Honeywell

THE POWER OF **CONNECTED**

Electrical Devices and Systems India Limited

2016-2017

Annual Report

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BOARD OF DIRECTORS (as on June 20, 2017)

Mr. Rohit Bansal	(Director)
Mr. Inder Jeet Singh	(Independent Director)
Mr. Virender Shankar	(Independent Director)
Mr. Ajay Kukreja	(Director)

Contents

BANKERS

Citibank N.A.

REGISTERED OFFICE

3rd & 4th Floor,
Dowlath Towers,
Taylors Road, Kilpauk,
Chennai – 600010

AUDITORS

Deloitte Haskins & Sells LLP
Chartered Accountants
Pune

WORKS

780/1-A-1, 782/2B,
Chennai Bangalore Highway
Pappanchathiram
Kuthambakkam Village
Tiruvallur District 602 103

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

Notice is hereby given that the Thirty Second Annual General Meeting of the Members of Honeywell Electrical Devices and Systems India Limited will be held on Thursday, September 14, 2017 at the registered office of the Company at 3rd & 4th Floor, Dowlath Towers, Taylors Road, Kilpauk, Chennai – 600010 at 2.00 PM (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, 2017, the Reports of the Directors and Auditors thereon.
2. To ratify appointment of Statutory Auditors.
3. To appoint a director in place of Mr. Rohit Bansal who retires by rotation and being eligible, has offered himself for re-appointment.

SPECIAL BUSINESS:

4. Ratification of remuneration of Cost Auditors:

To consider and if thought fit to pass with or without modification(s) the following resolution as **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 Accountant 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, 2018, amounting to Rs. 1,75,000/- as also the payment of service tax 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.”

5. Appointment of Mr. Ajay Kukreja 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 and 152 of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Ajay Kukreja (DIN: 06607494), who was appointed as an Additional Director of the Company on January 10, 2017 pursuant to the provisions of Section 161 and all other applicable provisions of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a Notice under Section 160 of the Companies Act, 2013 along with a deposit of Rs.1,00,000/-, proposing his candidature for the office of Director of the Company, be and is hereby appointed as a 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 are incidental thereto or as may be deemed necessary to give effect to this resolution.”

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.

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

Item No. 4

The Board of Directors of the Company 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, 2018.

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 2017-2018 as set out in the resolution for the aforesaid services to be rendered by them.

None of the Directors are, in any way has any interest or concern in the resolution. The Board recommends the resolution set forth in Item No. 4 for the approval of the members.

Item No. 5

The Board appointed Mr. Ajay Kukreja as an Additional Director of the Company on January 10, 2017 pursuant to Section 161 of the Companies Act, 2013

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Mr. Ajay Kukreja will hold office up to the date of the ensuing Annual General Meeting. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013 along with a deposit of Rs.1,00,000/- proposing his candidature for the office of Director.

It is proposed to appoint Mr. Ajay Kukreja as a Non-Executive Director of the Company. No director or their relatives, except Mr. Ajay Kukreja, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item No. 5 for the approval of the members.

Date: - June 20, 2017
Place: - Pune

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

Rohit Bansal
DIN: - 07152089

Details of Director to be appointed/ re-appointed at the Annual General Meeting to be held on Thursday, September 14, 2017 in terms of Secretarial Standard -2.

Item No. 3 and 5:

We provide below the brief resume, nature of expertise in specific functional areas, name of the companies in which the director also holds the directorship, chairmanship/membership of the committees of the Board, if any (information provided herein is restricted only to membership in Audit Committee, Nomination and Remuneration Committee & Corporate Social Responsibility Committee), shareholding, etc.

NAME	Mr. Rohit Bansal (DIN: 07152089)	Mr. Ajay Kukreja (DIN: 06607494)
DATE OF BIRTH AND AGE	November 20, 1972 Age: 45 Years	November 2, 1968 Age: 49 Years
DATE OF FIRST APPOINTMENT ON BOARD IF ANY	April 30, 2015	January 10, 2017
QUALIFICATION	Post-Graduate diploma in Sales and Marketing Management from Bhartiya Vidya Bhawan, Jaipur and Engineering degree in Technical from M.B.M Engineering College, Jodhpur	Bachelor of Science from Barkatullah University, Bhopal, and Masters in Personnel Management and Industrial Relations from Jiwaji University, Gwalior
EXPERIENCE	More than 18 Years' experience in the field of Business development management which includes setting up and managing business operations, managing sales team serving original equipment manufacturers, end users, panel builders and contractors and building a distribution network. Besides this, He led 5 year Strategic plan (LTBP), Annual operating Plan(AOP), Management Report Review(MRR) processes for business. He is also experienced in the field of building sales and marketing team's skill set and cross functional co-ordination to execute the strategy. He has developed AP S&C channel sales strategy and product specific strategies for Indian Market. Prior to joining Honeywell, he has been associated with Omron India Industrial Automation and also worked for Schneider Electric holding various positions beginning as Resident Sales Engineer at Jaipur to Business Development Manager at Paris for Switchgear and Industrial Automation products.	Ajay Kukreja was appointed Country Human Resources Director for Honeywell India in August 2012. In this role, 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. 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.

DIRECTORSHIP HELD IN OTHER COMPANIES	NIL	NIL
MEMBERSHIP/ CHAIRMANSHIP OF COMMITTEES ACROSS ALL COMPANIES	He is a member of the Audit 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 the Nomination and Remuneration Committee & Corporate Social Responsibility Committee in the company. 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. Rohit Bansal was appointed as Director in Casual vacancy on March 3, 2017 caused due to resignation of Ms Neelu Khatri. Mr. Rohit Bansal will be Non-Executive Director liable to retire by rotation. His term of office will be till April 30, 2020 i.e. the term of office of Ms Neelu Khatri.	Mr. Ajay 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 Kukreja will be Non-Executive Director liable to retire by rotation. His term of office will be for the period of five years i.e. till January 10, 2022.
RELATIONSHIP WITH OTHER DIRECTORS, KEY MANAGERIAL PERSONNEL OF THE COMPANY	Mr. Rohit Bansal is not related to any of the directors of the Company.	Mr. Ajay Kukreja 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. Rohit Bansal is as disclosed elsewhere in the Directors' Report.	The number of meetings attended by Mr. Ajay Kukreja is as disclosed elsewhere in the Directors' Report.

Date: - June 20, 2017
Place: - Pune

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

Rohit Bansal
DIN: - 07152089

Dear Members,

Your Directors have pleasure in presenting the Directors' Report of the Company along with the Balance Sheet, Profit and Loss Account and the Cash Flow for the year ended March 31, 2017.

FINANCIAL RESULTS

Your company achieved a turnover of Rs. 14,032 Lakhs and the profit after tax is Rs. 350 Lakhs. The key aspects of financial performance of the Company for the financial year 2016-17 are tabulated below:

(Rs. in Lakhs)

PARTICULARS	2016-2017	2015-2016
Sales and Other Income	14,394	14,821
Profit before depreciation and Interest	1,080	1,100
Less: Depreciation and Interest	472	590
Profit before Tax	608	510
Provision for Tax	258	268
Profit After Tax	**350**	**242**
Other Comprehensive Income	**(62)**	**(48)**
Add: Surplus brought forward from previous year	**10,385**	**10,191**
Balance carried to Balance Sheet	**10,673**	**10,385**

RESERVES

The Company has not transferred any amounts to reserves during the year. The Company has carried the amount of Profit for the year i.e. Rs. 350 lakhs to the Surplus Account.

DIVIDEND

In view of conserving the resources for future business growth of the Company, the directors do not recommend any dividend for the year.

CORPORATE DEVELOPMENT

The financial year 2016-17 remained tough. Residential sector witnessed sluggishness in new launches across top cities due to unsold inventory. De-monetization in 2nd half of the financial year also impacted new launches. However growth in office market eased off the pressure and left overall real estate market with flattish or at marginal growth path. Company drove its sales in mid segment and maintained its market share among peers in new construction market. During the year company re-launched one of its existing range Blenze with anti-bacteria feature. The same was well accepted in industry gaining good traction in sales.

THE YEAR AHEAD

Real estate sector has been going through a change with multiple government measures like not increasing base rate, implementation of Real Estate Act, exemption of service tax on construction of affordable housing, The Benami Transactions

(Prohibition) Amendment Act, 2016 and Prohibition of Benami Property Transactions Rules, 2016 etc. Overall policy developments in the short term have led to a disruption but in the long run are projected to augur well for the industry as a whole. Currently 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.

PEOPLE DEVELOPMENT AND INDUSTRIAL RELATION

Our Hopetown facility went out of tax-holiday regime which potentially could have hit the margin in 2017-18. However company initiated multiple initiatives on cost reduction and upcoming GST taxation mitigated the risk of downward pressure on bottom line. Hopetown facility received award in the "Innovation in Manufacturing Technology" category from the Industrial Excellence Award 2017, organized by TV100 - a leading TV channel in Uttrakhand. The Hopetown facility emerged as a successful manufacturing system, process, and technology enterprise that is also driving environmental-friendly practices. Chennai Site won First Place for Good Industrial Relations Award – GIRA from Tamil Nadu Government Labor Department, Government. The Management continues to invest on employee devolvement 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.

DEPOSITS

In terms of the provisions of Section 73 of the Act 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, 2017.

SHARE CAPITAL

The Authorized Share Capital of the Company is Rs. 20,000,000/- (Rupees Two Crores Only) divided into 2,000,000 (Twenty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten Only) each. The paid up Share Capital of the company is 951,640 Equity Shares of Rs. 10/- each amounting to Rs. 95,16,400/- (Rupees Ninety Five Lakh Sixteen Thousand and Four Hundred Only).

MANAGEMENT STRUCTURE

During the period under review Mr. Vinayak Kashinath Deshpande (DIN:00036827) resigned as Independent Director of the company with effect from May 16 2016. The Board is thankful for his contribution and guidance during the tenure of his directorship and wishes him the very best in his future endeavors.

Mr. Virender Shankar (DIN: 00169553) was appointed as an Additional (Independent) Director with effect from August 10, 2016, and his appointment for the period of five years was approved by Shareholders in Annual General Meeting of the company held on September 23, 2016.

During the period under review Mr. Rohit Bansal (DIN: 07152089) - whole time director of the company and Mr. Chan Chee Leong (DIN: 07245628) -Director of the company resigned with effect from close of business hours on December 23, 2016. The Board is thankful for their contribution and guidance during the tenure of their directorship.

Mr. Ajay Kukreja (DIN: 06607494) was appointed as an Additional Director with effect from January 10, 2017 and it is proposed to appoint him as Director in the forthcoming Annual General Meeting of the company, for the financial year 2016-17.

During the period under review Ms. Neelu Khatri director of the company resigned with effect from the close of business hours on February 17, 2017. The Board is thankful for her contribution and guidance during the tenure of her directorship and wishes her the very best in her future endeavors. Mr. Rohit Bansal was appointed as Director in casual vacancy of Ms. Neelu Khatri with effect from March 03, 2017.

As per the provisions of the Companies Act, 2013, Mr. Rohit Bansal, retires by rotation at the forthcoming Annual General Meeting and being eligible, has offered himself for reappointment. The Board recommends his reappointment.

As on 31st March 2017, following are the Directors of the Company.

