

# Honeywell

Honeywell Automation India Limited

CIN: L29299PN1984PLC017951

Regd. Office: 56 & 57,

Hadapsar Industrial Estate,

Pune - 411 013, Maharashtra

Tel: +91 20 6603 9400

Fax: +91 20 6603 9800

E-mail: India.Communications@Honeywell.com

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

July 12, 2019

To  
BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai 400 001

To  
National Stock Exchange of India Limited  
Exchange Plaza, 5<sup>th</sup> Floor, Plot No. C/1,  
G Block, Bandra-Kurla Complex,  
Bandra (East), Mumbai 400051

Dear Sirs,

**Sub: Intimation of Annual General Meeting, Record Date and Annual Report 2018-19**  
**Ref: Regulation 42, Regulation 30 and Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**  
**Stock Code- BSE: 517174, NSE: HONAUT; ISIN: INE671A01010**

This is to inform you that the 35<sup>th</sup> Annual General Meeting of the Company is scheduled to be held on **Friday, August 9, 2019 at the Registered Office of the Company at 56 & 57, Hadapsar Industrial Estate, Pune 411 013 at 4.00 p.m.**

This is further to inform you that the Record Date for the purpose of payment of dividend will be Friday, August 2, 2019.

As informed earlier, the Board of Directors of the Company at its meeting held on May 13, 2019, had recommended a dividend of INR 45/- (Rupees Forty Five only) per Equity Share for the financial year 2018-19. The said dividend, if declared by the members at the ensuing Annual General Meeting will be paid on August 23, 2019.

Further, please note that the cut-off date for determining the eligibility of members to vote through remote e-voting or poll at the Annual General Meeting Venue is Friday, August 2, 2019. The remote e-voting period would commence on Tuesday, August 6, 2019 (9.00 a.m.) and end on Thursday, August 8, 2019 (5.00 p.m.).

Pursuant to Regulation 30 and Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 we are enclosing herewith the following for the Financial Year 2018-19:

1. Notice of the 35<sup>th</sup> Annual General Meeting
2. Annual Report for Financial Year 2018-19.

The aforesaid documents are being dispatched to all eligible shareholders and are also available on the website of the Company.

Further, you are requested to take note of the updated website link of the Company:  
<https://www.honeywell.com/en-us/global/en-in/hail>

Request you to kindly take the above on record.

Yours faithfully,

**For Honeywell Automation India Limited**



**Farah Irani**

**Company Secretary**

**CC: Central Depository Services (India) Limited**

**National Securities Depository Limited**

**TSR Darashaw Consultants Pvt. Ltd.**

# Honeywell

**HONEYWELL AUTOMATION INDIA LIMITED**

**2018-19**  
Annual Report

**Honeywell**

**Board of Directors (As on May 13, 2019)**

Mr. Suresh Senapaty	(Chairman & Independent Director)
Mr. Srinath Narasimhan	(Independent Director)
Ms. Neera Saggi	(Independent Director)
Mr. Ashish Gaikwad	(Managing Director)
Mr. Vikas Chadha	(Director)
Ms. Nisha Gupta	(Director)
Mr. Brian Buffington	(Director)

**Senior Management Team (As on May 13, 2019)**

Mr. Ashish Gaikwad	Head – Process Solutions
Mr. Aseem Joshi	Head – Building Solutions
Mr. Rahul Sharma	Head – Global Services
Mr. Gajanan Lahane	Head – Global Manufacturing
Mr. Hemant Khattar	Building Management System Leader
Mr. S. Sreekanth	Sensing & IOT Leader
Mr. Amit Tantia	Chief Financial Officer (w.e.f. May 16, 2018)
Mr. Abhishek Kumar	Head – Human Resources
Mr. Nikhil Thakkar	Head – Audit & Internal Controls

**Company Secretary**

Ms. Farah Irani

**Registrar & Transfer Agent:**

TSR Darashaw Consultants Pvt. Ltd.  
(Previously TSR Darashaw Ltd.)  
6-10, Haji Moosa Patrawala Ind. Estate,  
20, Dr. E. Moses Road, Mahalaxmi,  
Mumbai 400 011.

**Auditors**

Deloitte Haskins & Sells LLP  
Chartered Accountants

**Bankers**

Citibank N. A.

**Registered Office:**

56 & 57, Hadapsar Industrial Estate,  
Pune – 411 013, Maharashtra  
CIN: L29299PN1984PLC017951  
Tel: +91 20 6603 9400; Fax: +91 20 6603 9800  
Email: HAIL.InvestorServices@Honeywell.com  
Website: <https://www.honeywell.com/en-us/global/en-in/hail>

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NOTICE is hereby given that the **THIRTY FIFTH ANNUAL GENERAL MEETING (AGM) of HONEYWELL AUTOMATION INDIA LIMITED** will be held on Friday, August 9, 2019 at 4.00 p.m. at the registered office of the Company at Honeywell Automation India Limited, 56 & 57, Hadapsar Industrial Estate, Pune - 411 013, to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider, and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2019, together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare final dividend of INR 45/- per equity share for the financial year 2018-19.
3. To consider appointing a Director in place of Ms. Nisha Gupta (DIN: 02331771) who retires by rotation and being eligible offers herself for re-appointment.

**SPECIAL BUSINESS:****4. To consider and approve appointment of Ms. Neera Saggi as an Independent Director of the Company.**

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

“RESOLVED THAT pursuant to Sections 149, 150, 152, Schedule IV, Section 161(1) read with Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable provisions of the Companies Act, 2013 (“Act”) and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or enactment thereof for the time being in force) and pursuant to the recommendation of the Nomination and Remuneration Committee and approval accorded by the Board of Directors of the Company, Ms. Neera Saggi (DIN: 00501029) who was appointed as an Additional Director in the capacity of Independent Director of the Company by the Board of Directors effective February 4, 2019 and who holds office till the date of the Annual General Meeting in terms of Section 161 of the Act, be and is hereby appointed as a Director and Independent Director of the Company for a term of 5 (five) consecutive years with effect from February 4, 2019 to February 3, 2024 and the appointment shall not be subject to retirement by rotation.”

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

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

“RESOLVED THAT pursuant to Section 148 (3) read with Rule 14 of Companies (Audit and Auditors) Rules, 2014 and all other applicable provisions, if any, of the Companies Act, 2013, the Company hereby ratifies the remuneration of INR 7,00,000 (Rupees Seven Lakhs only) plus GST and re-imbursalment of out-of-pocket expenses payable to M/S. C S Adawadkar & Co., Cost Accountants (Firm Registration No. 100401), who were appointed by the Board of Directors as Cost Auditor of the Company to conduct audit of cost records made and maintained by the Company pertaining to various products covered under cost audit for financial year ending March 31, 2020.”

**NOTES:**

1. Statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts in respect of Special Business under item nos. 4 and 5 is annexed hereto.
2. As required under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) and Secretarial Standard 2 issued by the Institute of Company Secretaries of India, the relevant details of Directors seeking appointment/re-appointment at the AGM are given in the annexure to the AGM notice.

3. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF ON A POLL AND THE PROXY NEED NOT BE A MEMBER.  
Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company carrying voting rights. Members holding more than ten percent of the total Share Capital of the Company carrying voting rights may appoint a single person as proxy, who shall not act as a proxy for any other Member. The instrument appointing proxy as per the format included in the Annual Report should be returned to the registered office of the Company not less than FORTY-EIGHT HOURS before the time for holding the AGM.
4. Corporate members intending to send their authorised representatives to attend the AGM are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the AGM.
5. In case of any queries regarding the Annual Report, Members may write to HAIL.InvestorServices@Honeywell.com. Members desiring any information relating to the financial statements at the meeting are requested to write to us at least ten (10) days before the meeting to enable the Management to keep the information ready and reply at AGM.
6. Only bonafide members of the Company whose names appear on the Register of Members/Proxy holders, in possession of valid attendance slips duly filled and signed will be permitted to attend the meeting. The Company reserves its right to take all steps as may be deemed necessary to restrict non-members from attending the meeting.
7. Non-resident Indian shareholders are requested to inform immediately about the following to the Company or its Share Transfer Agent or the concerned Depository Participant, as the case may be:
  - a. The change in the residential status on return to India for permanent settlement
  - b. The particulars of the NRE Account with a Bank in India, if not furnished earlier.
8. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
9. Members are requested to note that dividends not encashed or remaining unclaimed for a period of 7 (seven) years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 of the Companies Act, 2013, be transferred to the Investor Education and Protection Fund. Members who have not encashed the dividend warrant(s) so far for the financial year ended December 31, 2012 or any subsequent years are requested to make their claim to the Office of the Registrar and Transfer Agents: TSR Darashaw Consultants Pvt. Ltd. (previously TSR Darashaw Ltd.) 6-10 Haji Moosa Patrawala Ind. Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011. It shall be noted that once the dividend is transferred to the Investor Education and Protection Fund as above, no claim shall lie with the Company in respect of such amount. The details of the unclaimed dividend lying in the Unpaid Dividend Account is available on Company's website at the following link: <https://www.honeywell.com/en-us/global/en-in/hail>
10. The record date for determining the names of members eligible for dividend on equity shares, if approved by the members at the AGM, is August 2, 2019.
11. Members holding shares in dematerialised form are requested to update / intimate all changes, if any, pertaining to their bank details such as name of the bank and branch address, bank account number, MICR Code, IFSC Code, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS) mandates, Permanent Account Number (PAN), nominations, power of attorney, change of address, change of name, email address, contact numbers, etc., to their Depository Participant (DP). Members holding shares in physical form are requested to intimate such changes to the Company's Registrar and Transfer Agents, TSR Darashaw Consultants Pvt. Ltd. (previously TSR Darashaw Ltd.).

12. In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time and Regulation 44 of the Listing Regulations, the Company has provided a facility to the Members to exercise their votes electronically through the electronic means. The facility of casting the votes using an electronic voting system from a place other than venue of the AGM (“remote e-voting”) will be provided by National Securities Depository Limited (NSDL). The facility for voting through ballot paper shall also be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again. The instructions for remote e-voting are annexed to the Notice.
13. As per Regulation 40 of the Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialised form. Members can contact the Company or Company’s Registrar and Transfer Agents, TSR Darashaw Consultants Pvt. Ltd. (previously TSR Darashaw Ltd).
14. Pursuant to Section 101 of the Act read with Rule 18 of the Companies (Management and Administration) Rules, 2014, the Annual Report for 2018-19, the Notice of 35<sup>th</sup> AGM and instructions for remote e-voting, along with the attendance slip and proxy form is being sent through electronic mode to all the Members whose email IDs are registered with the Company/Registrar and Transfer Agents/Depository Participants for communication purposes, unless any member has requested for physical copy of the same. For Members who have not registered their email IDs with the Company/Registrar and Transfer Agents/Depository Participants, a physical copy of the Annual Report for 2018-19 is being sent by the permitted mode.  
  
To support the ‘Green Initiative’, members who have not registered their email addresses are requested to register the same with TSR Darashaw Consultants Pvt. Ltd. (previously TSR Darashaw Ltd.)/their respective depository participants. The relevant Consent Form is provided at the end of this Annual Report.
15. The Ministry of Corporate Affairs (MCA) on October 16, 2017 had notified the amendment to Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Second Amendment Rules, 2017 (“the IEPF Rules”) wherein the Company was required to transfer to Investor Education and Protection Fund (IEPF), all the shares whose dividend is lying in the “Unpaid Dividend Account” of the Company as unpaid or unclaimed for a period of seven consecutive years from the date of its transfer to the said Unpaid Dividend Account. The relevant details are given in the Board’s Report which forms a part of this Annual Report.  
  
The Company has uploaded information of Unclaimed Dividends, on the websites of IEPF ([www.iepf.gov.in](http://www.iepf.gov.in)) and on the Company’s website at the following link: <https://www.honeywell.com/en-us/global/en-in/hail>
16. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e., August 2, 2019 only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper. The remote e-voting period commences from Tuesday, August 6, 2019 (9.00 a.m. IST) and ends Thursday, August 8, 2019 (5.00 p.m. IST). The instructions for remote e-voting is detailed out in the Annexure to this AGM Notice.
17. Mr. Jayavant B. Bhave, of M/S. J.B. Bhave & Co., Company Secretaries, has been appointed as the Scrutiniser to scrutinise the voting and remote e-voting process in a fair and transparent manner.
18. The Chairman shall at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of Scrutiniser, by use of ballot paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.



19. The Scrutiniser shall, after the conclusion of voting at the AGM, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than two days of the conclusion of the AGM, a consolidated scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same and declare the result of the voting forthwith.
20. The results declared along with the report of the Scrutiniser shall be placed on the website of the Company at the following link: <https://www.honeywell.com/en-us/global/en-in/hail> and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorised by him in writing. The results shall also be immediately forwarded to the BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.
21. The Annual Report duly circulated to the Members of the Company, is available on the Company's website at the following link: <https://www.honeywell.com/en-us/global/en-in/hail> and also on the website of BSE Limited and National Stock Exchange of India Limited.
22. All documents referred to in the Notice will be available for inspection at the Company's registered office on all working days (except Saturdays and Sundays) between 11.00 a.m. to 1.00 p.m. up to the date of the AGM.
23. At the 31<sup>st</sup> AGM of the Company held on 21<sup>st</sup> July, 2015, the members approved the appointment of M/S. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018) as Statutory Auditors of the Company to hold office for a period of five years from the conclusion of that AGM till the conclusion of the 36<sup>th</sup> AGM, subject to ratification of their appointment by Members at every AGM, if so required under the Act. The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the 35<sup>th</sup> AGM.
24. The Registers under the Company's Act, 2013 will be available for inspection at the registered office of the Company during business hours except on holidays.
25. Members are requested to bring their copy of Annual Report to the AGM.
26. A route map to the venue of the AGM is provided at the end of the Annual Report.

