demographic assumptions	-	-
	Actuarial (gain)/ losses arising from changes in financial assumptions	4	(26)
	Actuarial (gain)/ losses arising from changes in experience adjustments	39	4
6	Curtailment cost/(credit)	-	-
7	Settlement cost/(credit)	-	-
8	Benefits paid	(104)	(26)
9	Acquisition/ Divestiture	18	-
10	Present value of obligation as at end of the year	505	475

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

(Rupees in lakhs)

Sr No.	Particulars	March 31, 2019	March 31, 2018
1	Fair value of plan assets as at beginning of the year	251	257
2	Interest income	-	-
3	Remeasurement gain/(loss)	(11)	2
4	Expected return on plan assets	19	18
5	Employers' contribution	78	0
6	Benefits payment from plan asset	(104)	(26)
7	Acquisition/ Divestiture	18	-
8	Fair value of plan assets as at end of the year	251	251

Amount recognized in the Balance Sheet including a reconciliation of the present value of defined benefit obligation and the fair value of assets.

(Rupees in lakhs)

Sr No.	Particulars	March 31, 2019	March 31, 2018
1	Present value of funded obligation	505	475
2	Fair value of plan assets	251	251
3	Net liability recognized in the Balance Sheet	254	224

Notes to financial statements

C. Other long term benefit - Compensated absences as at year end amounts to Rs. 76 lakhs (March 31, 2018: Rs. 88 lakhs)

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 below.

2- The assumptions used in preparing the sensitivity analysis is

Discount rate at +100bps and – 100 bps

Salary assumption at +1 % and -1%

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 to that in the previous year.

Impact of change in discount rate when base assumption is decreased/increased by 100 basis point (Rupees in lakhs)

Discount rate	March 31, 2019 Present value of Obligation	March 31, 2018 Present value of Obligation
a) Discount rate -100 basis point	320	511
b) Discount rate +100 basis point	273	440

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

(Rupees in lakhs)

Salary increment rate	March 31, 2019 Present value of Obligation	March 31, 2018 Present value of Obligation
a) Salary increment rate -100 basis point	275	442
b) Salary increment rate +100 basis point	316	506

Percentage of each category of plan assets to total fair value of plan assets

Sr No.	Particulars	March 31, 2019	March 31, 2018
1	Insurer managed funds	100%	100%

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

The actual return on plan assets is as follows

Sr No.	Particulars	March 31, 2019	March 31, 2018
1	Actual return on plan assets	8	19

Notes to financial statements

Other risks

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

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

Longevity Risk – Since Gratuity is paid at retirement in form of lump sum and also during service at the time of termination to vested members, longevity risk is not applicable since maximum duration for benefit is till retirement age.

Salary Risk- The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Maturity profile of defined benefit obligation:

(Rupees in lakhs)

Year	Amount
Year -1	19
Year -2	31
Year -3	20
Year -4	42
Year -5	31
Years 6 to 10	141

36. FINANCIAL INSTRUMENT

36.1 Categories of financial instrument

(Rupees in lakhs)

	March 31, 2019	March 31, 2018
Financial assets		
Measured at amortised cost		
(i) Trade receivables	3,978	5,097
(ii) Cash and Bank	4,371	4,928
(iii) Other financials assets	101	123
Financial Liabilities		
Measured at amortised cost		
(i) Trade payables	5,958	4,504
(ii) Other financial liabilities	16	5

36.2 Financial risk management objectives

Company is exposed to foreign exchange risk on account of import risk 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.

Notes to financial statements

Foreign currency risk management

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

The company has not entered in any derivative contracts for hedging its foreign currency exposure.

Foreign currency sensitivity analysis

The Company is mainly exposed to the fluctuation in the value of USD and GBP. The following table details the company sensitivity to a 5% increase and decrease in INR 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)

	March 31, 2019	March 31, 2018
USD Impact		
5% Appreciation in USD		
Impact on profit or loss for the year {Gain/(Loss)}	62	38
Impact on total equity as at the end of the reporting period	62	38
5% Depreciation in USD		
Impact on profit or loss for the year {Gain/(Loss)}	(62)	(38)
Impact on total equity as at the end of the reporting period	(62)	(38)
GBP Impact		
5% Appreciation in GBP		
Impact on profit or loss for the year {Gain/(Loss)}	(27)	12
Impact on total equity as at the end of the reporting period	(27)	12
5% Depreciation in GBP		
Impact on profit or loss for the year {Gain/(Loss)}	27	(12)
Impact on total equity as at the end of the reporting period	27	(12)

36.3 Credit risk management

Credit risk refers to the risks that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company deals only with credit worthy counterparties and takes appropriate measures to mitigate the risk of financial loss from defaults. Trade receivable consists of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

36.4 Liquidity risk management

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company has obtained fund and non-fund based working capital lines from various banks. The Company invests its surplus funds as per investment policy in fixed deposits, which are risk averse. The table below provides details regarding the contractual maturities of financial liabilities as at March 31, 2019.