Sr. No.	Name of the Director	Designation
1.	Mr. Rohit Bansal	Director (in casual vacancy -Non-executive)
2.	Mr. Virender Shankar	Independent Director (Non-Executive)
3.	Mr. Inder Jeet Singh	Independent Director (Non-Executive)
4.	Mr. Ajay Kukreja	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 each Independent Director under Section 149(7) of the Companies Act, 2013, that he meets 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 are as detailed below -

AUDIT COMMITTEE

During the year, the Audit Committee was reconstituted twice on November 11, 2016 and March 27, 2017 respectively. Currently the Committee is comprised of Mr. Inder Jeet Singh, Mr. Virender Shankar and Mr. Rohit Bansal. Mr. Virender Shankar was co-opted as a Member of the Audit Committee with effect from November 11, 2016. Ms. Neelu Khatri ceased to be a member of the Audit Committee due to resignation as a director with effect from February 17, 2017. Mr. Rohit Bansal was co-opted as a member with effect from March 27, 2017.

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

The Company has reconstituted Nomination and Remuneration Committee twice during the year under review on November 11, 2016 and March 27, 2017 respectively. Currently the Committee is comprised of Mr. Inder Jeet Singh, Mr. Virender Shankar and Mr. Ajay Kukreja. Mr. Virender Shankar was co-opted as Member of the Nomination and Remuneration Committee with effect from November 11, 2016 while Mr. Ajay Kukreja was co-opted as Member with effect from March 27, 2017. Mr. Rohit Bansal and Ms. Neelu Khatri ceased to be members of the Committee due to resignation as director with effect from December 23, 2016 and February 17, 2017 respectively.

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 has also reconstituted the Corporate Social Responsibility Committee twice during the year on November 11, 2016 and March 27, 2017 respectively. Currently the Committee is comprised of Mr. Inder Jeet Singh, Mr. Virender Shankar, Mr. Ajay Kukreja and Mr. Rohit Bansal. Mr. Virender Shankar was co-opted as Member of the Corporate Social Responsibility Committee with effect from November 11, 2016. Mr. Ajay Kukreja was co-opted as Member of Corporate Social Responsibility Committee with effect from March 27, 2017. Mr. Rohit Bansal was co-opted as a member with effect from March 27, 2017. Ms. Neelu Khatri ceased to be the member of the committee due to resignation as director with effect from February 17, 2017.

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.

As part of its Corporate Social Responsibility (CSR) initiatives, the Company has undertaken the projects in accordance with Schedule VII of the Companies Act, 2013. The annual report on Corporate Social Responsibility activities as required under Sections 134 and 135 of the Companies Act, 2013 read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Rule 9 of the Companies (Accounts) Rules, 2014 is provided in the report as **Annexure 2.**

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	Vinayak Deshpande[1]	Inder Jeet Singh	Neelu Khatri [2]	Rohit Bansal[3]	Ajay Kukreja[4]	Chan Chee Leong[5]	Virender Shankar[6]
Date of Meeting							
April 22, 2016	No	Yes	No	Yes	NA	No	NA
July 29, 2016	NA	Yes	Yes	Yes	NA	No	NA
November 11, 2016	NA	No	No	Yes	NA	No	Yes
March 10, 2017	NA	No	NA	Yes	No	NA	Yes
March 27, 2017	NA	No	NA	Yes	Yes	NA	Yes

[1]Resigned w.e.f. May 16, 2016

[2]Resigned w.e.f. February 17, 2017

[3]Resigned w.e.f. December 23, 2016 as Whole Time Director and appointed as Director in casual vacancy of Ms Neelu Khatri on March 3, 2017

[4]Appointed w.e.f. January 10, 2017

[5] Resigned w.e.f. December 23, 2016

[6]Appointed w.e.f. August 10, 2016

B. AUDIT COMMITTEE

The Audit Committee had met 3(Three) times during the year, on 29th July 2016, 11th November 2016 and 27th March 2017. Attendance of the members for the same is given below.

Name of Director	Inder Jeet Singh	Neelu Khatri[1]	Rohit Bansal[2]	Virender Shankar[3]
Date of Meeting				
July 29, 2016	Yes	Yes	Yes	NA
November 11, 2016	No	No	Yes	Yes
March 27, 2017	No	NA	Yes	Yes

[1]Resigned w.e.f. February 17, 2017

[2] Resigned w.e.f. December 23, 2016 as Whole Time Director and appointed as Director in casual Vacancy of Ms Neelu Khatri on March 3, 2017

[3]Appointed w.e.f. August 10, 2016

C. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee had met 2(Two) times during the year, on 29th July 2016 and 27th March 2017. Attendance of the members for the same is given below.

Name of Director	Inder Jeet Singh	Neelu Khatri[1]	Ajay Kukreja[2]	Virender Shankar[3]	Rohit Bansal[4]
Date of Meeting					
July 29, 2016	Yes	Yes	NA	NA	Yes
March 27, 2017	No	NA	Yes	Yes	NA

[1]Resigned w.e.f. February 17, 2017

[2]Appointed w.e.f. January 10, 2017 as Director

[3]Appointed w.e.f. August 10, 2016

[4]Resigned w.e.f. December 23, 2016 as Whole Time Director

D. CSR COMMITTEE

The CSR Committee had met 2(Two) times during the year, on 29th July 2016 and 27th March 2017 Attendance of the members for the same is given below.

Name of Director	Inder Jeet Singh	Neelu Khatri[1]	Ajay Kukreja[2]	Virender Shankar[3]	Rohit Bansal[4]
Date of Meeting					
July 29, 2016	Yes	Yes	NA	NA	Yes
March 27, 2017	No	NA	Yes	Yes	NA

[1]Resigned w.e.f. February 17, 2017

[2]Appointed w.e.f. January 10, 2017 as Director

[3]Appointed w.e.f. August 10, 2016

[4]Resigned w.e.f. December 23, 2016 as Whole Time Director

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.mkelectric.com/en-in/AboutUs/AboutMKElectricIndia/Documents/Vigil%20Mechanism%20%28Whistle%20Blower%20Policy%29.pdf

COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

In terms of provisions of clause (e) of sub – section (3) of section 134, 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 are 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.

Remuneration Policy

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 Managing Director and other Executive Directors. The Company also proposes to remunerate its Independent Directors with profit-based commission subject to the limits laid down under the Companies Act 2013.

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, 2017. 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, 2017 as provided under sub-section (3) of Section 92 of the Companies Act, 2013 has been given in the prescribed Form MGT 9 as **Annexure1.**

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 3.**

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 profit or 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. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems 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 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 4.**

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 AGM of the Company held on December 23, 2015, subject to ratification of their appointment at every AGM. A resolution seeking ratification of their appointment forms part of the Notice of AGM.

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 40 regarding the total remuneration paid to the then Managing Director and Whole-time Directors(s) of the Company as below:

- The Company has received a communication from Ministry of Corporate Affairs vide their email dated June 9, 2017 directing the Company to recover Rs. 4,987,035/- being the remuneration paid to the then Managing Director for the financial year 2011-12, 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.
- Rs. 17,849,515 being the remuneration paid to the then Managing Director for the financial years 2012-13 and 2013-14, which is in excess of the limits prescribed under section 198 of the Companies Act 1956 read with Schedule XIII 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 which is pending.

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 2016-2017.

Your Company submitted its Cost Audit Report for the Financial Year 2015-16, duly audited by M/s Chandrashekar S Adawadkar, Cost Accountants, with the Ministry of Corporate Affairs within the stipulated time period. The Board has reappointed him as Cost Auditor for the year 2017-2018.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

As the company is an unlisted company, the company 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. During the year under review, there was one complaint pertaining to sexual harassment received. Proper investigation for the same was carried out; however it was found that there was no violation of the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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

Date: June 20, 2017
Place: Pune

Rohit Bansal
Director
DIN: 07152089

Ajay Kukreja
Director
DIN: 06607494

Annexure 1

EXTRACT OF THE ANNUAL RETURN AS ON FINANCIAL YEAR ENDED MARCH 31, 2017

[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: Dowlath Tower, 3rd & 4th Floor, Taylors Road, Kilpauk, Chennai – 600 010, Tamil Nadu

vi) Whether listed Company: No

vii) Name, Address and Contact details of Registrar or Transfer Agent if any: NIL

II. Principal Business Activities of the Company:

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

Sr. 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	94%

III. Particulars of Holding, Subsidiary and Associate Companies:

Sr 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	91.32	2(46)

I.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/HUF	--	--	--	--	--	--	--	--	--
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	91.32	--	8,69,100	8,69,100	91.32	--
d) Banks / FI	--	--	--	--	--	--	--	--	–
e) Any Other	--	--	--	--	--	--	--	--	–
Sub-total (A) (2)	**--**	**8,69,100**	**8,69,100**	**91.32**	**--**	**8,69,100**	**8,69,100**	**91.32**	**--**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**--**	**8,69,100**	**8,69,100**	**91.32**	**--**	**8,69,100**	**8,69,100**	**91.32**	**--**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	--	--	--	--	--	--	--	--	–
b) Banks / FI	--	--	--	--	--	--	--	--	–
c) Central Govt	--	--	--	--	--	--	--	--	–

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	
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	--	350	350	0.04	--	950	950	0.10	0.06
ii) Overseas	--	--	--	--	--	--	--	--	–
b) Individuals	–	82190	82190	8.64	--	81590	81590	8.57	(0.07)
I) Individual shareholders holding nominal share capital upto Rs. 1 lakh	--	56740	56740	5.96	--	56140	56140	5.90	(0.06)
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	--	25050	25050	2.63	--	25050	25050	2.63	--
c) Others (specify) HUF	--	400	400	0.04	--	400	400	0.04	--
Sub-total (B)(2)		**82540**	**82540**	**8.67**		**82540**	**82540**	**8.67**	
Total Public Shareholding (B)=(B)(1) + (B)(2)		**82540**	**82540**	**8.67**		**82540**	**82540**	**8.67**	
C. Shares held by Custodian for GDRs & ADRs	--	--	--	--	--	--	--	--	–
Grand Total (A+B+C)	**--**	**9,51,640**	**9,51,640**	**100**	**--**	**9,51,640**	**9,51,640**	**100**	**--**

ii) Shareholding of Promoters:

Sr. 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):

Sr. 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	**For 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	**For 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	**For Sheila P Bajaj**				
	At the beginning of the year	800	0.08%	800	0.08%

Sr. 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 (Increased by 700 shares on 13.12.2016 during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): Transmission of shares	700	0.07%	1500	0.15%
	At the End of the year (or on the date of separation, if separated during the year)	1500	0.15%	1500	0.15%
4	**For 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	**For 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	**For 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%

Sr. 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
7	**For Prakash H Bajaj**				
	At the beginning of the year	700	0.07%	700	0.07%
	Date wise Decrease in Share holding (decreased by 700 shares on 13.12.2016 due to sad demise of shareholder and request for transmission to Ms. Sheila Bajaj during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): Transmission of shares	(700)	(0.07%)	NIL	NIL
	At the End of the year (or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL
8	**For 3A Financial Services Limited**				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase in Share holding 06.02.2017 27.03.2017 during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	 500 100	 0.05% 0.01%	 500 600	 0.05% 0.06%
	At the End of the year (or on the date of separation, if separated during the year)	600	0.06%	600	0.06%
9	**For 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%
10	**For Ajay Sheth**				
	At the beginning of the year	500	0.05%	500	0.05%