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

**Farah Irani**  
Company Secretary

Pune, May 13, 2019

**Registered Office:**

56 & 57, Hadapsar Industrial Estate,

Pune – 411 013, Maharashtra

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

The Board of Directors of the Company at its meeting held on February 4, 2019 pursuant to the recommendation of the Nomination and Remuneration Committee, appointed Ms. Neera Saggi (DIN: 00501029) as an Additional (Non-Executive Independent) Director of the Company with effect from February 4, 2019, pursuant to Section 161 of the Companies Act, 2013. Ms. Neera Saggi holds office up to the date of this AGM of the Company. The Company has received a notice in writing from a member proposing candidature of Ms. Neera Saggi for the office of a Director in terms of Section 160(1) of the Companies Act, 2013.

The Board of Directors of the Company at its meeting held on February 4, 2019 pursuant to the recommendation of the Nomination and Remuneration Committee and subject to the approval of shareholders at ensuing Annual General Meeting, also appointed Ms. Neera Saggi as an Independent Director of the Company to hold office with effect from February 4, 2019 for a term of 5 (five) consecutive years, not liable to retire by rotation. Ms. Neera Saggi is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

Accordingly, it is proposed to appoint Ms. Neera Saggi as a Director and an Independent Director of the Company for a term of 5 (five) consecutive years with effect from February 4, 2019 to February 3, 2024 pursuant to Section 149, read with Schedule IV of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any amendment thereto or modification thereof. Ms. Neera Saggi will not be liable to retire by rotation. Ms. Neera Saggi will be entitled to coverage under Mediclaim Insurance and Accident Insurance, sitting fees for attending the meetings of the Board and its Committees and remuneration by way of commission pursuant to Sections 197 and 198 of the Companies Act, 2013.

In the opinion of the Board, Ms. Neera Saggi, the Independent Director proposed to be appointed, fulfills the conditions specified in the Companies Act, 2013 and the Rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments made from time to time and Ms. Neera Saggi is independent of the Management.

Disclosure under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2 on General Meetings and the brief profile of Ms. Neera Saggi is provided in the Annexure to this Notice.

The Board recommends passing of the resolution set out at Item No.4 of the Notice by way of an Ordinary Resolution. Except Ms. Neera Saggi, none of the other Directors or Key Managerial personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution.

**Item No. 5:**

Pursuant to Section 148 (3) of the Companies Act, 2013 read with Rule 14 of Companies (Audit and Auditors) Rules, 2014 and all other applicable provisions, if any, of the Companies Act, 2013, members have to ratify the remuneration of Cost Auditor of the Company.

The Company is required to have the audit of its cost records conducted by a cost accountant in practice under Section 148 of the Act, read with the Companies (Cost Records and Audit) Rules, 2014 ("the Rules"). The Board, on the recommendation of the Audit Committee at its meeting held on May 13, 2019, had approved the appointment and remuneration of M/S. C S Adawadkar & Co., Cost Accountants (Firm Registration No. 100401) as the Cost Auditor of the Company to conduct audit of cost records made and maintained by the Company pertaining to various products covered under cost audit for financial year commencing on 1-April-2019 and ending on 31-March-2020 at a remuneration of INR 7,00,000 (Rupees Seven Lakhs only) plus GST and re-imbursment of out-of-pocket expenses.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the members of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 5 of the notice for ratification of the remuneration payable to the Cost Auditor for the financial year ending March 31, 2020.

The Board recommends the Ordinary Resolution set out at Item No. 5 of the notice for approval by the members. None of the Directors or Key Managerial Personnel (KMP) or relatives of Directors and KMPs are concerned or interested, financially or otherwise, in the Resolution.

#### **DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE AGM**

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

<b>Name of the Director</b>	<b>Ms. Nisha Gupta</b>	<b>Ms. Neera Saggi</b>
DIN	02331771	00501029
Date of Birth	March 9, 1969	May 13, 1956
Date of appointment on the Board	April 30, 2014	February 4, 2019
Qualification	B.Sc. from Delhi University, Chartered Accountant	International MBA Degree Programme, International Centre of Public Enterprise, Ljubljana, Slovenia Master Degree in English Literature, Delhi University
Experience & Brief profile and nature of expertise in specific functional areas	As provided below separately	As provided below separately
Directorships held in other companies	Nil	10
Memberships / Chairmanships of committees across all other public companies	Nil	8 / 1
Relationship with other Directors / Manager / Key Managerial Personnel	None	None
Shareholding in the Company	Nil	Nil
No. of Board / Committee Meetings attended during the year	5 (Five) / 9 (Nine)	2 (Two) / Nil

As per Regulation 26 of the Listing Regulations, details of Chairmanship/Membership of the Audit Committee and Stakeholders Relationship Committee are provided. Directorship in foreign companies, membership in governing councils, chambers and other bodies, partnership in firms etc. are not included and directorship in private company is included.

#### **Experience, brief profile and nature of expertise in specific functional areas - Ms. Nisha Gupta**

Ms. Nisha Gupta heads the taxation function for all the business of Honeywell in India.

In this role, Ms. Nisha Gupta is responsible for tax strategy, planning and compliance. Ms. Nisha Gupta works at the intersection of business and functional objectives to ensure tax compliance for all of Honeywell's businesses in the region.

Ms. Nisha Gupta brings to her role, more than 25 years of experience in tax and accounting. Before joining Honeywell, she worked on public accounting in two of the Big Four firms - PwC and KPMG - where she specialised in international and domestic tax issues, with a focus on planning and developing compliance structures with operational efficiencies. Ms. Nisha Gupta has also represented several multinational companies with tax authorities and the judiciary in India.

**Experience, brief profile and nature of expertise in specific functional areas - Ms. Neera Saggi**

Ms. Neera Saggi has rich experience in the public and private sector. She joined the Indian Administrative Service in 1980 and for 28 years she worked in the state of West Bengal, Ministry of Commerce, Ministry of Textile and Ministry of Shipping in Govt. of India. Besides other assignments Ms. Saggi was the Secretary to Governor of West Bengal, District Magistrate, Hooghly in West Bengal, Dy. Chairperson of the Jawaharlal Nehru Port Trust (JNPT) and Development Commissioner of Special Economic Zones. Ms. Saggi was closely associated with evolving the policy framework of the National Special Economic Zones Act, 2005 by the Ministry of Commerce and Industry. She was the Chief Executive Officer of Larsen & Toubro, Seawoods, the largest Transit Oriented Development in India. She was also CMD (for 3 years) of Hindustan Diamond Corporation, a joint venture between De Beers and Govt. of India.

Ms. Neera Saggi has worked in multiple sectors including infrastructure, real estate, EPC, health, SMEs, export promotion, rural administration, ports and commerce. She has worked with different stakeholders including Government, Private, Non profit, Multilateral Agencies, Chamber of Business and Commerce. She was the First Women President elected of the Bombay Chamber of Commerce and Industry in 166 years.

Ms. Neera Saggi is the Chairperson of CARE India, a non profit, on the Board of CARE International, and on the Board of Governors of IIM Amritsar and on the National Managing Committee of the Indian Cancer Society.

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

**Farah Irani**  
Company Secretary

Pune, May 13, 2019

**Registered Office:**

56 & 57, Hadapsar Industrial Estate,

Pune – 411 013, Maharashtra

CIN: L29299PN1984PLC017951

Tel: +91 20 6603 9400; Fax: +91 20 6603 9800

Email: HAIL.InvestorServices@Honeywell.com

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

**INSTRUCTIONS FOR ELECTRONIC VOTING BY MEMBERS**

In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide remote e-voting facility to all its Members to enable them to cast their votes on resolutions proposed to be considered at the AGM by electronic means. The Company has engaged the services of National Securities Depository Limited (NSDL) for this facility.

1. The remote e-voting period commences on Tuesday, August 6, 2019, (9:00 a.m. IST) and ends on Thursday, August 8, 2019. (5:00 p.m. - IST).

During this period members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date of August 2, 2019, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

2. Members whose email IDs are registered with the Company/ Registrar & Transfer Agent/ Depository Participant(s) will receive an email from NSDL informing them of their user ID and password. Once the Member receives the email, he/she will need to go through the following steps to complete the e-voting process:

Step 1 : Login NSDL e-Voting system at <https://www.evoting.nsdl.com>

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

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

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

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

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

4. Your User ID details are given below:

<b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical</b>	<b>Your User ID is:</b>
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****

c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company  For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***
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5. Your password details are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
  - c) How to retrieve your 'initial password'?
    - (i) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a pdf file. Open the pdf file. The password to open the pdf file is your 8 digit Client ID for NSDL account, last 8 digits of Client ID for CDSL account or folio number for shares held in physical form. The pdf file contains your 'User ID' and your 'initial password'.
    - (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.
6. If you are unable to retrieve or have not received the 'Initial password' or have forgotten your password:
  - a) Click on **"Forgot User Details/Password?"** (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) **"Physical User Reset Password?"** (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

**Details on Step 2 is given below:**

**How to cast your vote electronically on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After you click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.

3. Select “EVEN” of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

1. For the votes to be considered valid, Corporates and Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send a scanned copy (PDF/JPG Format) of the relevant Board Resolution/Appropriate Authorisation etc. together with attested specimen signature of the duly authorised signatory(ies) to the Scrutiniser by e-mail to [jbbhave@gmail.com](mailto:jbbhave@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for future communication(s).
4. The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date of August 2, 2019.
5. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

Dear Members,

The Directors present the **THIRTY FIFTH ANNUAL REPORT** with the audited financial statements of the Company for the financial year ended March 31, 2019.

Key highlights of financial performance of your Company for the financial year 2018-19 are provided below:

#### 1. FINANCIAL RESULTS:

(INR in lakhs)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018	Year on Year Change
<b>Sales &amp; Other Income</b>	<b>324,561</b>	<b>273,126</b>	19%
Operating profit	57,426	39,671	45%
Less: Interest	348	28	1143%
Less: Depreciation	1,589	1,520	5%
Profit before tax for the year	55,489	38,123	46%
Less: Income tax and deferred tax expenses	19,605	13,150	49%
<b>Profit after tax for the year</b>	<b>35,884</b>	<b>24,973</b>	44%
Profit brought forward from the previous year	121,143	97,234	25%
<b>Profit available for appropriations</b>	<b>157,027</b>	<b>122,207</b>	28%

Revenue from operations registered a growth of 17.7%, Profit before tax is 17.5% of revenue from operations as compared to 14.1% in previous year. Exports revenue increased over previous year by 21.7%. This growth was achieved despite competitive challenges on pricing.

#### 2. DIVIDEND:

Payment of final dividend @ INR 45/- per equity share of face value of INR 10/- each was recommended by the Board of Directors at their meeting held on May 13, 2019 (Previous Year: INR 32/- per equity share). The dividend, if approved by the Members at the ensuing Annual General Meeting, will result in a total cash pay-out of INR 4,797 lakhs including dividend distribution tax. Your Company is in compliance with its Dividend Distribution Policy as approved by the Board.

#### 3. OPERATIONS:

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

#### 4. INDUSTRY OUTLOOK:

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



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

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

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

**6. HUMAN RESOURCES:**

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

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

As on March 31, 2019, the Company's employee strength was 3,251 as compared to 3,205 (full-time employees) as on March 31, 2018. The women employee represent 15.4% of our workforce. The Company is fully compliant with the prevailing law namely Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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

The Board of Directors at its meeting held on February 4, 2019 appointed Ms. Neera Saggi (Non-Executive, Independent Director) as an Additional Director effective February 4, 2019 and Ms. Saggi will hold office till the forthcoming Annual General Meeting (AGM) of the Company. The Board of Directors at its meeting held on February 4, 2019 also appointed Ms. Neera Saggi, Non-Executive, Independent Director for a term of 5 years effective February 4, 2019 subject to the approval of shareholders at the forthcoming Annual General Meeting. Necessary resolution for appointment of Ms. Neera Saggi as a Director and as an Independent Director for a term of 5 years effective February 4, 2019 has been included in the notice convening the AGM, and the details of the proposal are mentioned in the Annexure to AGM Notice. The Board recommends her appointment.

As per the provisions of the Companies Act, 2013, Ms. Nisha Gupta retires by rotation at the forthcoming AGM, and, being eligible, offers herself for re-appointment. The Board recommends her re-appointment.

Mr. R. Ravichandran, Chief Financial Officer of the Company has resigned effective close of business hours of May 15, 2018 since he has moved to a new role within Honeywell Group Company.

The Board places on record its appreciation of the valuable contribution made by Mr. R. Ravichandran.

Mr. Amit Kumar Tantia was appointed as Chief Financial Officer (KMP) of the Company in the Board Meeting held on May 14, 2018 with effect from May 16, 2018.

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

**8. BOARD MEETINGS:**

During the financial year under review, the Board of Directors of your Company duly met five times on May 14, 2018, August 6, 2018, October 31, 2018, February 4, 2019 and February 5, 2019. The intervening period between two Board meetings was well within the maximum gap of 120 days as prescribed under the provisions of the Companies Act, 2013.

**9. COMMITTEES OF BOARD:**

The Company's Board has the following mandatory committees:

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

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

**10. DECLARATION BY INDEPENDENT DIRECTORS:**

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

**11. BOARD EVALUATION:**

Pursuant to the provisions of the Companies Act, 2013, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual evaluation of its own performance, its Committees, as well as the Directors individually.

The outcome of the Board evaluation was discussed by the Nomination & Remuneration Committee and at the Board Meeting held on February 4, 2019 and improvement areas were discussed.

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

**12. CODE OF CONDUCT COMPLIANCE:**

The declaration signed by the Managing Director affirming compliance with the Code of Conduct by Directors and Senior Management, for the financial year ended March 31, 2019 is given in Report on Corporate Governance, which forms a part of this Annual Report.