(Rupees in lakhs)

Particulars	Less than 1 year
Trade payables	5,958
Other financial liabilities at amortised cost	16

Notes to financial statements

37. As set out in section 135 of the Companies Act, 2013 the Company is not required to contribute any amount towards Corporate Social Responsibility activities.

38 With regard to fiscal year 2011-12, the Company has received a communication from Ministry of Corporate Affairs (MCA) vide their e-mail dated June 9, 2017 directing the Company to recover Rs. 49.87 lakhs being the remuneration paid in excess of the limits prescribed under section 198 of the Companies Act, 1956 read with Schedule XIII therein. The Company has recorded the said amount as recoverable from the then Managing Director, and while the Company is taking necessary steps to recover the said amount, considering that the Managing Director had subsequently resigned on 28th August 2015, the said amount has been fully provided for as of the balance sheet date.

With regard to fiscal year 2012-13, application filed by the Company seeking approval from Central Government for waiver of recovery of excess remuneration of Rs. 43.86 lakhs against a total remuneration of Rs. 85.86 lakhs is rejected vide email dated November 22, 2017 due to non-recovery of excess remuneration of Rs. 49.87 lakhs relating to fiscal year 2011-12. The Company has recorded the said amount as recoverable from the then Managing Director, and while the Company is taking necessary steps to recover the same, it has been fully provided for as of the balance sheet date similar to fiscal year 2011-12.

Rs. 93 lakhs being the remuneration paid to the then Managing Director for the financial years 2013-14, which is in excess of the limits prescribed under section 198 of the Companies Act 1956 read with Schedule XIII therein / Section 197 of the Act read with Schedule V therein, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as applicable. The Company has made necessary applications to the Central Government for the approval of such excess payment. Further the Company had received a communication dated October 17, 2018 from Central Government stating the amendment in Section 197 of the Companies Act 2013 and consequently, the application for the year 2013-2014 made to Central Government stands abated and since been closed. As per the said amendment, the powers of Central Government are now vested with the Shareholders of the Company and therefore, the Company needs to obtain approval of shareholders by way of Special Resolution by September 11, 2019, for waiver of excess remuneration paid to Mr. Sadanand Teje - Managing Director of the Company during the year 2013-2014. However it is also proposed to seek the approval of members for the earlier two years i.e. for the year 2011-2012 and 2012-2013 for the waiver of excess remuneration paid for those years, in the interest of the Company. The Company is taking necessary steps to obtain approval of shareholders by September 11, 2019, for waiver of excess remuneration paid to Mr. Sadanand Teje - Managing Director of the Company during the year 2011-2012, 2012-2013 and 2013-2014. Further, the Company has taken necessary steps to recover the excess amounts paid.

39. Previous period's figures have been regrouped, wherever necessary, to conform with current year's presentation.

40. The financial statements were approved for issue by the board of directors on August 23, 2019.

For and on behalf of the Board of Directors

Vimal Chawla
Director
DIN: 08396551

Ajay Kumar Kukreja
Director
DIN: 06607494

Date: August 23, 2019
Place: Gurgaon

ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)

34th Annual General Meeting on September 27, 2019

Full name of the members attending ____________________

(In block capitals)

Folio No./Client Id ____________ DP ID: ____________

No. of shares held: ____________

Name of Proxy ____________________

(To be filled in, if the proxy attends instead of the member)

I hereby record my presence at the 34th Annual General Meeting of Honeywell Electrical Devices and Systems India Limited on Friday September 27, 2019, at the registered office of the Company at 5th, 6th & 7th Floors, North Tower, KRM Plaza, No. 2, Harrington Road, Chetpet, Chennai, Tamil Nadu – 600031 at 11.00 AM (IST)

(Member's /Proxy's Signature)

Note:

1) Members are requested to bring their copies of the Annual Report to the meeting, since further copies will not be available.