Sr. 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%
11	**For 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%
12	**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%
13	**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%

Sr. 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
14	**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%
15	**Dhaval Thakkar**				
	At the beginning of the year	500	0.05%	500	0.05%
	Date wise Decrease in Share holding during the year specifying the reasons for decrease (e.g. transfer etc):				
	Transferred 100 shares to Chetana Ramakant Dasare	(100)	(0.01%)	400	0.04%
	200 shares to Dilip Kumar Surana	(200)	(0.02%)	200	0.02%
	100 shares to Moulik C Joshi on 08.04.2016	(100)	(0.01%)	100	0.01%
	At the End of the year (or on the date of separation, if separated during the year)	100	0.01%	100	0.01%
16	**Ganapati Kashi**				
	At the beginning of the year	500	0.05%	500	0.05%
	Date wise Decrease in Share holding during the year specifying the reasons for decrease (e.g. transfer etc): Transferred 500 shares to 3A Financial Services Limited on 06.02.2017	(500)	(0.05%)	NIL	NIL
	At the End of the year (or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL
17	**Indra Saraf**				
	At the beginning of the year	500	0.05%	500	0.05%

Sr. 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%
18	**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%
19	**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%
20	**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%

Sr. 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
21	**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%
22	**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%
23	**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): Due to the sad demise of Mr. Prakash H. Bajaj the name of the shareholders reduced from the folio	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%
24	**Chandramaniben D Joshi**				
	At the beginning of the year	500	0.05%	NIL	NIL
	Date wise Decrease in Share holding during the year specifying the reasons for decrease (e.g. transmission, split	(500)	(0.05%)	NIL	NIL

Sr. 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
	and transfer etc): due to sad demise of the said shareholder the shares has been transmitted to Mr. Tushar Vakilna J/w Hema Vakilna				
	At the End of the year (the shares are separated and transferred on the same date during the year)	NIL	NIL	NIL	NIL
25	**Nitesh A Thakkar**				
	At the beginning of the year	500	0.05%	500	0.05%
	Date wise Decrease in Share holding during the year specifying the reasons for decrease (e.g. transfer etc): Transfer to				
	Jayendra Maoo 100	(100)	(0.01%)	400	0.04%
	Ramchandra Vaidya 100	(100)	(0.01%)	300	0.03%
	Amrutlal Maoo 100	(100)	(0.01%)	200	0.02%
	Dilip Kumar Surana 100 on 08.04.2016	(100)	(0.01%)	100	0.01%
	At the End of the year (or on the date of separation, if separated during the year)	100	0.01%	100	0.01%
26	**Tushar Vakilna J/w Hema Vakilna**				
	At the beginning of the year	500	0.05%	500	0.05%
	Date wise Decrease in Share holding during the year specifying the reasons for decrease (e.g. transmission, split and transfer etc): due to sad demise of the said shareholder the shares has been transmitted to Mr. Tushar Vakilna J/w Hema Vakilna Transfer to				
	Malik Sunny Dinesh 200	(200)	(0.02%)	300	0.03%
	Vishwas Waman Kale 100	(100)	(0.01%)	200	0.02%
	Savitri Anand Patil 100	(100)	(0.01%)	100	0.01%
	Anita Prashant Kini 100 on 11.11.2016	(100)	(0.01%)	NIL	NIL
	At the End of the year (the shares are separated and transferred on the same date during the year)	NIL	NIL	NIL	NIL

II.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
Change in Indebtedness during the financial year	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

III. Remuneration of Directors and Key Managerial Personnel:

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

Sr. No	Particulars of Remuneration	Total Amount (INR)
		Rohit Bansal - Whole-time Director (1 April 2016 - 23 December 2016)
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	 2,603,700 3,892,795
2	Stock Option	—
3	Sweat Equity	—
4	Commission - as % of profit - others, specify	—

Sr. No	Particulars of Remuneration	Total Amount (INR)
		Rohit Bansal - Whole-time Director (1 April 2016 - 23 December 2016)
5	Others, please specify Contribution to provident and other funds	312,444
	Total (A)	6,808,939
	Ceiling as per the Act	17,556,164

B. Remuneration to other directors:

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.

C. 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.

IV. 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

Date: June 20, 2017
Place: Pune

Rohit Bansal
Director
DIN: 07152089

Ajay Kukreja
Director
DIN: 06607494

Annexure 2

ANNUAL REPORT ON CORPORATE RESPONSIBILITY ACTIVITIES

[Pursuant to Section 135 of the Act & Rules made thereunder]

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

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

   In Financial Year 2014-15, your Company funded the Safe Kids at Home India program, an educational home safety program for teachers and parents to help prevent and reduce burns and scalds among children in Pune. As on March 31, 2017, Safe Kids at Home has trained 1,88,663 children and 1,36,949 parents in Pune.

   In Financial Year 2015-16, your Company funded the Honeywell Science Experience program, an innovative hands-on science education and peer-to-peer learning program for economically disadvantaged children and government school teachers in Bangalore, Gurgaon and New Delhi. As on March 31, 2017, Honeywell Science Experience had established 11 science centers, 10 mobile science labs, and 1,100 young instructor leaders or student mentors impacting 43,861 students and 417 teachers across these three cities.

   In Financial Year 2016-17, your Company has contributed CSR funds to Honeywell Hometown Solutions India Foundation (HHSIF), to be deployed across multiple programs from Financial Year 2017-18.

   Weblink of CSR Policy: https://honeywell.com/country/in/.../Honeywell%20India%20CSR%20Policy.pdf

2. **The Composition of CSR Committee**

   Mr. Inder Jeet Singh, Independent Director

   Mr. Virender Shankar, Independent Director

   Mr. Rohit Bansal, Director

3. **Average net profit of the company for last three financial years –** Rs. 630 lakhs

4. **Prescribed CSR Expenditure (2% of the amount as in item 3 above)** – Rs. 13 lakhs

5. **Details of CSR spent during the financial year**

   (a) **Total amount spent for the financial year-** During the period under review, your Company has contributed a sum of Rs. 13 lakhs towards its CSR commitment to Honeywell Hometown Solutions India Foundation (HHSIF). Of this:

   Rs. 1.67 lakhs was contributed towards the Honeywell Science Experience program in partnership with Agastya International Foundation, a not-for-profit organization, that will deploy these funds over Financial Year 2017-20

   Rs. 4.23 lakhs was contributed towards the Honeywell Safe Water Network initiative to be implemented by Safe Water Network over Financial Year 2017-18.

   Rs. 6.31 lakhs was contributed towards the Honeywell Safe Schools program, to be implemented by Sustainable Environment and Ecological Development Society (SEEDS), a not-for-profit organization, over Financial Year 2017-20.

   Rs. 0.79 lakh was the overhead expenditure incurred by your Company during Financial Year 2016-17.

   (b) **Amount unspent, if any -** NIL

(c) Manner in which the amount spent during the financial year is detailed below

CSR project or activity identified	(1) Honeywell Science Experience with Agastya International Foundation, for setting up science centers, mobile science labs, and student mentors in Pune (2) Honeywell Safe Water Network initiative for setting up safe drinking water stations in Telangana (3) Honeywell Safe Schools with Sustainable Environment and Ecological Development Society (SEEDS) to sensitize students and teachers about disaster risk reduction
Sector in which the Project is covered	(1) Special education (2) Safe drinking water (3) Special education
Projects or programs (1) Local Area or other	(1) Pune (local area), multiple districts in Telangana (local area), New Delhi (local area) (2) Pune, Maharashtra; multiple districts in Telangana; and New Delhi, Delhi
Amount outlay(budget) projects or programwise	(1) Honeywell Science Experience: Rs. 1.67 lakh (2) Honeywell Safe Water Network initiative: Rs. 4.23 lakhs (3) Honeywell Safe Schools: Rs. 6.31 lakhs
Amount spent on the projects or programs (1) Direct expenditure on projects or program (2) Overheads	Rs. 12.21 lakhs Rs. 0.79 lakh
Cumulative expenditure upto the reporting period	Rs. 13 lakhs
Amount spent: Direct or through implementing agency	Honeywell Hometown Solutions India Foundation Address: 5th Floor, Unitech Trade Centre, Sushant Lok Phase I, Block C, Sector 43, Gurgaon - 122 002, Haryana, India. To receive entire grant and implement CSR activities through NGO partners: (1) Agastya International Foundation Address: No. 101, Varsav Plaza, 12, Jayamahal Main Road, Bangalore - 560 046 (2) Safe Water Network Address: The Centrum, Room 1, TB-3, III Floor, 369-370, Main Mehrauli-Gurgaon Road, Sultanpur, New Delhi 110 030, India. (3) Sustainable Environment and Ecological Development Society Address: 15-A, Institutional Area, Sector 4, R K Puram, New Delhi - 110 022, India

6. Responsibility Statement

The CSR committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

For and on behalf of the Board of Directors

Date: June 20, 2017
Place: Pune

Rohit Bansal
Director
DIN: 07152089

Ajay Kukreja
Director
DIN: 06607494

Annexure 3

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

Date: June 20, 2017
Place: Pune

Rohit Bansal
Director
DIN: 07152089

Ajay Kukreja
Director
DIN: 06607494

Annexure 4

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, 2017 for the same are as under:

Factory at Chennai

— achieved energy savings of 4K Kwh/ Annum by Installing Harmonic filter in Main Electrical Power Distribution system to eliminate tripping of high sensitive equipment's and machine during peak hours in Production because of voltage fluctuation in government grid power supply

— achieved energy savings of 12K Kwh / Annum by Optimizing usage of additional cooling fan motor operation in cooling tower of injection Moulding shop through installation and commissioning of energy efficient cooling tower.

Factory at Hope Town, Dehradun, Uttaranchal

— achieved energy saving of 6K Kwh/ Annum by Installing heater jacket in molding Machine

— achieved energy saving of 12K Kwh/ Annum by installing solar water heater

(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. 90/- lakhs and the total foreign exchange earned was Rs. 215/- lakhs

For and on behalf of the Board of Directors

Date: June 20, 2017	**Rohit Bansal**	**Ajay Kukreja**
Place: Pune	Director	Director
	DIN: 07152089	DIN: 06607494

To The Members of Honeywell Electrical Devices and Systems India Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Honeywell Electrical Devices and Systems India Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, 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 the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS 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 accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the Auditors' judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Emphasis of Matter

We draw your attention to Note 40 regarding the total remuneration paid to the then Managing Director and Whole-time Director(s) of the Company as below:

- The Company has received a communication from Ministry of Corporate Affairs vide their e-mail dated June 9, 2017 directing the Company to recover ` 4,987,035 /- being the remuneration paid to the then managing director for the financial year 2011-12, 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.

- ` 17,849,515 /- being the remuneration paid to the then managing director for the financial years 2012-13 and 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 has made necessary applications to the Central Government for the approval of such excess payment which is pending.

Our opinion is not modified in respect of this matter.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and read with the paragraph on the Emphasis of Matter above, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

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 Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditors' 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 Ind AS financial statements; Refer Note 34 to the Ind AS 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.

      iv. The Company does not transact in cash and accordingly the Company did not have any holdings or dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Refer Note 43 to the Ind AS financial statements.