**13. CORPORATE SOCIAL RESPONSIBILITY:**

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

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

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the rules framed thereunder, 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 July 21, 2015, subject to ratification of their appointment at every subsequent AGM. A resolution seeking ratification of their appointment till the 36<sup>th</sup> AGM was approved at the Annual General Meeting held on August 6, 2018.

**Statutory Auditors' Report**

There are no qualifications, reservations or adverse remarks made by M/S. Deloitte Haskins & Sells LLP (Firm Registration No. 117366W/W-100018), Statutory Auditors, in their report for the financial year ended March 31, 2019. The Notes on financial statements referred to in the Auditors' Report are self-explanatory.

Pursuant to provisions of section 143 (12) of the Companies Act, 2013, the Statutory Auditors have not reported any incident of fraud to the Audit Committee during the year under review.

**Cost Audit**

In terms of the provisions of Section 148 and other applicable provisions of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, Cost Audit was not applicable to your Company for the financial year 2018-19.

In terms of the provisions of Section 148 and other applicable provisions of the Companies Act, 2013, read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, Cost Audit is applicable to your Company for the financial year 2019-20. The Board of Directors at its meeting held on May 13, 2019 have appointed M/S. C S Adawadkar & Co., as the Cost Auditor for the financial year ending March 31, 2020 at a remuneration of INR 7,00,000/-. The remuneration is placed before the Annual General Meeting for ratification of the members.

The Company has maintained the cost accounts and records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 for the financial year ended March 31, 2019.

**Secretarial Audit**

In terms of the provisions of Section 204 of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company appointed M/S. Bokil Punde & Associates, Practicing Company Secretaries as Secretarial Auditors of the Company for the financial year 2018-19. The report of the Secretarial Auditors is enclosed as "Annexure - 2" to this report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

**15. RELATED PARTY TRANSACTIONS**

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

**16. RISK MANAGEMENT**

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

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

The Company policy on Directors' appointment and remuneration and other matters as provided in Section 178(3) of the Companies Act, 2013 is enclosed herewith as "Annexure - 4".

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

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

**19. INTERNAL FINANCIAL CONTROLS**

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

**20. HOLDING COMPANY**

Pursuant to internal reorganisation within the Honeywell Group, Honeywell Asia Pacific Inc. ("**HAPI**") has merged into HAIL Mauritius Limited ("**HAIL Mauritius**"), resulting in change in the immediate promoter of the Company, and an *inter se* transfer of 6,631,142 equity shares aggregating to 75.00% of the shareholding in the Company, from HAPI to HAIL Mauritius. Honeywell International Inc. continues to be the ultimate holding company.

As on March 31, 2019, the Company is a subsidiary of HAIL Mauritius Limited (as on March 31, 2018 - Honeywell Asia Pacific Inc.), the ultimate holding company continues to be Honeywell International Inc.

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

As required under Section 124 of the Companies Act, 2013, the unclaimed dividend lying with the Company for a period of seven years pertaining to the financial year ended December 31, 2010, amounting to INR 2.95 Lakhs, was transferred during the year 2018, to Investor Education and Protection Fund established by the Central Government.

Pursuant to the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Second Amendment Rules, 2017, for the dividend declared for the financial year ended December 31, 2011, the Company had dispatched the communication individually to the concerned shareholders whose equity share(s) were liable to be transferred to IEPF under the rules for taking appropriate action(s). The Company had also issued public notice in newspapers as required under the IEPF Rules. The Company had uploaded the full details of such shareholders and shares due for transfer to IEPF on its Company's website at the following link: <https://www.honeywell.com/content/dam/honeywell/files/india-hail/unclaimed-dividends/Unclaimed%20shares%20for%20transfer%20to%20IEPF%20as%20on%20February%202019.pdf> The full details of shareholders and shares transferred to IEPF in the years 2017 and 2018 is available on the Company's website at the following link: <https://www.honeywell.com/en-us/global/en-in/hail>.

## 22. PARTICULARS OF EMPLOYEES

A statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in "Annexure 9" forming part of this Report. As per the first proviso to Section 136(1) of the Act, the Annual Report is being sent to the members excluding the aforesaid annexure. The said information is available for inspection at the registered office of the Company during working hours. Any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request.

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

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

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

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

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

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

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

## 25. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

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

## 26. SIGNIFICANT AND MATERIAL ORDERS

There are no significant and material orders during the financial year ended March 31, 2019 passed by the regulators or courts or tribunals impacting the going concern status and Company's operations.

**27. DEPOSITS**

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet in accordance with the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014 and amendments thereto.

**28. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE**

Information required under Section 134 of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014, with respect to conservation of energy, technology absorption and foreign exchange earnings/outgo is included in "Annexure 6".

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

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

**30. EXTRACT OF ANNUAL RETURN**

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies Management and Administration) Rules, 2014, an extract of the annual return in Form No. MGT-9 is annexed herewith as "Annexure 7".

**31. LEGAL COMPLIANCE REPORTING**

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

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

**32. Corporate Governance Report**

Your Company believes in adopting best practices of corporate governance.

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

**33. DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to provisions of Section 134(3)(c) and Section 134(5) of the Companies Act, 2013, your Directors make the following statements:

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2019 and of the profit for the year April 1, 2018 to March 31, 2019;

- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the annual accounts on a going concern basis;
- e) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### 34. COMPLIANCE WITH SECRETARIAL STANDARDS

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

#### 35. DIVIDEND DISTRIBUTION POLICY:

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

#### 36. BUSINESS RESPONSIBILITY REPORT:

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

#### 37. ACKNOWLEDGMENT:

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

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

**Suresh Senapaty**  
Chairman

Pune, May 13, 2019

#### Registered Office:

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

CIN: L29299PN1984PLC017951

Tel: +91 20 6603 9400; Fax: +91 20 6603 9800

Email: HAIL.InvestorServices@Honeywell.com

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

## ANNEXURE - 1

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

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

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

In FY 2018-19, your Company has contributed CSR funds to Honeywell Hometown Solutions India Foundation (HHSIF), to be deployed across multiple programs as below:

1. Safe Kids at Home India program with Safe Kids Foundation India, an educational home safety program for teachers and parents to help prevent and reduce burns and scalds among children in Pune.
2. Honeywell Safe Water Network Initiative with Safe Water Network, has provided safe drinking water access to people in districts of Telangana via safe water stations. Further, the program has been expanded to districts of Maharashtra which will be completed by March 31, 2020.
3. Honeywell Science Experience program with Agastya International Foundation in all ten cities: Bengaluru, Pune, Delhi, Gurugram, Faridabad, Noida, Mysore, Madurai, Chennai and Hyderabad benefitting students and teachers via science centers, mobile labs and student mentors.
4. Honeywell Science Academy with Avasara Leadership Institute providing deep, transformative, residential science education program to disadvantaged girl students in Pune.

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

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

- Ms. Nisha Gupta, Chairperson
- Mr. N. Srinath, Member
- Mr. Ashish Gaikwad, Member

**3. Average net profit of the Company for last three financial years (pursuant to Section 198 of the Companies Act, 2013): INR 30,200 lakhs****4. Prescribed CSR expenditure (2% of the amount as in item 3 above): INR 604 lakhs (being 2% of the amount as in item 3 above). Against this our CSR spending for the financial year 2018-19 was INR 605 lakhs.****5. Details of CSR spent during the financial year (FY) 2018-19****(a) Total amount spent for the financial year:**

During the period under review, your Company has contributed a sum of INR 605 lakhs towards its CSR commitment to Honeywell Hometown Solutions India Foundation (HHSIF). Of this:

- INR 91 lakhs was contributed towards the Honeywell Science Experience programme in partnership with Agastya International Foundation, a not-for-profit organisation, that will deploy these funds over FY 2018-19 and FY 2019-20



- INR 307 lakhs was contributed towards the Honeywell Safe Water Network initiative to be implemented by Safe Water Network, a not-for-profit organisation, over FY 2018-19 and FY 2019-20
- INR 98 lakhs was contributed towards the Honeywell Science Academy, implemented by Avasara Leadership Institute, a not-for-profit organisation over FY 2018-19 and FY 2019-20.
- INR 73 lakhs was contributed towards Safe Kids at Home, implemented by Safe Kids Foundation India, a not-for-profit organisation over FY 2018-19 and FY 2019-20.
- INR 36 lakhs spent towards dedicated administrative expenditure of HHSIF for managing Company's CSR programmes over FY 2018-19

(b) Amount unspent, if any: Nil

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

(1)	CSR project or activity identified	(1)	Honeywell Science Experience with Agastya International Foundation, for setting up science centres, mobile science labs, and student mentors in Bengaluru, Delhi, Gurugram, Pune, Faridabad, Noida, Madurai, Chennai, Mysore and Hyderabad
		(2)	Honeywell Safe Water Network initiative for setting up safe drinking water stations in Telangana and Maharashtra
		(3)	Honeywell Science Academy with Avasara Leadership Institute to provide deep transformative, residential science education programme to disadvantaged girl students in Pune
		(4)	Safe Kids at Home with Safe Kids Foundation India, an educational home safety programme for teachers and parents to help prevent and reduce burns and scalds among children in Pune
(2)	Sector in which the Project is covered	(1)	Special education
		(2)	Safe drinking water
		(3)	Special education
		(4)	Special education
(3)	Projects or programmes (1) Local area or other  (2) Specify the State and district where projects or programmes was undertaken	(1)	Pune, Bengaluru, Madurai, Mysore, Chennai, Hyderabad, Faridabad, Noida, Gurugram, Delhi, multiple districts of Telangana
		(2)	Maharashtra, Karnataka, Tamil Nadu, Telangana, Haryana, Uttar Pradesh, Delhi

(4)	Amount outlay (budget) projects or programmes wise	(1)	Honeywell Science Experience: INR 91 lakhs
		(2)	Honeywell Safe Water Network initiative: INR 307 lakhs
		(3)	Honeywell Science Academy: INR 98 lakhs
		(4)	Safe Kids at Home: INR 73 lakhs
		(5)	Honeywell Hometown Solutions India Foundation: INR 36 lakhs
(5)	Amount spent on the projects or programmes Subheads (1) Direct expenditure on projects or Programme  (2) Overheads		INR 605* lakhs * includes dedicated administrative expenditure incurred by Honeywell Hometown Solutions India Foundation for managing Company's CSR programmes  -
(6)	Cumulative expenditure up to the reporting period		INR 605 lakhs
(7)	Amount spent: Direct or through implementing agency		Honeywell Hometown Solutions India Foundation Address: 5th Floor, Unitech Trade Centre, Sushant Lok Phase I, Block C, Sector 43, Gurugram – 122 002, Haryana, India To receive entire grant and implement CSR activities through NGO partners: (1) Agastya International Foundation No. 101, Varsav Plaza, 12, Jayamahar Main Road, Bengaluru – 560 046, India (2) Safe Water Network Address: The Centrum, Room 1, TB-3, III Floor, 369-370 Main Mehrauli-Gurugram Road, Sultanpur, New Delhi – 110 030, India (3) Avasara Leadership Institute Address: 19, Goodwill Co-op Housing Society, ITI Road, Aundh, Pune – 411 007, India (4) Safe Kids at Home Address: 5th Floor, Vasant Vilas, 31, Dr. D.D. Sathe Marg, Mumbai – 400 004, 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.

**Ashish Gaikwad**  
Managing Director

**Nisha Gupta**  
Chairperson, CSR Committee

Pune, May 13, 2019

## ANNEXURE - 2

## Form No. MR-3

## Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED ON 31<sup>st</sup> MARCH, 2019

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

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

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

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2019 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31<sup>st</sup> March 2019, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, as applicable to the Company.
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (Not Applicable to the Company during the audit period)
  - d. The Securities and Exchange Board of India (Share based employees benefits) Regulations, 2014; (Not Applicable to the Company during the audit period)
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable to the Company during the audit period)

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

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

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

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

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

We further report that:

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

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

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

We further report that as represented by the Company and relied upon by us there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

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

**CS Bhavana Rokade**  
Partner

M. N. 21950 | C.P. No. 20300

Date : May 13, 2019

Place : Pune

## ANNEXURE - 3

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

## For the Financial Year Ended March 31, 2019

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

This Form pertains to disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to Section 188(1) of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

- Details of contracts or arrangements or transactions not at arm's length basis:** There were no contracts or arrangements of transactions entered into during the financial year ended March 31, 2019, which were not on arm's length basis.
- Details of material contracts or arrangement or transactions at arm's length basis:**

Name of the related party	Nature of relationship	Nature of contract / arrangement / transaction	Duration of contract / arrangement / transaction	Salient terms	Amount (INR in Lakhs)
Honeywell International Inc.	Ultimate Holding company	Sale, purchase or supply of any goods or materials	Ongoing	In the ordinary course of business and based on purchase orders / agreements	8,351
		Sale of engineering services, purchase of services	Ongoing		33,400
		Sale or purchase of fixed assets	Ongoing		3
Honeywell Measurex (Ireland) Ltd.	Fellow Subsidiary	Sale, purchase or supply of any goods or materials	Ongoing	In the ordinary course of business and based on purchase orders / agreements	23,512
		Sale of engineering services, purchase of services	Ongoing		-
		Sale or purchase of fixed assets	Ongoing		4
Honeywell Turki-Arabia Limited	Fellow Subsidiary	Sale, purchase or supply of any goods or materials	Ongoing	In the ordinary course of business and based on purchase orders / agreements	3,044
		Sale of engineering services, purchase of services	Ongoing		12,276
		Sale or purchase of fixed assets	Ongoing		-

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

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

Suresh Senapaty  
Chairman

Pune, May 13, 2019

## ANNEXURE - 4

## Nomination and Remuneration Policy

## CHARTER FOR NOMINATION AND REMUNERATION COMMITTEE\*

**A. OBJECTIVES:**

The Nomination and Remuneration Committee ("Committee") Policy shall be in compliance with Section 178 of the Companies Act, 2013 read with the applicable Rules thereto and applicable Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time. The key objectives of the Policy would be to:

- a. Assess necessary and desirable competencies of Board members.
- b. Determine the composition of the Board of Directors and the sub-committees of the Board and address issues of Board diversity.
- c. Formulate criteria for evaluation of Independent Directors and the Board.
- d. Ensure that appropriate procedures are in place to assess Board membership needs and Board effectiveness.
- e. Assist the Board's overall responsibility relating to executive compensation and recommend to the Board appropriate compensation packages for Whole-time Directors and Senior Management personnel in such a manner so as to attract and retain the best available personnel for position of substantial responsibility with the Company.
- f. Being responsible overall, of approving and evaluating the compensation plans, policies and programmes for Whole-time Directors, Key Managerial Personnel and Senior Management.
- g. The Committee shall also make sure that the Company's compensation packages, Human Resource practices and programmes are competitive and effective in motivating highly qualified personnel and establish a suitable relationship between compensation and performance.
- h. Review Board succession plans.
- i. Evaluate the Board's performance.
- j. To make recommendations to the Board on the appointment and removal of Key Managerial Personnel and Senior Management.