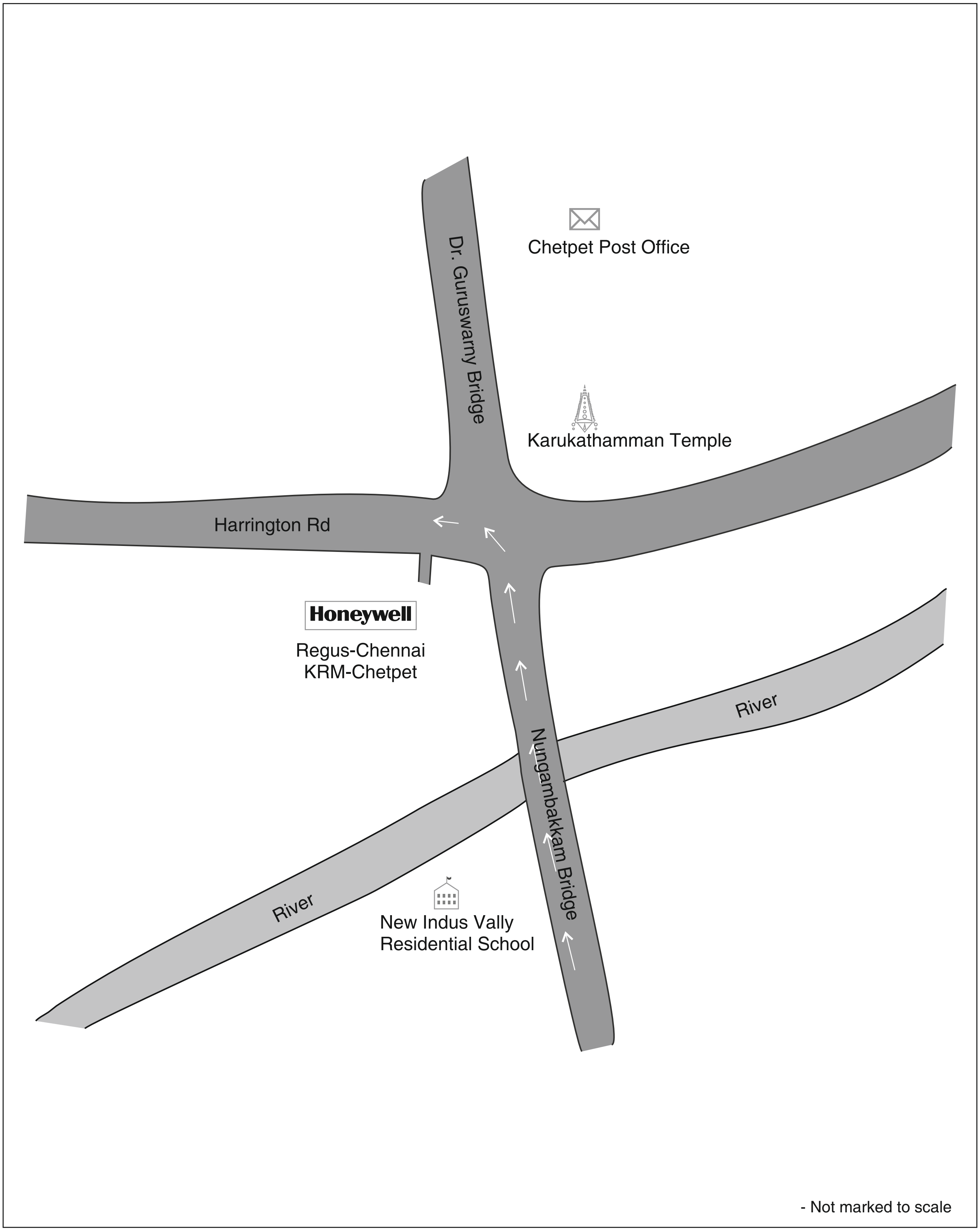
2) The Proxy, to be effective should be deposited at the Registered Office of the Company not less than FORTY EIGHT HOURS before the commencement of the meeting.

3) A Proxy need not be a member of the Company.

4) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by Proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Members.

5) The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the meeting.

Road Map of Honeywell Electrical Devices and Systems India Limited



FORM NO. MGT-11

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: U31901TN1984PLC011107

Name of the Company: Honeywell Electrical Devices and Systems India Limited

Registered office: 5th, 6th & 7th Floors, North Tower, KRM Plaza, No.2, Harrington Road, Chetpet, Chennai, Tamil Nadu – 600031

Name of the Member(s)	
Registered Address	
E-mail Id	
Folio No/ Client Id	DP ID

I/ We, being the member(s) of ______________________________shares of the above named company, hereby appoint.

Name :	E-mail Id:
Address:	
Signature	

or failing him/ her

Name :	E-mail Id:
Address:	
Signature	

or failing him/ her

Name :	E-mail Id:
Address:	
Signature	

as my/ our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the 34th Annual General Meeting of the Company, to be held on Friday September 27, 2019, at the registered office of the Company at 5th, 6th & 7th Floors, North Tower, KRM Plaza, No. 2, Harrington Road, Chetpet, Chennai, Tamil Nadu – 600031 at 11.00 AM (IST) and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Resolution(s)	Vote	
		For	Against
1.	Consideration and adoption of Audited Financial Statements of the Company for the financial year ended March 31, 2019 along with the Reports of the Directors and Auditors thereon		
2.	Appointment of Director in place of Mr. Ajay Kumar Kukreja who retires by rotation and being eligible, has offered himself for re-appointment		
3.	Ratification of remuneration of Cost Auditors		
4.	Appointment of Mr. Vimal Chawla as Director		

Signed this __________ day of __________ 2019

Affix
Revenue
Stamps

Signature of Shareholder

Signature of Proxy holder
across Revenue Stamp

Note:

1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

2) The proxy need not be a member of the company.

Honeywell Electrical Devices and Systems India Limited

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No.2, Harrington Road, Chetpet,
Chennai – 600 031
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Email: Prachi.Jain@honeywell.com

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Honeywell