2. As required by the Companies (Auditors' 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)

Date: June 20, 2017
Place: Pune

Sunil S Kothari
Partner
(Membership No. 208238)

(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 31st March, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the Auditors' 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 31st March, 2017 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Date: June 20, 2017
Place: Pune

Sunil S Kothari
Partner
(Membership No. 208238)

(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. Hence reporting under clause 3(iii) of the Order is not applicable to the Company.

(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 under Section 73 to 76 and other related provisions of the Act 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, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, 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, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues in arrears as at 31st March, 2017 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, and Value Added Tax which have not been deposited as on 31st March, 2017 on account of disputes are given below:

Nature of Due	Forum where Dispute is Pending	Period to which amount relates	Amount Unpaid (` Lakhs)	Amount paid under protest (` Lakhs)
Income Tax Act, 1961				
Income Tax	Commissioner of Income Tax (A), Pune	AY 2009-10 to 2012-13	62.22	9.14
Income Tax	High Court	AY 2005-06	13.47	59.80
Respective Sales Tax Laws - Value Added Tax (VAT)				
VAT	Additional Commissioner, Delhi	AY 2008-09 to 2011-12	320.10	16.00

Nature of Due	Forum where Dispute is Pending	Period to which amount relates	Amount Unpaid (` Lakhs)	Amount paid under protest (` Lakhs)
VAT	Appellate Authority, Maharashtra	AY 2010-11	10.20	16.31
VAT	Deputy Commissioner, Karnataka	AY 2010-11	5.64	-
VAT	Deputy Commissioner, Uttarakhand	AY 2007-08 to 2012-13 & 2016-17	6,835.48	11.44

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

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

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

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

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

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

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

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

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

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

Date: June 20, 2017
Place: Pune

Sunil S Kothari
Partner
(Membership No. 208238)

(Rupees in lakhs)

Particulars	Notes	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Assets				
Non-current assets				
(a) Property, plant and equipment	5	1,268	1,525	1,697
(b) Financial assets				
(I) Other financial assets	10	76	123	116
(c) Income tax assets (net)	11	1,292	1,308	1,335
(d) Deferred tax assets (net)	12	175	199	168
(e) Other non-current assets	13	482	355	582
Total non-current assets		3,293	3,510	3,898
Current assets				
(a) Inventories	6	2,352	2,294	2,253
(b) Financial assets				
(I) Trade receivables	7	4,533	4,403	3,777
(ii) Cash and cash equivalents	8	3,807	1,541	3,456
(iii) Bank balances other than (ii) above	9	-	1,860	-
(iv) Other financial assets	10	18	16	39
(c) Other current assets	13	235	201	205
Total current assets		10,945	10,315	9,730
Total assets		**14,238**	**13,825**	**13,628**
Equity and liabilities				
Equity				
(a) Equity share capital	14	95	95	95
(b) Other equity	15	10,694	10,404	10,205
Total equity		10,789	10,499	10,300
Liabilities				
Non-current liabilities				
(a) Provisions	16	220	171	207
Total non-current liabilities		220	171	207
Current liabilities				
(a) Financial liabilities				
(i) Trade payables	17	2,380	2,401	2,438
(ii) Other financial liabilities	18	237	141	129
(b) Provisions	16	211	128	115
(c) Other current liabilities	19	401	485	439
Total current liabilities		3,229	3,155	3,121
Total equity and liabilities		**14,238**	**13,825**	**13,628**

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

Sunil S Kothari
Partner
Membership No: 208238

Place : Pune
Date : June 20, 2017

For and on behalf of the Board

Rohit Bansal
Director

Ajay Kukreja
Director

Place : Pune
Date : June 20, 2017

(Rupees in lakhs)

Particulars	Notes	Year ended 31st March 2017	Year ended 31st March 2016
I. Revenue from operations	20	14,032	14,572
II. Other Income	21	362	249
III. Total Income (I + II)		14,394	14,821
IV. Expenses:			
Cost of materials consumed	22	4,339	4,928
Purchases of stock in trade		2,513	2,398
Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	(265)	72
Excise duty on sale of goods		19	45
Employee benefits expense	24	3,089	2,852
Finance costs	25	11	28
Depreciation and amortization expense	5	461	562
Other expenses	26	3,619	3,426
Total expenses (IV)		13,786	14,311
V. Profit before tax (III - IV)		608	510
VI. Income tax expense:			
-Current tax		169	362
-Deferred tax		56	(5)
-Minimum Alternate tax credit (for the previous years)		-	(113)
-Relating to earlier years (Refer Note No. 41)		33	24
Total tax expense (VI)		258	268
VII. Profit for the year (V - VI)		350	242
VIII. Other comprehensive income			
A (i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit plans		94	74
A (ii) Income tax / Deferred tax relating to items that will not be reclassified to profit or loss		32	26
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)		62	48
Total comprehensive income for the year (VII - VIII)		288	194
Earning per equity shares (In Rs.)	30		
Basic and diluted		36.79	25.38
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

Sunil S Kothari
Partner
Membership No: 208238

Place : Pune
Date : June 20, 2017

For and on behalf of the Board

Rohit Bansal
Director

Ajay Kukreja
Director

Place : Pune
Date : June 20, 2017

(Rupees in lakhs)

Particulars	Year ended 31st March 2017	Year ended 31st March 2016
A. Cash flow from operating activities		
Profit for the year	**350**	**242**
Adjustments for:		
Income tax expense recognised in profit and loss account	258	268
Depreciation and amortisation of non current assets	461	562
Unrealised foreign exchange (gain)/loss	34	(11)
Provision for doubful debts	(98)	(34)
Gain /Loss on disposal of property, plant and equipment	34	-
Interest income recognised in profit or loss	(215)	(199)
Employee stock options provisions	2	6
Movements in working capital:		
(Increase)/decrease in trade and other receivables	(55)	(572)
(Increase)/decrease in inventories	(58)	(41)
(Increase)/decrease in other assets	(204)	5
(Increase)/decrease in other financial assets	47	(4)
Increase/(decrease) in trade payables	(32)	(46)
Increase/(decrease) in provisions	38	(97)
Increase/(decrease) in other current liabilities	(84)	46
Increase/(decrease) in other current financial liabilities	65	47
Cash generated from operations	**543**	**172**
Income taxes paid (net of refund, if any)	(186)	(246)
Net cash generated from operations	**357**	**(74)**
B. Cash flow from investing activities		
Payments for property, plant and equipment	(166)	(203)
Proceeds from disposal of property, plant and equipment	2	4
Interest received	213	218
Proceeds from fixed deposits matured during the year	1,860	(1,860)
Net cash (used in) / generated from investing activities	**1,909**	**(1,841)**
C. Cash flow from financing activities	-	-
Net cash used in financing activities	**-**	**-**
Net change in cash and cash equivalents	**2,266**	**1,915**
Cash and cash equivalents as at the beginning of the Year	1,541	3,456
Cash and cash equivalents as at the end of the Year	3,807	1,541
Movement in cash and cash equivalents	2,266	(1,915)

(Rupees in lakhs)

Particulars	Year ended 31st March 2017	Year ended 31st March 2016
Cash and cash equivalents consist of		
Bank balances		
Current accounts	397	541
Demand deposits (original maturity less than 3 months)	3,410	1,000
	3,807	**1,541**

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

Sunil S Kothari
Partner
Membership No: 208238

Place : Pune
Date : June 20, 2017

For and on behalf of the Board

Rohit Bansal
Director

Ajay Kukreja
Director

Place : Pune
Date : June 20, 2017

A. Equity share capital

(Rupees in lakhs)

	Amount
As at 1st April 2015	95
Changes in equity share capital	-
As at 31st March 2016	95
Changes in equity share capital	-
As at 31st March 2017	95

B. Other equity

(Rupees in lakhs)

	Reserves and surplus			Total
	Capital redemption reserve	Retained earnings	Share based payment reserve	
Balance as at 1st April 2015	5	10,191	9	10,205
Profit for the year	-	242	-	242
Other comprehensive income for the year, net of income tax	-	(48)	-	(48)
Total comprehensive income for the year	**-**	**194**	**-**	**194**
Dividend paid	-	-	-	-
Transfer to general reserves	-	-	-	-
Recognition of share-based payments	-	-	5	5
Balance as at 31st March 2016	**5**	**10,385**	**14**	**10,404**
Profit for the year	-	350	-	350
Other comprehensive income for the year, net of income tax	-	(62)	-	(62)
Total comprehensive income for the year	**-**	**288**	**-**	**288**
Dividend paid	-	-	-	-
Recognition of share-based payments	-	-	2	2
Balance as at 31st March 2017	**5**	**10,673**	**16**	**10,694**

See accompanying notes to the financial statements
In terms of our report of even date
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Sunil S Kothari
Partner
Membership No: 208238

Place : Pune
Date : June 20, 2017

For and on behalf of the Board

Rohit Bansal
Director

Ajay Kukreja
Director

Place : Pune
Date : June 20, 2017

Notes to the financial statements

NOTE 1. GENERAL INFORMATION

Honeywell Electrical Devices and Systems India Limited, 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 Indian Accounting Standards (“Ind AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 as applicable.

Upto the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the company's first Ind AS financial statements. The date of transition to Ind AS is April 1st, 2015. Refer note 4 for the details of first-time adoption exemptions availed by the Company.

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

Tangible assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any.

Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

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.

Depreciation is provided on a pro-rata basis on the straight-line method over the estimated useful lives of the assets or the rates prescribed under Schedule II of the Companies Act, 2013, whichever is higher, 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

For transaction to Ind AS, the company has elected to continue with the carrying value of all of its property, plant and equipment

recognised as of April 01, 2015 measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

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.

For transaction to Ind AS, the company has elected to continue with the carrying value of all of its intangible assets recognised as of April 01, 2015 measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

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 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) Sale of products is recognised when all significant risks and rewards of ownership are transferred to the customer and no significant uncertainty exists regarding the amount of consideration that is derived from the sale of goods. Sales are recognised net of trade discounts, rebates, sales tax and excise duties.

ii) Revenue from sales of services is recognized when all the revenue recognition criteria's as per Ind AS 18 are met.

H. Foreign currency transactions

i) Functional currency

The functional currency of the company is the Indian rupee. These financial statements are presented in Indian rupees (rounded off to Lakhs).

ii) Initial recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction.

iii) Subsequent recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

All monetary assets and liabilities in foreign currency are restated at the end of accounting period.

Exchange differences on restatement of all other monetary items are recognised in the Statement of Profit and Loss.

I. Employee benefits

The Company participates in various employee benefit plans. Post-employment benefits are classified as either defined contribution plans or defined benefit plans:

i) Superannuation fund:

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.

iii) Gratuity:

The Company provides for gratuity, a defined benefit plan (the “Gratuity Plan”) covering eligible employees in accordance with the Payment of Gratuity Act, 1972. 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.

iv) 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.

v) Termination benefits:

Termination benefits in the nature of voluntary retirement benefits are recognised in the Statement of Profit and Loss as and when incurred.