**B. CONSTITUTION:**

The Company shall constitute the committee through the Board. The committee will be appointed by the Board and will serve at its discretion. The committee shall consist of minimum three non-executive Directors and at least half of them shall be Independent Directors.

The Board shall designate a member of the committee as the chairperson, provided that such chairperson shall be an independent director. The chairperson of the Company (whether executive or non-executive) shall not chair the committee, but can be a member of the committee. The chairperson of the committee, or in his/ her absence, any other member of the committee authorised by the chairperson of the committee, shall attend general meetings of the Company.

\* Amended at the Nomination and Remuneration Committee and Board meeting held on February 4, 2019.

**C. MEANING OF TERMS USED:**

- i. "Act" refers to the Companies Act, 2013 including the rules, schedules, clarifications, and guidelines issued by the Ministry of Corporate Affairs from time to time.
- ii. "Board" refers to the Board of Directors of Honeywell Automation India Limited
- iii. "Company" refers to Honeywell Automation India Limited (HAIL)
- iv. "Key Managerial Personnel" refers to
  - a. Managing Director or;
  - b. Chief Executive Officer or Manager and in their absence Whole-time Director;
  - c. Chief Financial Officer;
  - d. Company Secretary
- v. "Senior Management" shall mean officers/personnel of the Company who are members of its core management team excluding Board of Directors and normally this shall comprise all members of management one level below the Chief Executive Officer/Managing Director/Whole Time Director/Manager (including Chief Executive Officer/Manager, in case they are not part of the Board) and shall specifically include Company Secretary and Chief Financial Officer.

**D. ROLES AND RESPONSIBILITIES OF THE COMMITTEE:**

The roles and responsibilities of the Committee shall be to perform duties listed below and it will have the authority to undertake other specific duties as the Board prescribes from time to time. Key responsibilities include:

**1. Role played with respect to Nominations:**

- a. Evaluating the selection process of the prospective Board members and making recommendation of the proposed nominees for election to the Board of Directors including to fill vacancies on the Board occurring between annual general meetings of the shareholders.
- b. Conducting searches for prospective board members whose skills and attributes reflect the requirements those desired.
- c. Formulating the desired/ preferred board skills, attributes and qualifications for selecting new directors and to review these skill-sets with the Board periodically.
- d. Evaluating and making recommendations to the Board regarding director retirements and directors' offer to resign due to changes in circumstances, in accordance with the Company's bylaws and Corporate Governance Guidelines of the Company.
- e. Evaluating and recommending termination of membership of individual directors in accordance with the Board's corporate governance guidelines, for cause or for other appropriate reasons.
- f. Developing and overseeing the execution of a formal Board member capacity building programme, including such elements as orientation of new members, and continuing education and training, and a mentoring programme with senior Board members.
- g. Annually presenting to the Board a list of individuals recommended for nomination for election to the Board at the annual general meeting of shareholders.
- h. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees.

- i. Recommend to Board for its approval related to changes in positions of KMPs and other Senior Management (personnel who are members of core management team comprising all members of management one level below the executive directors, including the functional heads).
- j. Appointment criteria and qualifications:
  - i. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, Key Managerial Personnel or at Senior Management level and recommend to the Board his/ her appointment.
  - ii. The candidate shall possess adequate qualification, expertise and experience for the position he/ she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient/ satisfactory for the concerned position.
  - iii. The appointment of any Director/ Key Managerial Personnel/ Senior Management shall also be governed by the prevailing policies of the Company.
- k. The Committee may periodically consider reviewing the composition of the Board based on age, gender, experience, knowledge, skills and independence.
- l. Assess extension or continuation of term of independent directors based on report of performance evaluation.
- m. To develop, subject to approval by the Board, a process for an annual self-evaluation of the performance of the Board, the individual directors and board committees in the governance of the Company and to coordinate and oversee this annual self-evaluation.
- n. To carry out evaluation of every director's performance and support the Board and independent directors in evaluation of the performance of the Board, its Committees, and Individual Directors.

This shall include "formulation of criteria and attributes for evaluation of performance of Independent Directors, the Board of Directors and its committees".
- o. Evaluation of Individual Directors shall be based on criteria such as participation and contribution in Board and Committee meetings, representative of shareholder interest and enhancing shareholder value, experience and expertise to provide feedback and guidance to top management on business strategy, governance and risk, understanding of the organisation's strategy, risk and environment etc.
- p. Evaluation of the Board shall be based on criteria such as composition and role of the Board, Board communication and relationships, functioning of Board Committees, review of performance and compensation to Executive Directors, succession planning, strategic planning etc.
- q. In consultation with the MD, to review the performance of all the executive directors on the basis of detailed performance parameters set for each of the executive directors at the beginning of the year. The committee may, from time-to-time, also evaluate the usefulness of such performance parameters, and make necessary amendments.
- r. To review performance appraisals of the Managing Director and Executive Director, Chief Financial Officer, Company Secretary and Internal Auditor.
- s. Review and reassess the Nomination and Remuneration Committee Policy and provide appropriate recommendations to the Board to update the policy based on changes made due to regulatory amendments or internal mandates from time to time.
- t. Oversee familiarisation programme for Directors.



- u. To maintain regular contact with the leadership of the Company, review of data from the employee survey and regular review of the results of the annual leadership evaluation process etc.
- v. The Committee shall work with Chairman to plan for MD/ Whole-time directors/ Key Managerial Personnel/ Senior Management succession including plans for interim succession in the event of an unexpected occurrence and submit an annual report to the Board to nominate potential successors to MD/ Whole-time directors/ Key Managerial Personnel/ Senior Management personnel.
- w. To devise a policy on Board diversity.
- x. The Committee shall disclose the criteria for performance evaluation, as laid down by the Nomination and Remuneration Committee in Company's Annual Report.
- y. The Committee shall perform any other activities in line with this Charter.
- z. Company's bylaws, Nomination and Remuneration Committee including activities and as may be required to be undertaken in terms of any statutory or regulatory requirements. The Chairman of the Nomination and Remuneration Committee could be present at the Annual General Meeting, to answer the shareholders' queries. However, the Chairman of the Company can decide who should answer the queries.

## **2. Role Played with respect to Remuneration:**

- i. Assisting the Board in Reviewing and approving corporate goals and objectives.
- ii. Evaluate the Whole-time Director performance in the light of these established goals and objectives.
- iii. Recommending to the Board for approval of the Whole-time Director's annual compensation level, Key Managerial Personnel and Senior Management including grant of HAIL stock options.
- iv. Discharging the Board's responsibilities relating to compensation payable to the Whole-time Directors including payment of:
  - a) annual base salary
  - b) annual bonus
  - c) Employment agreements, severance agreements and change in control agreements, and
  - d) any other benefits, compensation or arrangements

## **3. Remuneration Policy of the Company:**

Remuneration policy in the company is designed to create a high-performance culture. It enables the Company to attract, retain and motivate employees towards achievement of business results. Our Company promotes and rewards achievement of goals and behavior described by the 8 Honeywell Behaviors and 5 Honeywell Priorities.

While determining the remuneration/ compensation/ benefits etc. to the Managing Director, Executive Directors, Key Managerial Personnel and Senior Management Personnel, the Committee will keep in mind following criteria:

- i. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;
- ii. That the remuneration is aligned with market when compared to relevant industry;
- iii. Balance with fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;

- iv. That the remuneration is appropriate for the Company as it exists today but anticipates future business needs; philosophically consistent around Honeywell's global policies but locally and culturally appropriate; understandable and valuable to the talent the Company wishes to attract, motivate, engage and retain; selected positions may be paid higher remuneration than market aligned industry; and higher remuneration/ retention plan may be considered for the purpose of retention of talent.

Our pay models are compliant with local regulations. The Company pays remuneration by way of salary, benefits, perquisites, allowances and variable incentives to its Managing Director and the Executive Directors. The Managing Director/ Executive Directors/ Key Managerial Personnel/ Senior Management Personnel may also be eligible for long-term incentives granted by the parent company, Honeywell International Inc., in the form of stock options, Restricted Stock Units, Performance Plan and in line with Honeywell International Inc. policies/ rules from time to time. Annual increments are reviewed by the Nomination and Remuneration Committee within the compensation scales approved by the members of the Company. NRC reviews and approves the commission/ incentive plan to be paid to the Managing Director and the Executive Directors out of the profits for the financial year and within the limits prescribed under the Act based on the performance of the Company as well as the individuals. The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending the meetings.

**4. Other Responsibilities:**

- a. To review and reassess the adequacy of the committee's charter as required and recommend changes to the Board for approval.
- b. The Committee shall disclose the policy and criteria of remuneration as part of Board's Report in Company's Annual Report.
- c. Review and recommend to the Board, all remuneration, in whatever form, payable to the Managing and Executive Director, Key Managerial Personnel and Senior Management Personnel.
- d. Advise the Board on payment of quarterly/annual commission to the Independent Non-Executive Directors.
- e. Advise the Board on revision in sitting fees.
- f. Remuneration payable to Directors in any other capacity, if any (e.g., for services rendered in professional capacity).

**5. Relating to Long Term Incentive Compensation Plan and Equity based plan of Honeywell Automation India Limited (if any) subject to Honeywell Inc. policy around HAIL LTI & Equity based plan:**

Acting as Administrator (as defined therein) of the Honeywell Automation India Limited (HAIL) Stock Option Plans/ HAIL Restricted Stock Unit Plans (if any) subject to Honeywell Inc. policy around HAIL LTI & Equity based plan drawn up from time to time and administering, within the authority delegated by the Board of Directors and within the terms and conditions of the said Plans. In its administration of the plans, this Committee may, pursuant to authority delegated by the Board of Directors;

- i. Determine, approve and ratify grant of HAIL stock options or HAIL stock purchase rights to individuals eligible for such grants under the plans and applicable law and
- ii. Approve and amend terms of HAIL Stock Option Plans/ HAIL Restricted Stock Units as it deems appropriate including amendments and changes in the number of shares reserved for issuance thereunder.

**6. Using a search or consulting firm:**

The Committee shall have the authority to use a Company approved search firm engaged to assist in identifying potential candidates for the position of directors, and to use outside Company counsel and any other advisors as the Committee may deem fit in its sole discretion.

**E. COMMITTEE MEETINGS AND MINUTES:**

- i. The Committee will meet at least two times in a year at such times and places as it deems necessary to fulfill its responsibilities. Additional meetings may happen as the Committee deems it appropriate and advisable.
- ii. The Committee is governed by the same rules regarding meetings (including meetings in person or by telephone or other similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board.
- iii. The Committee shall make regular reports to the Board regarding its actions and make recommendations to the Board as appropriate.
- iv. The Committee shall prepare such reports as may be required by any law, rule or regulation to which the Company is subject.
- v. The Committee may invite such members of management to its meetings, as it deems appropriate. However, the Committee shall meet regularly without such members present, and the MD and any other such officers shall not be present at meetings at which their compensation or performance is discussed or determined.
- vi. The Committee shall report to the Board at its next Board meeting, which will be incorporated as a part of the minutes of the Board of Directors meeting.
- vii. The Company Secretary will maintain minutes of its meetings, which will be submitted to the Board for noting.

**F. CIRCULAR RESOLUTION:**

The decisions to be taken by the Committee members may be taken by way of a circular resolution wherever it is not possible to have a physical meeting of the Committee members.

**G. COMPENSATION OF MEMBERS OF THE COMMITTEE:**

Members shall receive such fees, if any, for their services as committee members as may be determined by the Board.

## ANNEXURE - 5

## Statement of Disclosure of Remuneration

Information as required under the provisions of Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

## (a) Remuneration disclosures for Executive Directors and Key Managerial Personnel (KMP) for the financial year ended March 31, 2019

Name	Designation	Ratio of remuneration to median remuneration of employees <sup>(1)</sup>	Percentage increase in remuneration <sup>(2)</sup>	Remuneration as a % of net profit for 2018-19
Mr. Ashish Gaikwad	Managing Director	18:1	7.0%	0.9%
Mr. Amit Tantia (w.e.f. May 16, 2018)	Chief Financial Officer	9:1	- <sup>(3)</sup>	0.2%
Ms. Farah Irani	Company Secretary	2:1	9.4%	0.1%

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

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

<sup>(3)</sup> The percentage increase in remuneration is not mentioned for Mr. Amit Tantia as he was appointed as the Chief Financial Officer during the financial year under review.

Note:

During the financial year under review, Mr. R. Ravichandran was the Chief Financial Officer only for a short duration i.e., from April 1, 2018 to May 15, 2018 and hence the comparable figures in the above table (a) is not provided.

## (b) Remuneration disclosures for Independent Directors for the financial year ended March 31, 2019

(INR In lakhs)

Name	Designation	Sitting Fees	Commission	Total Remuneration
Mr. Suresh Senapaty	Chairman & Independent Director	6.20	22.00	28.20
Mr. N. Srinath	Independent Director	7.40	20.00	27.40
Ms. Neera Saggi (w.e.f. February 4, 2019)	Independent Director	1.20	3.50	4.70

## (c) Other details:

- Independent Directors of the Company are entitled for sitting fees and commission as per the statutory provisions and within the limits approved by the Shareholders. As a policy, the Non-Executive Non-Independent Directors are neither paid sitting fee nor paid any commission.
- There were 3,251 permanent employees on the rolls of Company as on March 31, 2019.
- There was an increase of 7% in the median remuneration of employees, which was in line with the performance of the Company.
- The revenue growth during 2018-19 over 2017-18 was 17.7% and profit before tax grew by 46%.
- Average percentage increase in salaries of employees other than KMPs was 10.5%. The average increase in the remuneration of KMPs was 7.2%.
- The variable remuneration availed by the Executive Directors is determined on the following parameters:
  - Annual Operating Plan (AOP) with focus on Key Result Areas (KRAs)/ Measurable Key Performance Indicators (KPIs) and implementation of the strategy of the Company and financial performance.
- During the financial year 2018-19, no employee received remuneration in excess of the highest paid Director.
- The remuneration paid is as per the remuneration policy of the Company.

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

Suresh Senapaty  
Chairman

Pune, May 13, 2019

## ANNEXURE - 6

## Conservation of Energy, Technology Absorption and Foreign Exchange

**A) CONSERVATION OF ENERGY:**

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

1. Introduced latest VRV (Variable Refrigerant Technology) for Hadapsar office. Complete BMS upgradation and Automation of HVAC system to improve operational efficiency.
2. Ductable DX (Direct Expansion) Units introduced with zoning for Hadapsar office.

**B) TECHNOLOGY ABSORPTION:**

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

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

	(INR in lakhs)
(i) Foreign exchange earned	146,148
(ii) Foreign exchange used	108,137

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

**Suresh Senapaty**  
Chairman

Pune, May 13, 2019

## ANNEXURE - 7

## FORM NO. MGT 9

## EXTRACT OF ANNUAL RETURN

As on financial year ended on March 31, 2019

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company  
(Management & Administration) Rules, 2014.

## I. REGISTRATION &amp; OTHER DETAILS:

1	CIN	L29299PN1984PLC017951
2	Registration date	January 13, 1984
3	Name of the company	Honeywell Automation India Limited
4	Category/sub-category of the company	Public Company Limited by shares Non Government Company
5	Address of the registered office and contact details	56 & 57, Hadapsar Industrial Estate, Pune – 411013 Tel No.: +91 20 6603 9400 Fax: +91 20 6603 9800
6	Whether listed company	Yes
7	Name, address & contact details of the registrar and transfer agent, if any.	TSR Darashaw Consultants Pvt. Ltd. (previously TSR Darashaw Ltd.) 6-10 Haji Moosa Patrawala Industrial Estate 20 Dr. E. Moses Road, Mahalaxmi, Mumbai – 400011 Ph: +91-22-6656 8484   Fax: +91-22-6656 8494 Email: csg-unit@tsrdarashaw.com Website: www.tsrdarashaw.com

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and description of main products / services	NIC code of the product/service	% of total turnover of the company
1	Manufacture of electronic systems and components	26	57
2	Repair and maintenance	33	29
3	Trading of machinery, equipment and supplies	46	13

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

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

\*As on March 31, 2019.

**(iv) SHARE HOLDING PATTERN**

(Equity share capital breakup as percentage of total equity)

**(i) Category-wise Share Holding**

	Category of shareholders	No. of Shares held at the beginning of the year i.e 01.04.2018				No. of Shares held at the end of the year i.e. 30.03.2019				% Change during the year
		Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
(A)	Promoters									
(1)	Indian									
(a)	Individuals / Hindu Undivided Family	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Central Government / State Governments(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total (A) (1)	0	0	0	0.00	0	0	0	0.00	0.00
(2)	Foreign									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	6,631,142	0	6,631,142	75.00	6,631,142	0	6,631,142	75.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total (A) (2)	6,631,142	0	6,631,142	75.00	6,631,142	0	6,631,142	75.00	0.00
	Total Shareholding of Promoter and Promoter Group (A)	6,631,142	0	6,631,142	75.00	6,631,142	0	6,631,142	75.00	0.00
(B)	Public Shareholding									
(1)	Institutions									
(a)	Mutual Funds / UTI	1,331,399	100	1,331,499	15.06	1,315,691	100	1,315,791	14.88	-0.18
(b)	Financial Institutions / Banks	961	0	961	0.01	1,450	0	1,450	0.02	0.01
(c)	Central Government / State Governments(s)	285	0	285	0.00	285	0	285	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors -Mauritius Base	0	0	0	0.00	1,893	0	1,893	0.02	0.02
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Foreign Portfolio Investors (Corporate)	31,380	0	31,380	0.35	41,420	0	41,420	0.47	0.11
(j)	Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total (B) (1)	1,364,025	100	1,364,125	15.43	1,360,739	100	1,360,839	15.39	-0.04
(2)	Non-Institutions									
(a)	Bodies Corporate	70,676	385	71,061	0.80	70,536	385	70,921	0.80	0.00
(b)	Individuals -									
i	Individual shareholders holding nominal share capital upto INR 1 lakh	616,557	89,298	705,855	7.98	634,702	72,539	707,241	8.00	0.02
ii	Individual shareholders holding nominal share capital in excess of INR 1 lakh	56,749	0	56,749	0.64	56,749	0	56,749	0.64	0.00
(c)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Any Other									
(i)	Trust	899	0	899	0.01	885	0	885	0.01	0.00
(ii)	Directors & their relatives	0	200	200	0.00	0	200	200	0.00	0.00
(iii)	IEPF	11,482	0	11,482	0.13	12,704	0	12,704	0.14	0.01
(iv)	NBFC	10	0	10	0.00	161	0	161	0.00	0.00
(v)	ALTERNATE INVESTMENT FUND	0	0	0	0	681	0	681	0.01	0.01
	Sub-Total (B) (2)	756,373	89,883	846,256	9.57	776,418	73,124	849,542	9.61	0.04
	Total Public Shareholding (B) = (B)(1)+(B)(2)	2,120,398	89,983	2,210,381	25.00	2,137,157	73,224	2,210,381	25.00	0.00
	TOTAL (A)+(B)	8,751,540	89,983	8,841,523	100.00	8,768,299	73,224	8,841,523	100.00	0.00

Category of shareholders	No. of Shares held at the beginning of the year .i.e 01.04.2018				No. of Shares held at the end of the year i.e. 30.03.2019				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
(C) Shares held by Custodians and against which Depository Receipts have been issued									
(1) Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	0.00
(2) Public	0	0	0	0.00	0	0	0	0.00	0.00
GRAND TOTAL (A)+(B)+(C)	8,751,540	89,983	8,841,523	100.00	8,768,299	73,224	8,841,523	100.00	0.00

**(ii) Shareholding of Promoter**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year April 1, 2018			Shareholding at the end of the year March 31, 2019			% 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	Honeywell Asia Pacific Inc	6,631,142	75.00	-	-	-	-	(75.00)
2	HAIL Mauritius Limited	-	-	-	6,631,142	75.00	-	75.00

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

Pursuant to internal reorganisation within the Honeywell Group, Honeywell Asia Pacific Inc. ("HAPI") has merged into HAIL Mauritius Limited ("HAIL Mauritius"), resulting in change in the immediate promoter of the Company, and an *inter se* transfer of 6,631,142 equity shares aggregation to 75.00% of the shareholding in the Company, from HAPI to HAIL Mauritius. Honeywell International Inc. continues to be the ultimate holding company.

**(IV) Shareholding Pattern of top ten Shareholders**

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

Sl. No	Name of the Share Holder	Shareholding at the beginning of the year as on 01.04.2018		Date	Reason	Purchase of Shares/ Sale of Shares in Shareholding		Cumulative Shares during the year	
		No of Shares	% of total Shares of the Company			No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
1	Reliance Capital Trustee Company Limited A/C Reliance Growth Fund	693,750	7.85			-	-	693,750	7.85
				31-Mar-18	Purchase of shares	131	0.00	693,881	7.85
				06-Apr-18	Sale of share	-1426	-0.02	692,455	7.83
				20-Apr-18	Sale of share	-2246	-0.03	690,209	7.81
				27-Apr-18	Sale of share	-2754	-0.03	687,455	7.78
				04-May-18	Purchase of shares	5000	0.06	692,455	7.83
				04-May-18	Sale of share	-28532	-0.32	663,923	7.51
				29-Jun-18	Purchase of shares	24000	0.27	687,923	7.78
				29-Jun-18	Sale of share	-49616	-0.56	638,307	7.22
				06-Jul-18	Purchase of shares	53400	0.60	691,707	7.82
				06-Jul-18	Sale of share	-989	-0.01	690,718	7.81
				13-Jul-18	Sale of share	-7391	-0.08	683,327	7.73
				27-Jul-18	Sale of share	-3503	-0.04	679,824	7.69



Sl. No	Name of the Share Holder	Shareholding at the beginning of the year as on 01.04.2018		Date	Reason	Purchase of Shares/ Sale of Shares in Shareholding		Cumulative Shares during the year	
		No of Shares	% of total Shares of the Company			No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
				10-Aug-18	Sale of share	-15000	-0.17	664,824	7.52
				17-Aug-18	Sale of share	-122	0.00	664,702	7.52
				07-Aug-18	Sale of share	-1611	-0.02	663,091	7.50
				14-Sep-18	Sale of share	-10	0.00	663,081	7.50
				21-Sep-18	Sale of share	-650	-0.01	662,431	7.49
				19-Oct-18	Sale of share	-3282	-0.04	659,149	7.46
				26-Oct-18	Sale of share	-5000	-0.06	654,149	7.40
				21-Dec-18	Purchase of shares	36	0.00	654,185	7.40
				01-Feb-19	Sale of share	-5850	-0.07	648,335	7.33
				08-Feb-19	Purchase of shares	1	0.00	648,336	7.33
				08-Feb-19	Sale of share	-328	0.00	648,008	7.33
				01-Mar-19	Purchase of shares	1	0.00	648,009	7.33
				01-Mar-19	Sale of share	-7461	-0.08	640,548	7.24
				08-Mar-19	Purchase of shares	139	0.00	640,687	7.25
				08-Mar-19	Purchase of shares	33	0.00	640,720	7.25
				15-Mar-19	Purchase of shares	10	0.00	640,730	7.25
				22-Mar-19	Purchase of shares	2	0.00	640,732	7.25
				<b>31-Mar-2019</b>	<b>At the end of year</b>	<b>-</b>	<b>-</b>	<b>640,732</b>	<b>7.25</b>
2	Aditya Birla Sun Life Trustee Private Limited A/C	443,866	5.02			-	-	<b>443,866</b>	<b>5.02</b>
				13-Apr-2018	Purchase of shares	2142	0.02	446,008	5.04
				13-Apr-2018	Sale of share	-1944	-0.02	444,064	5.02
				20-Apr-2018	Purchase of shares	948	-0.02	445,012	5.03
				27-Apr-2018	Purchase of shares	180	0.01	445,192	5.04
				11-May-2018	Purchase of shares	1020	0.00	446,212	5.05
				18-May-2018	Purchase of shares	1172	0.01	447,384	5.06
				25-May-2018	Purchase of shares	1565	0.01	448,949	5.08
				25-May-2018	Sale of share	-978	0.02	447,971	5.07
				01-Jun-2018	Purchase of shares	990	-0.01	448,961	5.08
				08-Jun-2018	Purchase of shares	8148	0.01	457,109	5.17
				08-Jun-2018	Sale of share	-6438	0.09	450,671	5.10
				15-Jun-2018	Purchase of shares	2048	-0.07	452,719	5.12
				22-Jun-2018	Purchase of shares	1818	0.02	454,537	5.14
				29-Jun-2018	Purchase of shares	1350	0.02	455,887	5.16
				06-Jul-2018	Purchase of shares	1620	0.02	457,507	5.17
				13-Jul-2018	Purchase of shares	1350	0.02	458,857	5.19
				20-Jul-2018	Purchase of shares	1225	0.02	460,082	5.20
				27-Jul-2018	Purchase of shares	53	0.01	460,135	5.20
				17-Aug-2018	Purchase of shares	21603	0.00	481,738	5.45
				17-Aug-2018	Sale of share	-21600	0.24	460,138	5.20
				14-Sep-2018	Purchase of shares	1440	-0.24	461,578	5.22
				14-Sep-2018	Sale of share	-1389	0.02	460,189	5.20
				05-Oct-2018	Purchase of shares	180	-0.02	460,369	5.21
				26-Oct-2018	Sale of share	-1250	0.00	459,119	5.19
				02-Nov-2018	Purchase of shares	1430	-0.01	460,549	5.21
				09-Nov-2018	Purchase of shares	333	0.02	460,882	5.21