Actuarial gain or losses and remeasurements:-

Actuarial gains or losses on defined benefit obligations are recognized in other comprehensive income. Further, the profit or loss does not include an expected return on plan assets. Instead net interest recognized in profit 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 profit or 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, is termed as a contingent liability.

M. Leases

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 profit or 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 profit or 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" line item.

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 recongnising 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 11 and Ind AS 18, 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 or loss if such gain or loss would have otherwise been recognised in profit or 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 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' line item.

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.

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. Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which this entity operate (i.e. the "functional currency"). The financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of the Company.

4. 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.

5. 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.

6. 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.

NOTE 4: FIRST-TIME IND-AS ADOPTION RECONCILIATION

The company has prepared the opening balance sheet as per Ind AS as of April 1, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from Previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain optional exemptions availed by the company as detailed below :

Exemptions availed:

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS.

The Company has availed the following exemptions:

1. Deemed cost for property, plant and equipment and intangible assets: Property Plant and equipment, were carried in Balance sheet prepared in accordance with previous GAAP on 31st March 2015. The Company has elected to regard carrying values as at 31st March 2015 as deemed cost at the date of transition.

2. Derecognition of financial assets and liabilities: The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2015 (the transition date).

3. Impairment of financial assets: The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

4. Determining whether an arrangement contains a lease: The Company has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

Reconciliations

The following reconciliations provides the effect of transition of Ind AS from Previous IGAAP with Ind AS 101

I) Effect of Ind AS adoption on the balance sheet as at 31st March 2016 and 1st April 2015

(Rupees in lakhs)

		1st April 2015			31st March 2016		
	Particulars	**Previous GAAP**	**Effect of transition to Ind AS**	**Opening Ind AS balance sheet**	**Previous GAAP**	**Effect of Transition to Ind AS**	**Ind AS**
	ASSETS						
1	**Non-current assets**						
	(a) Property, plant and equipment	1,697	-	1,697	1,525	-	1,525
	(b) Financial assets						
	(i) Trade receivables	-	-	-	-	-	-
	(ii) Other financial assets	123	(7)	116	123	-	123
	(c) Income tax assets (net)	1,335	-	1,335	1,308	-	1,308
	(d) Deferred tax assets (net)	168	-	168	199	-	199
	(e) Other non-current assets	575	7	582	355	-	355
	Total non-current assets	**3,898**	**-**	**3,898**	**3,510**	**-**	**3,510**
2	**Current assets**						
	(a) Inventories	2,253	-	2,253	2,294	-	2,294
	(b) Financial assets						
	(i) Investments	-	-	-	-	-	-
	(ii) Trade receivables	3,777	-	3,777	4,403	-	4,403
	(iii) Cash and cash equivalents	3,456	-	3,456	1,541	-	1,541
	(iv) Bank balances other than (iii) above	-	-	-	1,860	-	1,860
	(v) Loans	-	-	-	-	-	-
	(vi) Other financial assets	39	-	39	16	-	16
	(c) Other current assets	205	-	205	199	2	201
	Total current assets	**9,730**	**-**	**9,730**	**10,313**	**2**	**10,315**
	Total assets	**13,628**	**-**	**13,628**	**13,823**	**2**	**13,825**
	Equity and liabilities						
	Equity						
	(a) Equity share capital	95	-	95	95	-	95
	(b) Other equity	10,162	43	10,205	10,371	33	10,404
	Total equity	**10,257**	**43**	**10,300**	**10,466**	**33**	**10,499**
	Liabilities						
	Non-current liabilities						
	(a) Provisions	250	(43)	207	202	(31)	171
	Total non-current liabilities	**250**	**(43)**	**207**	**202**	**(31)**	**171**
	Current liabilities						
	(a) Financial liabilities						
	(i) Trade payables	2,438	-	2,438	2,401	-	2,401
	(ii) Other financial liabilities	129	-	129	141	-	141
	(b) Provisions	115	-	115	128	-	128
	(c) Other current liabilities	439	-	439	485	-	485
	Total current liabilities	**3,121**	**-**	**3,121**	**3,155**	**-**	**3,155**
	Total equity and liabilities	**13,628**	**-**	**13,628**	**13,823**	**2**	**13,825**

Notes to financial statements

Effect of Ind AS adoption on the statement of profit and loss for the year ended March 31, 2016

(Rupees in lakhs)

Particulars	Year ended 31st March 2016		
	Previous GAAP	Effect of transition to Ind AS	Ind AS
Revenue from operations	14,572	-	14,572
Other income	249	-	249
Total income	14,821	-	14,821
Expenses:			
Cost of materials consumed	4,928	-	4,928
Purchases of stock-in-trade	2,398	-	2,398
Changes in inventories of finished goods, work-in-progress and stock-in-trade	72	-	72
Excise duty on sale of goods	45	-	45
Employee benefits expense	2,920	(68)	2,852
Finance costs	28	-	28
Depreciation and amortization expense	562	-	562
Other expenses	3,414	12	3,426
Total expenses	14,367	(56)	14,311
Profit before tax	454	(56)	510
Income tax expense:			
- Current tax	362	-	362
- Deferred tax	(31)	26	(5)
- Minimum Alternate tax credit (for the previous years)	(113)	-	(113)
- Relating to earlier years	24	-	24
Total tax expense	242	26	268
Profit for the period	212	30	242
Other comprehensive income			
A (i) Items that will not be reclassified to Profit or Loss			
(a) Remeasurements of the defined benefit plans	-	74	74
A (ii) Income tax relating to items that will not be reclassified to profit or loss	-	(26)	26
Total other comprehensive income (A(i-ii))	-	48	48
Total comprehensive income for the year	212	18	194

1. Under Indian GAAP, gains & losses representing changes in the present value of the long term defined benefit obligation (Gratuity Liability) resulting from experience adjustment and effects of changes in actuarial assumption was recognized immediately in the statement of profit and loss as per AS 15. On adoption of Ind AS, the same has been recognized in other comprehensive income and not reclassified to profit or loss in a subsequent period.

2. Adjustments also include discounting of financial assets and financial liabilities on account of adoption of Ind AS.

Notes to financial statements

Effect of Ind AS adoption on the statement of cash flow for the year ended March 31, 2016

(Rupees in lakhs)

Particulars	Year ended 31st March 2016		
	Previous GAAP	Effect of transition to Ind AS	Ind AS
Net cash flows from operating activities	(61)	13	(74)
Net cash flows from investing activities	7	1,848	(1,841)
Net cash flows from financing activities	-	-	-
Net increase (decrease) in cash and cash equivalents	(54)	1,861	(1,915)
Cash and cash equivalents at beginning of period	3,456	-	3,456
Cash and cash equivalents at end of period	3,402		1,541

Analysis of cash and cash equivalents as at March 31, 2016 and as at April 01, 2015 for the purpose of statement of cash flows under Ind AS

(Rupees in lakhs)

Particulars	31st March 2016	1st April 2015
Cash and cash equivalents consist of:		
Bank overdrafts	-	-
Cash and bank balances	1,541	3,456
Total cash and cash equivalents	**1,541**	**3,456**

Reconciliation of the total comprehensive income

(Rupees in lakhs)

	Year ended March 31, 2016
Net profit under previous GAAP	212
Adjustments on account of employee benefits and fair valuation	30
Net profit for the period	242
Other comprehensive income (net of tax)	48
Total comprehensive income under Ind AS	**194**

Reconciliation of the equity

(Rupees in lakhs)

	As at March 31, 2016	As at April 1, 2015
Equity as per previous GAAP	**10,466**	**10,257**
Adjustments on account of employee benefits and fair valuation	33	43
Equity under Ind As	**10,499**	**10,300**

Notes to financial statements

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

(Rupees in lakhs)

	31st March 2017	31st March 2016	1st April 2015
Carrying amounts of :			
Freehold land	34	34	34
Buildings	172	190	201
Plant and machinery	464	598	800
Toolings	435	497	377
Furniture and fixtures	64	90	135
Office equipments (including computers)	95	105	123
Vehicles	4	11	27
	1,268	**1,526**	**1,697**

	Freehold land	Buildings	Plant and machinery	Tooling	Furniture and fixtures	Office equipments (including computers)	Vehicles	Total
Cost or deemed cost								
Balance at April 1, 2015	**34**	**201**	**800**	**377**	**135**	**123**	**27**	**1,697**
Add: additions	-	3	53	292	1	45		394
Less: disposals	-	-	4		0	0	0	4
Balance at March 31, 2016	**34**	**204**	**849**	**669**	**136**	**168**	**27**	**2,087**
Add: additions			34	165	-	41	-	240
Less: disposals / written off	-	6	27	-	4	3	8	48
Balance at March 31, 2017	**34**	**198**	**856**	**834**	**132**	**206**	**19**	**2,279**
Accumulated depreciation and impairment								
Balance at April 1, 2015	-	-	-	-	-	-	-	-
Add: depreciation expenses	-	14	251	172	46	63	16	562
Balance at March 31, 2016	**-**	**14**	**251**	**172**	**46**	**63**	**16**	**562**
Less: eliminated on disposal of assets	0	1	1	0	0	2	8	12
Add: depreciation expenses	-	13	142	227	22	50	7	461
Balance at March 31, 2017	**0**	**26**	**392**	**399**	**68**	**111**	**15**	**1,011**
Carrying amount								
Balance at April 1, 2015	**34**	**201**	**800**	**377**	**135**	**123**	**27**	**1,697**
Balance at March 31, 2016	**34**	**190**	**598**	**497**	**90**	**105**	**11**	**1,525**
Balance at March 31, 2017	**34**	**172**	**464**	**435**	**64**	**95**	**4**	**1,268**

Notes to financial statements

NOTE 6 - INVENTORIES

(Rupees in lakhs)

	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Inventories (lower of cost and net realisable value)			
Raw Materials and Components	890	1,145	891
Raw Material in transit	129	56	140
Packing Materials	26	35	61
Work-in progress	165	130	166
Finished goods	479	456	515
Stock in trade	649	442	419
Stock-in-trade in transit	14	30	61
Total	**2,352**	**2,294**	**2,253**

NOTE 7 - TRADE RECEIVABLES

(Rupees in lakhs)

	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Current			
Trade Receivables			
(a) Secured considered good			
(b) Unsecured, considered good	4,533	4,403	3,777
(c) Doubtful	115	213	244
	4,648	4,616	4,021
Allowance for doubtful debts (expected credit loss allowance)	115	213	244
Total	**4,533**	**4,403**	**3,777**

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

Ageing	Expected Credit loss %
< 90 days	0.00%
> 90 days	12.79%

Age of receivables

	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
< 90 days	3,750	3,545	3,088
> 90 days	898	1,071	933
	4,648	**4,616**	**4,021**

Notes to financial statements

Movement in the expected credit allowance

(Rupees in lakhs)

	As at 31st March 2017	As at 31st March 2016
Balance at beginning of the year	213	244
Movement in the expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	(98)	(31)
Balance at the end of the year	115	213

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

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 2017	1	462
31st March 2016	4	1,461
1st April 2015	3	931

NOTE 8 - CASH AND CASH EQUIVALENTS

(Rupees in lakhs)

	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Bank balances			
In current accounts	397	541	456
Demand deposits (original maturity less than 3 months)	3,410	1,000	3,000
Total	**3,807**	**1,541**	**3,456**