Sl. No	Name of the Share Holder	Shareholding at the beginning of the year as on 01.04.2018		Date	Reason	Purchase of Shares/ Sale of Shares in Shareholding		Cumulative Shares during the year	
		No of Shares	% of total Shares of the Company			No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
				30-Nov-2018	Purchase of shares	911	0.00	461,793	5.22
				30-Nov-2018	Sale of share	-910	0.01	460,883	5.21
				21-Dec-2018	Purchase of shares	6318	-0.01	467,201	5.28
				21-Dec-2018	Sale of share	-6318	0.07	460,883	5.21
				04-Jan-2019	Purchase of shares	549	-0.07	461,432	5.22
				11-Jan-2019	Purchase of shares	768	0.01	462,200	5.23
				11-Jan-2019	Sale of share	-450	0.01	461,750	5.22
				18-Jan-2019	Purchase of shares	1089	-0.01	462,839	5.23
				25-Jan-2019	Purchase of shares	1224	0.01	464,063	5.25
				01-Feb-2019	Purchase of shares	893	0.01	464,956	5.26
				08-Feb-2019	Purchase of shares	1225	0.01	466,181	5.27
				15-Feb-2019	Purchase of shares	3109	0.01	469,290	5.31
				15-Feb-2019	Sale of share	-2384	0.04	466,906	5.28
				22-Feb-2019	Purchase of shares	858	-0.03	467,764	5.29
				01-Mar-2019	Purchase of shares	1060	0.01	468,824	5.30
				08-Mar-2019	Purchase of shares	360	0.01	469,184	5.31
				15-Mar-2019	Purchase of shares	1658	0.00	470,842	5.33
				15-Mar-2019	Sale of share	-359	0.02	470,483	5.32
				22-Mar-2019	Purchase of shares	1224	0.00	471,707	5.34
				29-Mar-2019	Purchase of shares	3836	0.01	475,543	5.38
				29-Mar-2019	Sale of share	-980	0.04	474,563	5.37
				<b>31-Mar-2019</b>	<b>At the end of the year</b>		-	<b>474,563</b>	<b>5.37</b>
3	Sundaram Mutual Fund A/C	129,656	1.47				-	<b>129,656</b>	<b>1.47</b>
				25-May-2018	Sale of share	-88	0.00	129,568	1.47
				01-Jun-2018	Sale of share	-1838	0.00	127,730	1.44
				08-Jun-2018	Sale of share	-568	-0.02	127,162	1.44
				15-Jun-2018	Sale of share	-2792	-0.01	124,370	1.41
				22-Jun-2018	Sale of share	-524	-0.03	123,846	1.40
				29-Jun-2018	Sale of share	-714	-0.01	123,132	1.39
				06-Jul-2018	Sale of share	-1347	-0.01	121,785	1.38
				13-Jul-2018	Sale of share	-1291	-0.02	120,494	1.36
				20-Jul-2018	Sale of share	-1074	-0.01	119,420	1.35
				27-Jul-2018	Sale of share	-1195	-0.01	118,225	1.34
				30-Jul-2018	Sale of share	-49	-0.01	118,176	1.34
				24-Aug-2018	Sale of share	-536	0.00	117,640	1.33
				14-Sep-2018	Sale of share	-65	-0.01	117,575	1.33
				21-Sep-2018	Sale of share	-473	0.00	117,102	1.32
				28-Sep-2018	Sale of share	-204	-0.01	116,898	1.32
				02-Nov-2018	Sale of share	-91	0.00	116,807	1.32
				09-Nov-2018	Sale of share	-764	0.00	116,043	1.31
				16-Nov-2018	Sale of share	-145	-0.01	115,898	1.31
				31-Dec-2018	Sale of share	-69	0.00	115,829	1.31
				04-Jan-2019	Sale of share	-308	0.00	115,521	1.31
				11-Jan-2019	Sale of share	-1169	0.00	114,352	1.29
				18-Jan-2019	Sale of share	-2126	-0.01	112,226	1.27
				15-Feb-2019	Sale of share	-426	-0.02	111,800	1.26
				22-Feb-2019	Sale of share	-811	0.00	110,989	1.26
				01-Mar-2019	Sale of share	-1723	-0.01	109,266	1.24

Sl. No	Name of the Share Holder	Shareholding at the beginning of the year as on 01.04.2018		Date	Reason	Purchase of Shares/ Sale of Shares in Shareholding		Cumulative Shares during the year	
		No of Shares	% of total Shares of the Company			No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
				08-Mar-2019	Sale of share	-1470	-0.02	107,796	1.22
				15-Mar-2019	Sale of share	-2707	-0.02	105,089	1.19
				22-Mar-2019	Sale of share	-1349	-0.03	103,740	1.17
				29-Mar-2019	Sale of share	-5679	-0.02	98,061	1.11
				<b>31-Mar-2019</b>	<b>At the end of the year</b>		-	<b>98,061</b>	<b>1.11</b>
4	Canara Robeco Mutual Fund A/C Canara Robeco Emerging Equities	14,872	0.17			-		<b>14,872</b>	<b>0.17</b>
				27-Jul-2018	Purchase of shares	2200	0.00	17,072	0.19
				30-Jul-2018	Purchase of shares	3300	0.02	20,372	0.23
				10-Aug-2018	Purchase of shares	3300	0.04	23,672	0.27
				17-Aug-2018	Purchase of shares	8000	0.04	31,672	0.36
				24-Aug-2018	Purchase of shares	3000	0.09	34,672	0.39
				14-Sep-2018	Purchase of shares	1500	0.03	36,172	0.41
				28-Dec-2018	Sale of share	-209	0.02	35,963	0.41
				08-Feb-2019	Purchase of shares	5000	0.00	40,963	0.46
				<b>31-Mar-2019</b>	<b>At the end of the year</b>	-	-	<b>40,963</b>	<b>0.46</b>
5	Aadi Financial Advisors Llp	35,758	0.40					<b>35,758</b>	<b>0.40</b>
				31-Mar-2019	No Change	0	0.00	35,758	0.40
					<b>At the end of the year</b>	-	-	<b>35,758</b>	<b>0.40</b>
6	Uti-Mnc Fund	30,600	0.35					<b>30,600</b>	<b>0.35</b>
				31-Mar-2019	No change	0	0.00	30,600	0.35
					<b>At the end of the year</b>	-	-	<b>30,600</b>	<b>0.35</b>
7	Vallabh Bhanshali	17,879	0.20					<b>17,879</b>	<b>0.20</b>
				31-Mar-2019	No change	0	0.00	17,879	0.20
					<b>At the end of the year</b>	-	-	<b>17,879</b>	<b>0.20</b>
8	Anmol Sekhri	16,776	0.19					<b>16,776</b>	<b>0.19</b>
				31-Mar-2019	No change	0	0.00	16,776	0.19
					<b>At the end of the year</b>	-	-	<b>16,776</b>	<b>0.19</b>
9	Sundaram India Midcap Fund	16,271	0.27					<b>16,271</b>	<b>0.18</b>
				31-Mar-2019	No Change	0	0.00	16,271	0.18
					<b>At the end of the year</b>	-	-	<b>16,271</b>	<b>0.18</b>
10	Delna Russi Rastomjee	13,000	0.15					<b>13,000</b>	<b>0.15</b>
				31-Mar-2019	No Change	0	0.00	13,000	0.15
					<b>At the end of the year</b>	-	-	<b>13,000</b>	<b>0.15</b>
11	The Emerging Markets Small Cap Series of The Dfa Investment Trust Company	13,522	0.15					<b>13,522</b>	<b>0.15</b>
				03-Aug-2018	Sale of share	-43	0.00	13,479	0.15
				07-Sep-2018	Sale of share	-40	0.00	13,439	0.15
				09-Nov-2018	Sale of share	-104	0.00	13,335	0.15
				16-Nov-2018	Sale of share	-41	0.00	13,294	0.15
				23-Nov-2018	Sale of share	-36	0.00	13,258	0.15

Sl. No	Name of the Share Holder	Shareholding at the beginning of the year as on 01.04.2018		Date	Reason	Purchase of Shares/ Sale of Shares in Shareholding		Cumulative Shares during the year	
		No of Shares	% of total Shares of the Company			No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
				30-Nov-2018	Sale of share	-116	0.00	13,142	0.15
				07-Dec-2018	Sale of share	-133	0.00	13,009	0.15
				14-Dec-2018	Sale of share	-67	0.00	12,942	0.15
				28-Dec-2018	Sale of share	-81	0.00	12,861	0.15
				31-Dec-2018	Sale of share	-70	0.00	12,791	0.14
				11-Jan-2019	Sale of share	-37	0.00	12,754	0.14
				18-Jan-2019	Sale of share	-40	0.00	12,714	0.14
				25-Jan-2019	Sale of share	-46	0.00	12,668	0.14
				22-Feb-2019	Sale of share	-73	0.00	12,595	0.14
				01-Mar-2019	Sale of share	-40	0.00	12,555	0.14
				08-Mar-2019	Sale of share	-73	0.00	12,482	0.14
				15-Mar-2019	Sale of share	-73	0.00	12,409	0.14
				<b>31-Mar-2019</b>	<b>At the end of the year</b>	<b>-</b>	<b>-</b>	<b>12,409</b>	<b>0.14</b>

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

Mr. Ashish Gaikwad, Managing Director, holds 200 equity shares at the beginning and at the end of the financial year 2018-19. There was no purchase or sale of equity shares by Mr. Ashish Gaikwad during the said financial year. Mr. Amit Tantia held NIL equity shares at the time of his appointment as Chief Financial Officer effective May 16, 2018 and the shareholding of Mr. Tantia during the financial year 2018-19 and as on March 31, 2019 is 1 equity share. Other than Mr. Ashish Gaikwad and Mr. Amit Tantia, none of the Directors and Key Managerial Personnel of the Company held equity shares of the Company in the financial year 2018-19.

**V. INDEBTEDNESS**

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

(Rupees in lakhs)

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

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(INR in lakhs)

S No.	Particulars of Remuneration	Mr. Ashish Gaikwad Managing Director
1	Gross salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	178.91
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	
2	Stock option*	88.58
3	Sweat equity	
4	Commission	
5	Others (non-taxable allowances, retirement and other long-term incentives)	41.77
	Total	309.26
	Ceiling as per the Act	2,818.98 (Being 5% of net profits computed in accordance with Section 198 of the Companies Act, 2013)

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

## B. Remuneration to other Directors

(INR in lakhs)

S. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. Suresh Senapaty	Mr. N. Srinath	Ms. Neera Saggi	
1	<b>Independent Directors</b>				
	Fee for attending board / committee meetings	6.20	7.40	1.20	14.80
	Commission	22.00	20.00	3.50	45.50
	Others, please specify	-	-	-	-
	Total (1)	28.20	27.40	4.70	60.30
2	Other Non-Executive Directors (Mr. Vikas Chadha, Ms. Nisha Gupta, Mr. Brian Buffington)				
	Fee for attending board / committee meetings				
	Commission		Nil		Nil
	Others, please specify				
	Total (2)		Nil		Nil
	Total (B) = (1+2)		60.30		
	<b>Total Managerial Remuneration (A+B)</b>		<b>369.56</b>		
	Overall ceiling as per the Act		6,201.76 (Being 11% of net profits computed in accordance with Section 198 of the Companies Act, 2013)		

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

(INR in lakhs)

SN.	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount
		Mr. Amit Tantia (From May 16, 2018)	Mr. Ravichandran Ranganathan (Upto May 15, 2018)	Ms. Farah Irani	
	Name				
	Designation	CFO	CFO	CS	
1	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	70.55	11.56	19.86	101.97
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-	-
2	Stock option*	-	4.91	-	4.91
3	Sweat equity	-	-	-	-
4	Commission	-	-	-	-
5	Others (non-taxable allowances, retirement and other long-term incentives)	9.45	1.06	1.68	12.19
	<b>Total</b>	80.00	17.53	21.54	<b>119.07</b>

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

## VII PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

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

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

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

**Suresh Senapaty**  
Chairman

Pune, May 13, 2019

**ANNEXURE - 8****Dividend Distribution Policy****Background**

The SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016, read with Notification dated July 8, 2016 require the top 500 listed entities based on market capitalisation (calculated as of March 31 every financial year) to formulate a dividend distribution policy and disclose it in their annual reports and on their websites. The regulation further prescribes the parameters for the dividend distribution in order to help investors get a clear picture on returns from their investment in the Company.

This policy shall be applicable to equity shares and such other class of shares as may be issued by the Company from time to time.

**Objective**

The Company is committed to increasing value for its investors. The objective of this document is to frame a policy for dividend distribution criteria of the Company.

**Financial and Other Parameters**

The Board of Directors of the Company recommends dividend distribution based on the following parameters:

Internal factors:

The internal factors including but not limited to –

- Profit After Tax (PAT) available for distribution in the financial statements prepared in accordance with the Accounting Standards as applicable from time to time reported and projected statements of cash flow
- Track record of dividend distributed by the Company
- Corporate actions, expansion plans, working capital requirements, resulting in significant cash outflow for the Company
- Any other factors as the Board of Directors may consider appropriate

The external factors, i.e. factors on which the management of the Company has no control including but not limited to:

- Change in taxation laws
- Other government policies
- General business environment
- Macro-economic factors

The Board of Directors shall consider various options available for the growth of the Company and shall make an informed decision on the dividend declaration thereafter.

**Current Policy**

The Company expects the Dividend Policy to be in line with historic trends. However, the Board of Directors has wide discretion to recommend a higher or lower or no dividend based on its judgment of what is in the longterm best interests of the Company.



Final dividend, if any, may be declared at the Annual General Meeting of the Shareholders solely on the basis of recommendations of the Board. The Board of Directors may, at its discretion, also declare an interim dividend.

**Procedure**

Final dividend is declared at the Annual General Meeting of the Shareholders on the basis of recommendations of the Board. The Board of Directors may, at its discretion, also declare an interim dividend.

**Retained Earnings**

Retained earnings may be used for corporate actions in accordance with applicable law, and for investments towards business growth as decided by the Board of Directors from time to time.

**Review of Policy**

The Board will review the Dividend Policy of the Company at regular intervals and is authorised to change/amend this policy from time to time at its sole discretion and/or in pursuance of any amendments made in the Companies Act, 2013, the Regulations, etc.

**Disclaimer**

This document does not solicit investments in the Company's shares nor is it an assurance of guaranteed returns (in any form) for investments in the Company's equity shares.

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

**Suresh Senapaty**  
Chairman

Pune, May 13, 2019

**PERFORMANCE OF KEY FINANCIAL INDICATORS AND HIGHLIGHTS 2018-19**

INR in Crores

	Year ended March 31, 2019	Year ended March 31, 2018	Variation
Revenue from Operations	3,175	2,698	Up 17.7%
Profit before Tax (%)	17.5%	14.1%	Up 340 basis points

**INDUSTRY OUTLOOK AND OPPORTUNITIES:**

Your Company's operating results are influenced by macro-economic trends such as industrial production, capital spending on process and building automation, commercial and infrastructure construction, commodity prices, and foreign exchange variations.

In the period 2018-19, despite elevated crude oil prices and several global headwinds, Indian economy is expected to have achieved a growth of 6.8 percent (as per first advance estimates released by Central Statistics Office), slightly higher as compared to 6.7 percent recorded in 2017-18. The economy has achieved high growth amidst improvements in macro-economic stability, mainly on the strength of ongoing structural reforms, fiscal discipline, efficient delivery of services and financial inclusion.

Rise in domestic investments has been one of the biggest contributors to the India growth story. Both the public and private sector have enabled and sustained these investments, but the PSUs had a greater share. There has been a noticeable improvement in fixed investment and exports of goods and services. The growth of fixed investment is expected to have increased from 7.6 percent in 2017-18 to 12.2 percent in 2018-19. This is expected to push up the fixed investment rate, which had remained unchanged over the previous three years. The Government of India forecasts capital expenditure to increase by 30 per cent from INR 3 lakh crore (US\$ 41.2 billion) in 2017-18 to INR 3.9 lakh crore (US\$ 53.6 billion) in 2019-20.

The growth in agriculture, industry and service sector is expected to be 3.0 percent, 7.3 percent and 7.4 percent respectively in 2018-19. Consumer price inflation has moderated in this period. The Current Account Deficit widened to 2.1 percent of GDP in 2018-19, as compared to 1.8 percent in 2017-18 mainly on account of higher trade deficit arising from higher petroleum, oil and lubricants imports. Export of goods and services is expected to have grown at 8.9 percent in 2018-19, as compared to 5.6 percent in 2017-18, however, rising protectionism, fluctuation in commodity prices and inadequate availability of credit from banks are the three major challenges which exporters will face in the near future.

The eight core infrastructure industries registered a cumulative growth of 5.1 percent during April-November 2018, compared to 3.9 percent during the same period in 2017.

The Rupee moved lower to INR 68-69/USD in March 2019, after breaching the INR 74/USD mark in October 2018. However, it is likely to stay volatile in the near-term due to various factors such as fluctuations in global oil prices, outcome of general elections and Brexit uncertainty.

India is emerging as an important player in the world economy. The confidence in the Indian economy has improved because of various policy measures taken up by the government, as reflected in the World Bank's "Ease of Doing Business 2019" report, which improves India's ranking by 23 positions to the 77th rank in 2018.

Economic and industry forces that impact your Company's customers also influence your Company's operations. Some of the important market conditions were:

- Investments in the refining and petrochemical sector provide an opportunity for Company's Process Solutions business. However, the pace of capital investments in most of the other areas that the Process Solutions business

operates in, remained slow. Much of the spending is taking place through operational expenditure. This creates an opportunity for service, upgrades and migrations.

The demand of process automation products has been primarily driven by pharmaceutical sector. This is largely due to huge demand of medicines and other pharmaceutical products.

- Infrastructure investment by government in 100 Smart Cities and digital initiatives of state governments and other public-sector enterprises is the key growth driver for the Company's Building Solutions business. Simultaneously, electricity, water and city gas distribution utilities will also need to equip themselves with latest technologies for improved operational efficiency and successful integration into the smart city systems.

A big push is also seen in the modernisation of railway stations, building of metro lines in major cities, expansion of existing airports and establishment of new ones. Indian Railway Station Development Corporation (IRSDC) will modernize the stations and services at stations will also be improved. Several cities like Kanpur, Bhopal and Indore are coming up with metro projects.

- Real estate has been significantly impacted by demonetisation, leading to sluggish growth in the residential sector; this downtrend is expected to continue. Inventory in the residential sector continues to be high and demand is expected to pick up only in 2019. However, RERA and GST are expected to gradually improve investor confidence in the real estate sector in the long run. These trends have impacted your Company's Building Management System business.
- Manufacturing activity in the core industrial sector is a critical driver for your Company's Sensing and IOT business. IIP slowed to a 6-month low in March as orders and output expanded at a weak pace, but it remained in the expansion zone. The IIP for the month of Feb'19 was just 0.1 percent higher Y-o-Y. The cumulative growth for the period April-February 2018-19 over the corresponding period of the previous year stands at 4.0 percent.

Several positive drivers including the Industrial Internet of Things (IIoT) and Make in India initiative will help drive a favorable trend in the near future. Although IIoT adoption is set to increase substantially in future, the policies planned under Make In India will be heavily impacted by the result of General Elections. Industrial IoT applications such as asset and fleet management solutions will unlock massive efficiencies and help reduce emissions across multiple industries such as manufacturing, transportation and logistics and energy.

#### **OPERATIONS:**

- Process Solution business has wide portfolio of industrial automation products and solutions that help customers operate safe, reliable, efficient, sustainable, and more profitable facilities. The Process Solutions business had a good year. The business portfolio was further enhanced with new products, solutions, and services. The new offerings included process control, process safety, process optimisation, process simulation, connected IIoT solutions, and industrial cyber security. Your Company has a world-class and rich set of offerings for the process industry.

Process Solutions will need to continue to stay focused on its core strategies to prevail over the economic environment, slow recovery in industrial production growth, and continued competitive pressure in the market. Given the diversity of products and solutions, your Company will strive to enhance its performance. As India moves to build smart cities, drive a gas-based economy, and digital infrastructure for the future, your Company is excited about the opportunities that will present themselves in the near future. Apart from the core industries your Company also plans to explore the new industries such as pharmaceuticals and specialty chemicals. In addition, your Company is exploring the opportunities to create new products for a large and growing mass mid-market in India. This will need a focus on the local engineering, development, manufacturing, and commercialisation of new ideas that will serve this new market.

- Building Solutions business provides automation and control technologies that help make buildings green, safe, and productive. As part of its intelligent buildings suite, it provides building management systems, fire detection and alarm systems, access control systems, video surveillance systems, integrated security systems, and integrated building management systems based on Honeywell's Enterprise Buildings Integrator™. As part of its operational efficiency promise, it provides aftermarket services for various control systems as well as comprehensive utilities' operations and maintenance services for mechanical and electrical systems in buildings.

This business continued to demonstrate good results through the year. Its track record in infrastructure, transportation, 100 Smart Cities, information technology, pharmaceutical, and commercial space verticals helped expand its presence in its markets of interest, while also positioning it well in this space. There has been a continued government funding on building core infrastructure such as airports, metro and railways. The number of operational airports has crossed 100 with the commissioning of the Pakyong airport in Sikkim. In the future, value-added services like analytics is expected to be an evolution in critical operator segment. In addition, your Company is exploring the opportunities to create India-specific integrated products to cater to different sectors in India.

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

Building Management Systems business had a good business year. The portfolio was further enhanced with new product offerings like Mechanical PICVs, Variable Frequency drives and Piston type PRVs. A strong product portfolio coupled with extensive value chain mapping and key account management helped the Building Management Systems business in driving high double-digit growth.

Building Management Systems Business will continue to stay focused on its core strategies through commercial excellence levers such as sales deployment, on-boarding, channel excellence, and pipeline management. This will ensure that your Company continues to grow via its existing product portfolio. Exciting new initiatives such as Connected Buildings and upcoming new product launches will help your Company grow in an evolving market.

- Continued growth in industrial machinery along with new opportunity wins helped to drive good growth for Sensing and Internet of Things business. The Electronic Sensing portfolio as well as Packaged Sensors performed well in 2018-19 with good revenue in pressure sensors, limit switches, construction equipment shifters, pressure switches and basic switches for vehicle body controls. Steady demand for gas instruments and pollution monitoring equipment drove growth for our gas sensor portfolio, and growth in automated vending machines and other automation devices drove our OEM scan engine portfolio. Your Company remained focused on identifying and winning new sustainable business opportunities in key market verticals.

Your Company plans to include more industrial customers during this year. A dedicated channel management team deployed earlier is helping grow your Company's channel business and allowing Company's direct sales team to focus on key account management with a wider portfolio. There is an exciting range of global and locally-developed products that are being introduced in the Indian market. These include pressure sensors, basic/ limit switches, speed sensors, load sensors and particle sensors. Your Company will continue to remain focused on market verticals such as industrial, transportation, military, aerospace, and medical equipment.

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

Your Company assures “First-Time-Right” quality, built on matured processes and a strong continuous improvement culture. It leverages its Lean thinking, DevOps and automation to assure quality, and responsive customer-centric strategy to enhance customer experience.

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

- Global Manufacturing business focuses on delivering high quality products and project solutions right and fast to global Honeywell entities as well as the India market. Your Company continues to invest in adding new manufacturing lines, new product introductions, acquiring new key customers and expanding its footprint.

The Global Manufacturing business delivered good results consistently year on year. Global Manufacturing project business had a good growth year. Product business also continues to show a steady year-on-year growth.

Global Manufacturing plans to invest in adding capacity for existing product lines to support volume growth and serve more global regions. Your Company maintains high standards on health, safety and environment compliance and continuous improvement culture. Your Company will continue localisation efforts to improve overall speed of execution and cost competitiveness.

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

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

Your Company continues to invest in a multi-tiered framework to build leadership capability. This includes the India Leadership Connect (ILC) focused on development of top talent for senior leadership roles, the Leadership Skill Workshop (LSW) to build frontline managerial capability, the Honeywell HGR Leadership Forum focused on building self-awareness and networking among senior leaders in Honeywell India, and the Supervisory Development Programme (SDP) to develop supervisory skills and capability. In addition, your Company invests in building sales capability of frontline sales employees through classroom and online learning modules. Your Company continues to work towards building systemic enablers through continuous training on diversity and inclusiveness to encourage diversity in the organisation.

As on March 31, 2019, the Company’s employee strength was 3,251 as compared to 3,205 (full-time employees) as on March 31, 2018.

#### **FINANCIALS:**

Overall revenue from operations was INR 3,175 Crore registering 17.7% growth. This growth was achieved despite competitive challenges on pricing. The domestic segment registered revenue of INR 1,714 crore for the current year as compared to INR 1,497 crore in the previous year. Revenue from exports was INR 1,461 crore, registering a growth of 21.7% as over the previous year.

Overall profit after tax was INR 359 crore. Your Company delivered a return of 11.3% on sales for the year (Previous year: 9.3%) Cost of Goods Sold (including excise duty) was 51.9% of Sales (Previous year: 52.2%).

Net Cash Flow from operations was INR 309 crore, as compared to INR 263 crore in the previous year, reflecting higher profitability and better working capital management. Your Company will continue to focus on working capital performance and positive operating cash flows.

Related party transactions for the financial year ending March 31, 2019 are in compliance with Section 188 of the Companies Act, 2013, and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## **RISKS AND CONCERNS:**

Your Company generates a good percentage of its sales and profits from its business with Honeywell International Inc. and its affiliates. Your Company's ability to maintain or grow its business with Honeywell depends upon a number of performance factors, including its ability to (i) identify emerging trends and customer requirements, and develop product and service offerings superior to those of its competitors; (ii) meet or surpass the price, quality, and delivery requirements of Honeywell and its end-customers in a cost-effective and competitive manner; and (iii) develop and retain employees and leaders with the necessary expertise. Honeywell-specific business considerations (independent of its shareholdings in the Company), including changes in Honeywell's strategies regarding utilisation of alternative opportunities available to it to source products and services currently provided by your Company (including from alternative sources that Honeywell may acquire or develop within its own Group), may also reduce the level and/or mix of Honeywell's business with the Company. Overall aggressive competitive landscape, pricing pressures on sales of goods and services to Honeywell, or a reduction in the volume or change in the mix of orders or sales to Honeywell, can be expected to have a material adverse impact on the revenues and profits of your Company.

While your Company has diversified products, industries, and geographies, major macroeconomic indicators are soft around investments in the process and construction industries. Diversification is helping manage these trends. Some of these trends are highlighted below.

- While the fundamentals appear to be strong, the economy remains vulnerable to domestic and geopolitical risks, especially economic and political changes that can affect relative prices and hurt current and fiscal account deficit. While expectations of inflationary pressures remain benign, concerns have risen on the twin deficit problem—current account deficit and fiscal deficit—especially as portfolio investments remain subdued while trade deficit stays high. While fiscal expansion remains key to accelerating growth, it may weigh on government coffers if private investment loses steam. However, medium-term macro outlook remains bright considering the structural reforms undertaken, revival of investment rate, decline in crude oil prices and stability in exchange rate.
- Oil prices were highly volatile in the second half of 2018, with sharp plunges toward the end of 2018, chiefly due to supply-side factors, led by the Organisation of the Petroleum Exporting Countries (OPEC), aimed at reining in an emerging supply overhang. Crude oil has long been the biggest contributor to India's increasing current account deficit (CAD). Therefore, oil will be central to the fortunes of the Indian economy.

If oil prices remain low, the Indian economy could sail along without any major disturbance. It may attract fresh capital inflows. The International Monetary Fund, in its World Economic Outlook Update released in January, forecasts India's growth to 7.5% in 2019-20.