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

NOTE 9 - BANK BALANCES OTHER THAN (III) ABOVE

(Rupees in lakhs)

	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Other bank balances			
Long term deposits with original maturity more than 3 months but less than 12 months	-	1,860	-
Total	**-**	**1,860**	**-**

Notes to financial statements

NOTE 10 -OTHER FINANCIAL ASSETS

(Rupees in lakhs)

	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Non-current			
Security deposits	76	123	116
Total	**76**	**123**	**116**
Current			
Interest accrued on deposits with banks	18	16	36
Security deposits	-	-	3
Total	**18**	**16**	**39**

NOTE 11 - INCOME TAX ASSETS (NET)

(Rupees in lakhs)

	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Current tax assets			
Tax refund receivable (Net of provision of Rs.1,954 lakhs (March 31, 2016: Rs. 1,752 lakhs, March 31, 2015: Rs. 1,187 lakhs))	1,292	1,195	1,259
Minimum Alternate Tax Credit entitlement	-	113	76
	1,292	**1,308**	**1,335**

NOTE 12 - DEFERRED TAX ASSET (NET)

(Rupees in lakhs)

	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Deferred tax liability	-	(15)	(66)
Deferred tax assets	175	214	234
Deferred tax assets (net)	**175**	**199**	**168**

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

Notes to financial statements

(Rupees in lakhs)

	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
2016-17				
Deferred tax assets/ (liabilities) in relation to				
Depreciation and amortisation	(15)	22	-	7
Provision for trade and other receivables	66	(32)	-	34
Disallowance u/s 40(a) of the Income Tax Act,1961	61	(61)	-	-
Voluntary retirement scheme	8	(8)	-	-
Retirement benefits	33	15	32	80
Bonus	46	8	-	54
2015-16				
Deferred tax assets/liabilities in relation to				
Depreciation and amortisation	(66)	51	-	(15)
Provision for trade and other receivables	77	(11)	-	66
Disallowance u/s 40(a) of the Income Tax Act,1961	93	(32)	-	61
Voluntary retirement scheme	25	(17)	-	8
Retirement benefits	9	(2)	26	33
Bonus	30	16	-	46

NOTE 13 - OTHER ASSETS

(Rupees in lakhs)

	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Non-current			
Capital advances	-	44	270
Advance rent	43	-	2
Sales tax paid under protest	438	311	310
Balances with Government authorities	1	-	-
Total	**482**	**355**	**582**
Current			
Advance rent	5	2	5
Balances with Government authorities	146	97	78
Advances recoverable in cash or kind (net of provision for doubtful recovery Rs. 50 lakhs, 31st March 2016 Rs. Nil, 1st April 2015 - Nil)(Refer note 40)	62	62	59
Other receivables	-	13	-
Gratuity - surplus fund balance	-	-	31
Advances to employees	22	27	32
Total	**235**	**201**	**205**

Notes to financial statements

NOTE 14 - EQUITY SHARE CAPITAL

(Rupees in lakhs)

	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Authorised:			
2,000,000 (March 31, 2016: 2,000,000; April 1, 2015: 2,000,000) equity shares of Rs.10 each	200	200	200
	200	200	200
Issued:			
951,640 (March 31, 2016: 951,640; April 1, 2015: 951,640) equity shares of Rs.10 each, fully paid	95	95	95
	95	95	95
Subscribed and paid up			
951,640 (March 31, 2016: 951,640; April 1, 2015: 951,640) equity shares of Rs.10 each, fully paid	95	95	95
Total	**95**	**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, 2017		As at March 31, 2016		As at April 1, 2015	
	Number of shares	(Rupees in lakhs)	Number of shares	(Rupees in lakhs)	Number of shares	(Rupees in lakhs)
Equity shares						
Balance as at the beginning and end of the period	951,640	95	951,640	95	951,640	95

(c) Shares held by the holding company

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number of shares	(Rupees in lakhs)	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	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, 2017		As at March 31, 2016		As at April 1, 2015	
	Number of shares	(Rupees in lakhs)	Number of shares	(Rupees in lakhs)	Number of shares	(Rupees in lakhs)
Novar ED&S Limited, U.K. (Holding company)	869,100	87	869,100	87	869,100	87

Notes to financial statements

NOTE 15 - OTHER EQUITY

(Rupees in lakhs)

	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Capital redemption reserve (A)	5	5	5
Share based payment reserve (B)	16	14	9
Retained earnings (C)	10,673	10,385	10,191
Total (A+B+C)	**10,694**	**10,404**	**10,205**

NOTE 16 - PROVISIONS

(Rupees in lakhs)

	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Non current			
Gratuity and other retirement benefits (refer note 36)	125	-	-
Compensated absences	71	53	44
Provision for warranty (refer note 35)	24	118	163
Total	**220**	**171**	**207**
Current			
Compensated absences	13	8	13
Gratuity and other retirement benefits(refer note 36)	33	38	-
Provision for warranty (refer note 35)	-	17	52
Provision for indirect tax matters (refer note 35)	165	65	50
Total	**211**	**128**	**115**

NOTE 17 - TRADE PAYABLES

(Rupees in lakhs)

	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Current			
Trade payables (refer note 31)	2,380	2,401	2,438
Total	**2,380**	**2,401**	**2,438**

Notes to financial statements

NOTE 18 - OTHER FINANCIAL LIABILITIES

(Rupees in lakhs)

	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Current			
Creditors for capital goods	32	2	36
Employee benefits payable	205	139	93
	237	**141**	**129**

NOTE 19 - OTHER CURRENT LIABILITIES

(Rupees in lakhs)

	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Advances from customers	30	22	9
Statutory dues (including provident fund and tax deducted at source)	85	75	161
Interest due to suppliers registered under the MSMED Act	54	47	35
Provision for discount	232	341	234
	401	**485**	**439**

NOTE 20 - REVENUE FROM OPERATIONS

(Rupees in lakhs)

	Year ended 31st March 2017	Year ended 31st March 2016
Sale of products (net of rebates and discount)	13,974	14,504
Sale of services (testing of products)	43	62
Other operating revenue		
Scrap sale	15	6
Total	**14,032**	**14,572**

NOTE 21 - OTHER INCOME

(Rupees in lakhs)

	Year ended 31st March 2017	Year ended 31st March 2016
Interest income earned on financial assets that are not designated as a fair value through profit and loss account		
Bank deposits	215	199
Foreign exchange gain (net)	-	31
Provision/Liabilities written back to the extent no longer required	97	19
Miscellaneous income	50	-
Total	**362**	**249**

Notes to financial statements

NOTE 22 - COST OF MATERIALS CONSUMED

(Rupees in lakhs)

	Year ended 31st March 2017	Year ended 31st March 2016
Raw materials consumed		
Opening inventory	1,201	891
Add: Purchases (net)	4,157	5,238
Less: Inventory at the end of the year	1,019	1,201
Cost of raw materials consumed	**4,339**	**4,928**

NOTE 23 - CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS

(Rupees in lakhs)

	Year ended 31st March 2017	Year ended 31st March 2016
(Increase)/ decrease in stock		
Stock at the beginning of the year		
Finished goods	456	515
Work in progress	130	166
Stock in trade	442	419
Total (A)	1,028	1,100
Stock at the end of the year		
Finished goods	479	456
Work in progress	165	130
Stock in trade	649	442
Total (B)	1,293	1,028
(Increase)/ decrease in stock (A-B)	**(265)**	**72**

NOTE 24 - EMPLOYEE BENEFIT EXPENSES

(Rupees in lakhs)

	Year ended 31st March 2017	Year ended 31st March 2016
Salaries, wages and bonus	2,746	2,533
Contribution to provident and other funds (refer note 36)	144	124
Staff welfare expenses	199	195
Total	**3,089**	**2,852**

Notes to financial statements

NOTE 25 - FINANCE COST

(Rupees in lakhs)

	Year ended 31st March 2017	Year ended 31st March 2016
Interest	11	28
Total	**11**	**28**

NOTE 26 - OTHER EXPENSES

(Rupees in lakhs)

	Year ended 31st March 2017	Year ended 31st March 2016
Power and fuel	139	143
Stores and spares consumed	117	55
Packing, freight and forwarding	426	547
Rent [(refer note 2 (M) and 29]	309	300
Rates and taxes	264	15
Repairs and maintenance		
Building	2	3
Plant and machinery	230	327
	232	330
Auditors remuneration		
As Auditors	18	19
Others(including tax audit)	2	2
Out of pocket expenses	-	2
	20	23
Travelling and conveyance	314	350
Communication expenses	60	52
Insurance	8	13
Loss on sale / write off of property, plant and equipment (net)	34	-
Professional fees	367	230
Foreign exchange loss (net)	80	0
Bad debts written off (net of expected credit loss allowance) (refer note 26.1)	48	8
Provision for indirect tax matters	40	15
Corporate overhead allocations	776	876
Expenditure towards Corporate Social Responsibility (refer note 39)	13	18
Bank charges	2	11
Miscellaneous expenses	177	119
Provision for warranty	-	11
Advertisement and sales promotion	193	310
Total	**3,619**	**3,426**

Notes to financial statements

NOTE 26.1 - BAD DEBTS WRITTEN OFF NET OF EXPECTED CREDIT LOSS ALLOWANCE

(Rupees in lakhs)

	Year ended 31st March 2017	Year ended 31st March 2016
Bad debts written off	146	39
Expected credit loss allowance	(98)	(31)
Bad debts written off (net of expected credit loss allowance)	48	8

27 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 from external customer for the year ended		Non current assets as at	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
India	10,095	10,908	1,268	1,525
Europe	3,231	3,059	-	-
Other	706	605	-	-
Total	**14,032**	**14,572**	**1,268**	**1,525**

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.

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 Lonon Electrical Systems Technology (Guangdong) Co., Ltd.

Honeywell Hometown Solutions India Foundation

Friedland Novar France SAS

Honeywell ME FZE

Honeywell Pte Limited

Honeywell Security (Hong Kong) 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 Safety Product

Honeywell Australia Limited

Honeywell New Zealand Limited

Honeywell Co., Ltd.

Ademco Asia Pacific Limited

Honeywell Technologies S.a.r.l.

Honeywell Environmental and Combustion Controls

iii. Key management personnel

Mr. Sadanand Teje (Managing Director) (Upto August 28, 2015)

Mr. Rohit Bansal (Whole-time Director) (From Apr 30,2015 to Dec 31, 2016)

Mr. Anil Kini (Whole-time Director) (From September 6, 2014 to August 28, 2015)

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, 2017		March 31, 2016	
a) Purchase of capital goods				
Honeywell Automation India Limited	-	-	12	**12**
b) Purchase of other goods				
Honeywell Security (Hong Kong) Limited	-		19	
MK Cable Management (Saudi Arabia) Limited	-		114	
MK Electric (Malaysia) Sdn Bhd	47		39	
Salisbury Electrical Safety LLC	-		6	
Novar ED&S Limited, UK	332		244	
		379		**422**
c) Sale of goods and services				
Honeywell International India Private Limited	276		421	
Honeywell ME FZE	57		86	
Honeywell Technology Solutions Lab Private Limited	58		8	
MK Electric (China) Limited	40		92	
MK Electric (Malaysia) Sdn Bhd	258		214	
MK Electric (Singapore) Pte Limited	63		20	
Novar ED&S Limited, UK	2,684		3,059	
Honeywell Automation India Limited	-		9	
Honeywell International Inc	-		107	
Honeywell Protective Clothing	41		54	
Honeywell Australia Limited	32		58	
Honeywell Pte Limited	-		6	
Honeywell New Zealand Limited	18		21	
		3,527		**4,155**
d) Corporate overhead allocations				
Honeywell International Inc	382		385	
Honeywell Pte Limited	24		32	
Honeywell China Limited	85		110	
Salisbury Electrical Safety LLC	-		25	
Honeywell Technology Solutions Lab Private Limited	40		37	
Honeywell International India Private Limited	66		144	
		597		**733**
e) Cost allocation and other costs				
Honeywell Automation India Limited	90		122	
Honeywell International (India) Private Limited	37		-	
Honeywell International INC	2		-	
Honeywell Technology Solutions Lab Private Limited	58		-	
Honeywell Hometown Solutions India Foundation	13		13	
		200		**135**

Notes to financial statements

(Rupees in lakhs)

Description of the nature of transactions	Volume of transactions for year ended			
	March 31, 2017		March 31, 2016	
f) Rent paid				
Honeywell Automation India Limited	132		152	
Honeywell International India Private Limited	83		68	
		215		**220**
g) Staff training				
Honeywell International India Private Limited	13		15	
Honeywell Pte. Ltd.	3		7	
		16		**22**
g) Data communication charges				
Honeywell Automation India Limited	10		15	
Honeywell Environmental and Combustion Controls	1		-	
Honeywell Pte Limited	8		10	
Honeywell International India Private Limited	48		53	
		67		**78**
h) Remuneration				
Mr. Sadanand Teje	-		42	
Mr.Rohit Bansal	70		111	
Mr. Anil Kini	-		25	
		70		**178**

Description of the nature of transactions	Amount outstanding as at					
	March 31, 2017		March 31, 2016		April 1, 2015	
	Receivable	Payable	Receivable	Payable	Receivable	Payable
Honeywell International India Private Limited	-	39	29	13	45	7
Honeywell ME FZE	6	-	5	-	8	-
MK Electric (China) Limited	6	-	18	-	5	-
MK Electric (Singapore) Pte Limited	1	-	17	-	9	-
Novar ED&S Limited, UK	1,261	144	1,125	51	903	42
Honeywell Protective Clothing	14	-	19	-	10	-
Honeywell Newzealand Limited	5	-	7	-	2	-
Honeywell Australia Limited	10	-	44	-	7	-
Honeywell Technology Solutions Lab Private Limited	66	7	-	-	-	-
Honeywell International Inc	49	-	13	-	34	-
MK Electric (Malaysia) Sdn Bhd	33	30	29	5	24	11
Honeywell Automation India Limited	-	27	9	51	9	10
Honeywell Pte Limited	-	3	-	3	-	2
Honeywell Security (Hong Kong) Limited	-	-	-	-	-	6
Salisbury Electrical Safety LLC	-	5	-	16	-	3
	1,451	**255**	**1,315**	**139**	**1,056**	**81**

Notes to financial statements

REMUNERATION TO KEY MANAGEMENT PERSONNEL

(Rupees in lakhs)

	Year ended 31st March 2017	Year ended 31st March 2016
Short term benefits	70	161
Post-employment benefits	-	16

29 LEASE TRANSACTIONS

As a Lessee in Operating LeaseRent Expenditure (included in Note 26) 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.

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, 2017 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	92	400	508
	(24)	-	-

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:

(Rupees in lakhs)

	Year ended 31st March 2017	Year ended 31st March 2016
Profit after tax (Rs. in lakhs)	350	242
Weighted average number of equity shares	951,640	951,640
Basic/ Diluted earnings per share (Rs.)	36.79	25.38
Face value per share (Rs.)	10	10

Notes to financial statements

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

(Rupees in lakhs)

Sr. No.	Particulars	31st March 2017	31st March 2016	1st April 2015
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	12	2	450
	- Interest thereon	7	47	35
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	79	688	1,470
iii)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	- - -	- - -	- - -
	- Normal interest accrued during the year, for all the delayed payments, as per the agreed terms and not as payable under the Act	-	-	-
	- Normal interest payable during the year, for the period of delay in making payment, as per the agreed terms and not as payable under the Act.	-	-	-
iv)	The amount of interest accrued and remaining unpaid at the end of each accounting period	-	-	-
	- Total interest accrued during the period	7	12	20
	- Total interest remaining unpaid out of the above as at the balance sheet date	7	12	20
v)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.			
	Outstanding interest at the end of previous year	47	35	15
	Outstanding interest at the end of current period	54	47	35

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.

32 Provision for taxation has been made after considering the various allowances / deductions available and after excluding profits derived from undertaking registered with Software Technology Parks of India under section 10A and unit registered under Special Economic Zone under Section 10AA of the Income Tax Act, 1961.

Notes to financial statements

33 FOREIGN CURRENCY EXPOSURES

Unhedged by derivative instruments/ or otherwise

(Rupees in lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
a) Liability - trade creditors			
In GBP	1	1	-
(Equivalent approximate in Rs.)	92	53	42
In USD	3	3	5
(Equivalent approximate in Rs.)	218	260	335
In EURO			
(Equivalent approximate in Rs.)	1	1	8
In AUD	-	-	-
(Equivalent approximate in Rs.)	2	1	-
In HKD	3	5	4
(Equivalent approximate in Rs.)	26	47	32
b) Asset - trade receivables			
In GBP	10	-	-
(Equivalent approximate in Rs.)	820	26	16
In USD	8	18	16
(Equivalent approximate in Rs.)	519	1,227	982
c) Asset - bank balances			
In USD	3	4	4
(Equivalent approximate in Rs.)	171	265	252

34 CONTINGENT LIABILITIES AND COMMITMENTS

A) Contingent liabilities

(Rupees in lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
a) Income Tax Department under appeal	692	692	790
b) Sales Tax Department under appeal	7,607	7,455	562
c) Central Excise Department under appeal	-	-	13
d) 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. 28 ('lakhs) [Previous year 2016 Rs. 84 ('lakhs) 2015 Rs. 111 ('lakhs)]

Notes to financial statements

35. 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	2017	135	-	-	111	24
	2016	215	-	26	54	135
	2015	137	148	27	43	215
Indirect tax matters	2017	65	121	-	21	165
	2016	50	15	-	-	65
	2015	50	-	-	-	50
Total	2017	200	121	-	132	189
	2016	265	15	26	54	200
	2015	187	148	27	43	265

a) 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. Reduction in warranty provision compared to previous year is due to change in warranty terms from 10 years to 5 years for a product line.

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.

36. 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)

		Year ended 31st March 2017	Year ended 31st March 2016
1	Contribution to employees' superannuation fund	15	1
2	Provident fund paid to authorities	74	108
	Total	**89**	**109**

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.

Notes to financial statements

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.

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

(Rupees in lakhs)

	Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
1	Discount rate	6.95%	7.80%	7.80%
2	Expected rate of return on plan assets	8.00%	9.00%	8.75%
3	Attrition rate	Upto 30 years: 5%	Upto 30 years: 20%	21 - 30 years - 20%
		31 - 45 years - 8%	31 - 45 years - 12%	31 - 45 years - 12%
		46 - 58 years - 5%	46 - 58 years - 8%	46 - 58 years - 8%"
4	Salary escalation rate - management staff	8.00%	9.00%	7.00%

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	Year ended 31st March 2017	Year ended 31st March 2016
1	Current service cost	28	33
2	Past service cost	-	-
3	Net interest cost	2	(6)
	Component of defined benefit costs recognised in profit or loss	**30**	**27**
4	Actuarial (gain)/ losses arising from changes in demographic assumptions	4	-
5	Actuarial (gain)/ losses arising from changes in financial assumptions	2	27
6	Actuarial (gain)/ losses arising from changes in experience adjustments	88	47
7	Return on plan assets (greater)/ less than discount rate	-	-
8	Adjustments for restriction on defined benefit asset	-	-
	Component of defined benefit costs recognised in other comprehensive income	**94**	**74**
	Total	**124**	**101**

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	31st March 2017	31st March 2016
1	Present value of obligation as at beginning of the year	326	297
2	Current service cost	28	33
3	Interest cost	24	19
4	Remeasurement (gains)/losses:		
	Actuarial (gain)/ losses arising from changes in demographic assumptions	4	-
	Actuarial (gain)/ losses arising from changes in financial assumptions	2	27
	Actuarial (gain)/ losses arising from changes in experience adjustments	88	47
5	Curtailment cost/(credit)	(8)	-
6	Settlement cost/(credit)	-	-
7	Benefits paid	(49)	(97)
8	Present value of obligation as at end of the year	415	326

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

(Rupees in lakhs)

Sr. No.	Particulars	31st March 2017	31st March 2016
1	Fair value of plan assets as at beginning of the year	288	328
2	Interest income	-	-
3	Remeasurement gain/(loss)	(8)	0
4	Expected return on plan assets	22	26
5	Employers' contribution	4	31
6	Benefits payment from plan asset	(49)	(97)
7	Fair value of plan assets as at end of the year	257	288

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	31st March 2017	31st March 2016	1st April 2015
1	Present value of funded obligation	415	326	297
2	Fair value of plan assets	257	288	328
3	Net liability recognized in the Balance Sheet	158	38	(31)

C. Other long term benefit - Compensated absences as at year end amounts to Rs. 84 lakhs (March 31, 2016: Rs. 61 lakhs, March 31, 2015: Rs. 58 lakhs)

Notes to financial statements

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	Year ended March 31, 2017 Present value of Obligation	Year ended March 31, 2016 Present value of Obligation
a) Discount rate -100 basis point	450	353
b) Discount rate +100 basis point	385	302

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

(Rupees in lakhs)

Salary increment rate	Year ended March 31, 2017 Present value of Obligation	Year ended March 31, 2016 Present value of Obligation
a) Salary increment rate -100 basis point	390	306
b) Salary increment rate +100 basis point	442	347

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

(Rupees in lakhs)

Sr. No.	Particulars	31st March 2017	31st March 2016	1st April 2015
1	Insurer managed funds	100%	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

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

(Rupees in lakhs)

Sr. No.	Particulars	31st March 2017	31st March 2016
a	Actual return on plan assets	14	26

Notes to financial statements

Other risks

Investment risk- The funds are invested by LIC and they provide returns basis the prevalent bond yields , LIC on an annual basis requests for contributions to the fund , while the contribution requested may not be on the same interest rate as the bond yields provided, basis the past experience it is low risk.

Interest risk – LIC does not provide market value of assets , rather maintains a running statement with interest rates declared annually – The fall in interest rate is not therefore offset by increase in value of Bonds, hence may pose a risk.

Longevity risk – Since the Gratuity Payment happens at the retirement age, longevity impact is very low at this age.

Maturity profile of defined benefit obligation:

(Rupees in lakhs)

Year	Amount
Year -1	33
Year -2	27
Year -3	30
Year -4	37
Year -5	32
Years 6 to 10	227

37 FINANCIAL INSTRUMENT

37.1 Categories of financial instrument

(Rupees in lakhs)

	31st March 2017	31st March 2016	1st April 2015
Financial assets			
Measured at amortised cost			
(i) Trade receivables	4,533	4,403	3,777
(ii) Cash and bank	3,807	3,401	3,456
(iii) Other financials assets	94	139	155
Financial Liabilities			
Measured at amortised cost			
(i) Trade payables	2,380	2,401	2,438
(ii) Other financial liabilities	237	141	129

37.2 Financial risk management objectives

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

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.

	31st March 2017	31st March 2016	1st April 2015
USD Impact			
5% Appreciation in USD			
Impact on profit or loss for the year {Gain/(Loss)}	587	503	266
Impact on total equity as at the end of the reporting period	587	503	266
5% Depreciation in USD			
Impact on profit or loss for the year {Gain/(Loss)}	(587)	(503)	(266)
Impact on total equity as at the end of the reporting period	(587)	(503)	(266)
GBP Impact			
5% Appreciation in GBP			
Impact on profit or loss for the year {Gain/(Loss)}	28	2	0
Impact on total equity as at the end of the reporting period	28	2	0
5% Depreciation in GBP			
Impact on profit or loss for the year {Gain/(Loss)}	(28)	(2)	(0)
Impact on total equity as at the end of the reporting period	(28)	(2)	(0)

37.3 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.

37.4 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, 2017

Notes to financial statements

Particulars	Less than 1 year
Trade payables	2,380
Other financial liabilities at amortised cost	237

38. SHARE BASED PAYMENTS

Employee share option plan of the company Honeywell International Inc (HII), the ultimate holding company, may grant stock options and restricted stock awards to certain employees under its stock incentive plan. Restricted Stock Units—Restricted stock unit (RSU) awards entitle the holder to receive one share of common stock for each unit when the units vest. RSUs are issued to certain employees as compensation at fair market value at the date of grant. RSUs typically become fully vested over periods ranging from three to seven years and are payable in Honeywell common stock upon vesting.

The following share-based payment arrangements were in existence during the current and prior years :

Options series	Number	Grant date	Expiry date	Exercise price	Fair value at grant date	Equivalent fair value INR*
Restricted stock option						
2011	302	26-Jul-13	NA	NA	$103.65	6,722

Movements in restricted stock units during the year	Restricted stock units 2016-17 No of Units	Restricted stock units 2015-16 No of Units
Balance at beginning of year	302	302
Granted during the year	-	
Forfeited during the year	-	
Settled during the year	(302)	-
Expired during the year	-	
Balance at end of year	-	302

Restricted stock units settled during the year

	Number Settled	Settlement date
2011	302	26-Jul-16

Notes to financial statements

39 As set out in section 135 of the Companies Act, 2013 the Company is required to contribute Rs. 13 lakhs towards Corporate Social Responsibility activities, as calculated basis 2% of its average net profits of the last three financial years. Accordingly, during the current year, the Company has contributed Rs. 13 lakhs (previous year Rs. 18 lakhs) towards the eligible projects as mentioned in Schedule VII (including amendments thereto) of the Companies Act, 2013.

40 Details of managerial remuneration paid by the Company are as below:

Financial Year	Managerial Remuneration Paid (Rupees in lakhs)	Amount of Excess Remuneration (Rupees in lakhs)
2011-2012	117	75
2012-2013	86	44
2013-2014	151	67
2014-2015	259	110
2015-2016	169	62
2016-2017	70	-
Total	**852**	**358**

The above payments are governed by the requirements of the Section 198 of the Companies Act, 1956 / Section 197 of the Companies Act, 2013 read with Schedule XIII of the Companies Act, 1956 / Schedule V of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and have been approved by the shareholders in the general meetings.

In respect of all of the above years, the managerial remuneration paid has exceeded the limits prescribed in the relevant Companies Acts and Rules framed thereunder and accordingly the Company had applied for the required approvals with the Central Government. The Company has received the approvals for the financial year 2013-14 for the whole-time directors and for financial years 2014-15, 2015-16 and 2016-17 for the all the directors including the managing director and the whole-time directors.

With regard to fiscal year 2011-12, the Company has received a communication from Ministry of Corporate Affairs 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 then managing director had subsequently resigned on 28th August 2015, the said amount has been fully provided for as of the balance sheet date. The Company is in the process of evaluating options for taking necessary actions on directions given by Central government vide letter dated June 9, 2017 including re-approaching to the Ministry of Corporate Affairs for reconsideration.

Approval from the Central Government for the excess remuneration paid to the then managing director for the financial years 2012-13 and 2013-14 aggregating to Rs.94.48 lakhs is awaited.

41. Income tax expense relating to earlier years represents additional tax provision for earlier years arising out of proceedings with the authorities during the current year.

Notes to financial statements

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

(Rupees in lakhs)

	As at 31st March 2017	As at 31st March 2016
Profit before tax from continuing operations	608	510
Less: Remeasurements of the defined benefit plans carried to OCI	94	74
	514	436
Income tax expense calculated at 33.063% (FY 2015-2016: 33.063%)	170	144
Effect of expenses that are not deductible in determining taxable profit	4	15
Effect of previously unrecoginsed taxable temporary differences now recognised as deferred tax liability	18	58
	192	217
Income tax expense recognised in profit or loss (relating to continuing operations)	192	217

43 The Company does not maintain any cash balance at any point in time. Accordingly, there is no holdings or dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016.

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

45 The financial statements were approved for issue by the board of directors on June 20, 2017.

For and on behalf of the Board

Rohit Bansal
Director

Ajay Kukreja
Director

Place : Pune
Date : June 20, 2017

ATTENDANCE SLIP

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

Annual General Meeting on 14th September 2017

Full name of the members attending ____
(In block capitals)

Ledger Folio No. ____________________ No. of shares held: _______________

Name of Proxy ______________________________

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

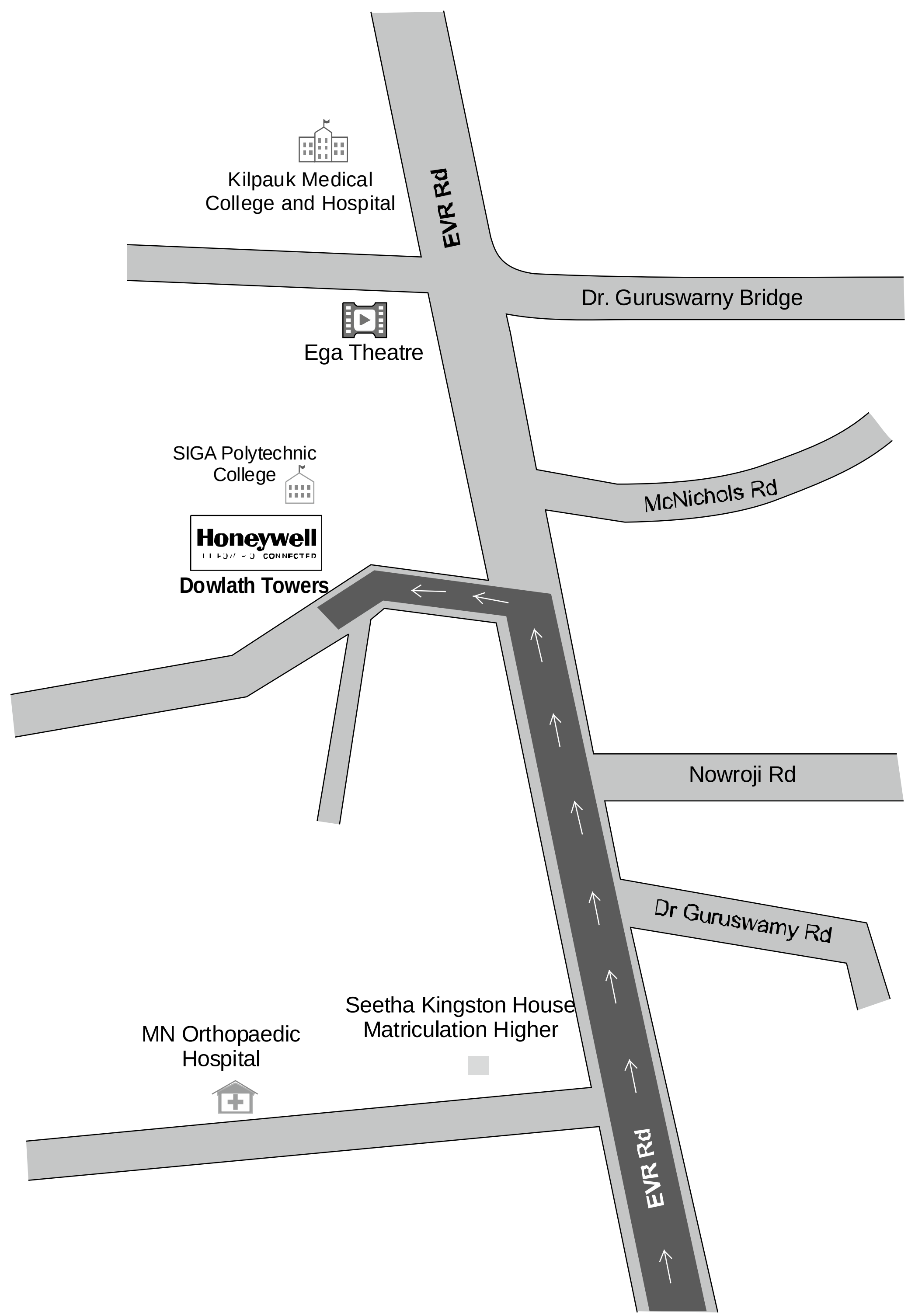
I hereby record my presence at the Annual General Meeting of Honeywell Electrical Devices And Systems India Limited on on Thursday, September 14, 2017, at the registered office of the Company at 3rd & 4th Floor, Dowlath Towers, Taylors Road, Kilpauk, Chennai – 600010 at 2.00 PM (IST)

(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



- Not marked to scale

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]

Name of the Member(s)	
Registered Address	
E-mail Id	Folio No

I/We, being the member(s) of ____________________ shares of the above named company. Hereby appoint

Name	E-mail Id
Address	
Signature	

or failing him

Name	E-mail Id
Address	
Signature	

or failing him

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 Annual General Meeting of the company, to be held on Thursday, September 14, 2017, at the registered office of the Company at 3rd & 4th Floor, Dowlath Towers, Taylors Road, Kilpauk, Chennai – 600010 at 2.00 PM (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, 2017, the Reports of the Directors and Auditors thereon		
2.	Ratification of appointment of Statutory Auditors		
3.	Appointment of Director in place of Mr. Rohit Bansal who retires by rotation and being eligible, has offered himself for reappointment		
4.	Ratification of remuneration of Cost Auditors		
5.	Appointment of Mr. Ajay Kukreja as Director		

Signed this __________________ day of September 2017

Affix
Revenue
Stamps

Signature of Shareholder

Signature of Proxy holder
Signature of the shareholder
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

The finest architects, interior designers and engineers always recommend MK.
Ask them or contact MK Team at mkteam@honeywell.com

Honeywell Electrical Devices and Systems India Limited.

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Email: mkteam@honeywell.com Website: www.mkelectricindia.com

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Tel: +91-80-67124120/21/22/23 I Email: mkbangalore@honeywell.com

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