However, if oil rallies, this could spell big trouble for India. In the extreme event of oil prices reaching to \$90/bbl, India's twin deficits will balloon uncomfortably. The current account deficit would rise to 3.5% of the gross domestic product (GDP), the highest since 2012-13. If the government absorbs a part of the oil price increase through excise duty cuts, the impact on the fiscal deficit would also be significant and could rise to as high a level as 4%, the highest since 2014-15.

**INTERNAL CONTROL:**

Your Company has established adequate internal control procedures, commensurate with the nature of its business and size of its operations. The internal control process of the Company has been effective and provides reasonable assurance on reliability of financial information, compliances with laws and regulations in force and optimisation of operations. It ensures documentation and evaluation of entity-level controls through existing policies and procedures, primarily to identify any significant gaps and define key actions for improvement. Your Company has continued its efforts to align all its processes and controls with global best practices. In addition to external audits, the financial and operating controls of your Company are reviewed regularly by the internal audit team as per the annual plan approved by the Audit Committee.

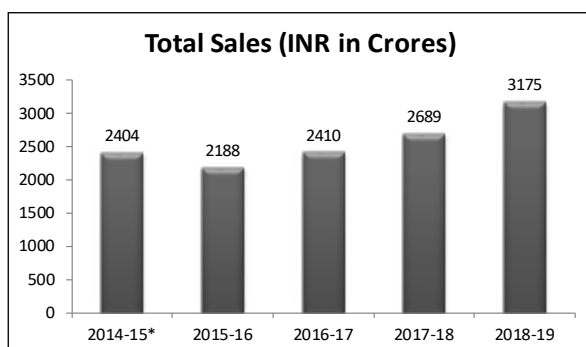
All audit observations and follow-up actions thereon are tracked for resolution by the Internal Audit function and reported to the Audit Committee.

Your Company’s Code of Conduct sets out the fundamental standards to be followed by employees in their everyday actions. Your Company also has a robust Integrity and Compliance programme, where all Company employees undergo communications and trainings on the Code of Conduct. It enables employees to become familiar with leadership expectations on behaviors and compliance, legal requirements, avoiding conflicts of interest, providing a healthy and safe work place, safeguarding Company property and information, appropriate use of information technology resources, and understanding how to report any suspected unethical or illegal conduct, without fear of retaliation. Your Company also has a formal process to receive and address incidents related to business conduct lodged by employees and other stakeholders.

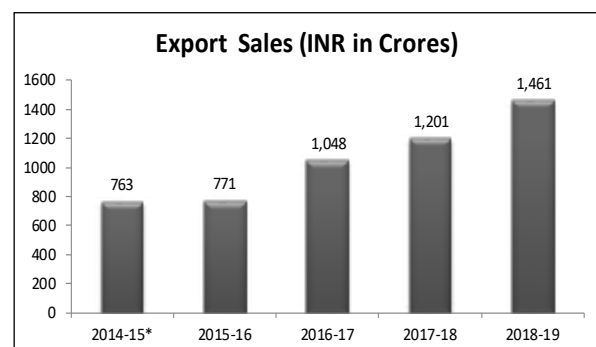
**SUMMARY:**

Your Company’s mix of exports revenue increased as compared to the previous period. Overall revenue registered annualized growth of 17.7%. Net income was 11.3% of sales, as compared to 9.3% in the previous period. Increased competitive environment in both domestic and exports segments continues to be a challenge. This is being addressed through concerted efforts on operational excellence, driving productivity, and aggressive cost rationalisation. Your Company is continuously driving new productivity initiatives to remain committed to the journey of profitable growth.

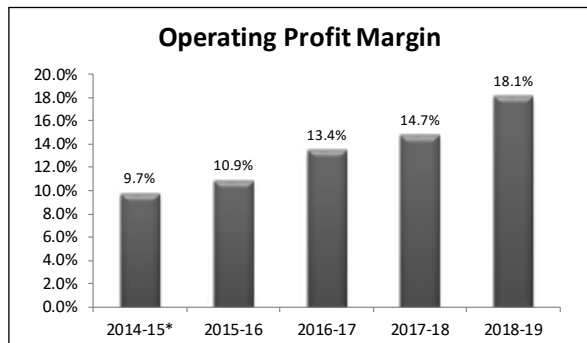
In accordance with SEBI (Amendment) Regulations 2018, the Company is required to give details of significant changes (change of 25% or more as compared to the immediately previous financial year). The relevant applicable information is as below:



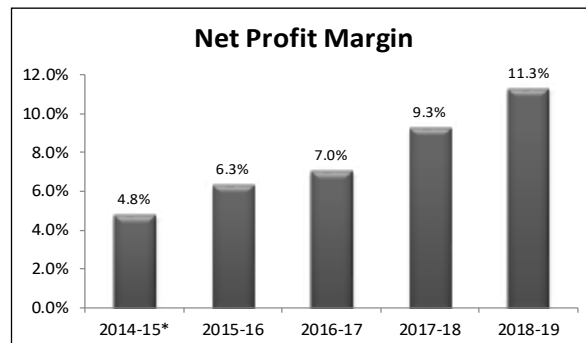
18% annualised sales growth delivered.



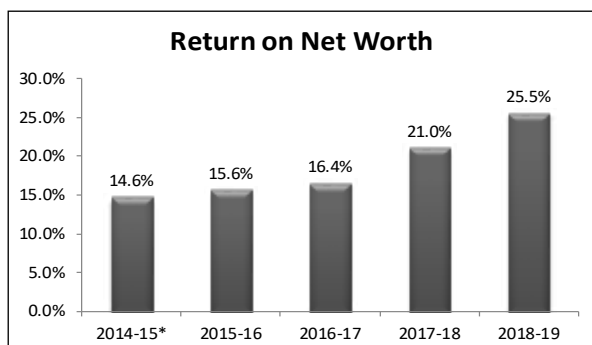
Exports sales were 46% of total sales.



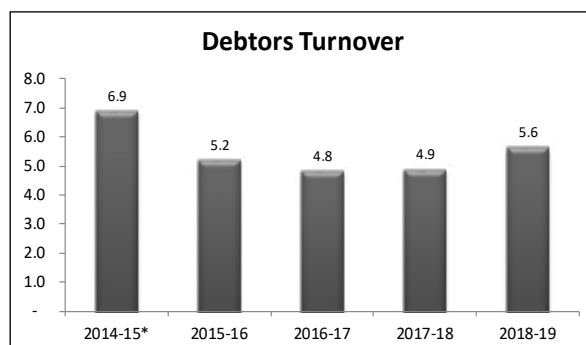
Operating profit margin increased by 340 bps as compared to previous year.



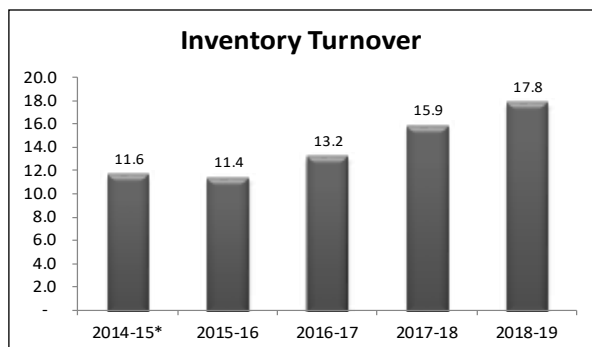
Net profit % increased by 200 bps as compared to previous year.



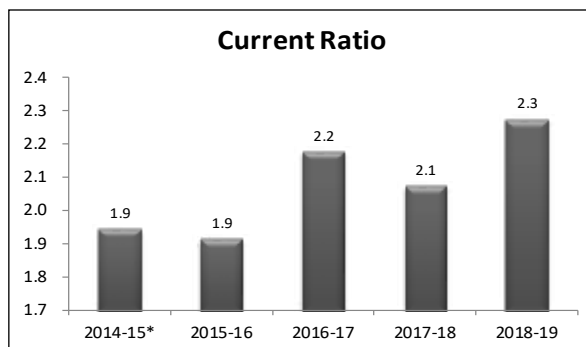
Return on Net Worth increased by 450 bps as compared to previous year.



Debtors Turnover ratio increased to 5.6 as compared to 4.9 in previous year.



Inventory turnover ratio increased to 17.8 as compared to 15.9 in previous year.



Current ratio increased to 2.3 as compared to 2.1 in previous year.

\* (2014-15, represents a 15-month period); other years represent a 12-month period.

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

**Suresh Senapaty**  
Chairman

Pune, May 13, 2019



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

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

The Company is in compliance with the corporate governance requirements stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") and amendments as may be applicable from time to time.

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

Presently, the Board comprises of three Independent Directors (out of whom one is a Woman Director), a Managing Director, and three Non-Executive Directors. Your Company has an Independent Non-Executive Chairman, and one-third of the total number of Directors are Independent Directors. This is in conformity with the requirement of Regulation 17 of the Listing Regulations.

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

Mr. N. Srinath's appointment as an Independent Director is for the period from December 15, 2014 to December 14, 2019. Mr. Suresh Senapaty's appointment as an Independent Director is for the period from March 8, 2016 to March 7, 2021. Ms. Neera Saggi's appointment as an Independent Director is for the period from February 4, 2019 to February 3, 2024 which is subject to shareholder's approval at the Annual General Meeting.

The Independent Directors have given a certificate of independence to the Board of Directors. Pursuant to the aforementioned certificate, all the Independent Directors satisfy the criteria as defined under the Companies Act, 2013 ("the Act") and the Listing Regulations. Further, pursuant to the meeting of the Board of Directors held on February 4, 2019, the Board of Directors are of the opinion that Independent Directors fulfill the conditions specified in Listing Regulations and are independent of the management. Their appointment letters have been uploaded on your Company's website.

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

**Composition/Category of Directors/Attendance at Meetings/their Directorships and Committee Memberships in other companies:**

Name	Category	No. of Board Meetings attended during 2018-2019	Attendance at the last AGM held on August 6, 2018	No. of directorships in other public limited Companies <sup>2</sup>	No. of committee positions held in other public limited Companies <sup>2</sup>	
					Chairperson	Member*
As on March 31, 2019						
Mr. Suresh Senapaty	Independent Non-Executive Chairman	5	Yes	3	1	1
Mr. N. Srinath	Independent Non-Executive	5	Yes	4	Nil	2
Ms. Neera Saggi <sup>1</sup>	Independent Non-Executive	2 <sup>1</sup>	N.A.	9	1	9
Mr. Ashish Gaikwad (Managing Director)	Non-Independent Executive	5	Yes	Nil	Nil	Nil
Mr. Vikas Chadha	Non-Independent Non-Executive	4 <sup>^</sup>	Yes	Nil	Nil	Nil
Ms. Nisha Gupta	Non-Independent Non-Executive	5	Yes	Nil	Nil	Nil
Mr. Brian Buffington	Non-Independent Non-Executive	3 <sup>^</sup>	Yes	Nil	Nil	Nil

Notes:

1 Ms. Neera Saggi was appointed as a Director with effect from February 4, 2019.

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

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

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

In addition to Honeywell Automation India Limited, the following Directors holds directorship in other listed entities as on March 31, 2019, as below:

1. Ms. Neera Saggi: GE T&D India Limited, Swaraj Engines Limited, GE Power India Limited, TRF Limited and Tata Steel BSL Limited.
2. Mr. Suresh Senapaty: Healthcare Global Enterprises Limited.
3. Mr. N. Srinath: Tata Communications Limited and Tata Teleservices (Maharashtra) Limited.

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

### Meeting of the Board of Directors

The Board met five times during the financial year ended March 31, 2019 on the following dates and the maximum interval between any two meetings did not exceed one hundred and twenty days:

1. May 14, 2018
2. August 6, 2018
3. October 31, 2018
4. February 4, 2019
5. February 5, 2019

In addition, one meeting of Independent Directors was held on February 4, 2019.

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

### Skills, Expertise & Attributes for all Directors

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

The expertise of the Company's Board members have been highlighted below. However, the absence of a mark (√) against Board member's name doesn't necessary mean absence of qualification or skills.

Skills / Expertise / Competencies	Definition	Mr.Suresh Senapaty	Mr. N Srinath	Ms.Neera Saggi	Mr. Vikas Chadha	Mr.Ashish Gaikwad	Ms.Nisha Gupta	Mr. Brian Buffington
Industry Knowledge	Experience or exposure of Indian business environment specifically key markets and industries served by the Company.	√	√	√	√	√	√	√
Board Governance	Experience of Indian/Multinational Boards and in corporate governance and protecting stakeholder interests.	√	√	√	√	√	√	
Financials	Understanding essentials of financial and operating performance, its relevance and importance and the ability to work with subject matter experts to get more insights.	√	√	√	√	√	√	√

Skills / Expertise / Competencies	Definition	Mr.Suresh Senapaty	Mr. N Srinath	Ms.Neera Saggi	Mr. Vikas Chadha	Mr.Ashish Gaikwad	Ms.Nisha Gupta	Mr. Brian Buffington
Strategy	Appreciate the key Company strategies to improve market share & profitability and guide business leaders in execution.	√	√	√	√	√	√	√
Leadership	Be able to support management in leadership development.	√	√	√	√	√	√	√

### Familiarisation Programme for Independent Directors

Your Company has given training to Independent Directors to enable them to gain deeper understanding of your Company, its operations, business, senior management, policies, industry perspective, etc. The Directors are updated on a continual basis on any significant change. The details of familiarisation programmes imparted by your Company are available on your Company's website at the following link: <https://www.honeywell.com/content/dam/honeywell/files/india-hail/board-of-directors/Details%20of%20Familiarisation%20Program%20for%20Independent%20Directors.pdf>

### 3. Audit Committee

#### Terms of Reference

The Audit Committee acts on the terms of reference stipulated by the Board, pursuant to Section 177 of the Act and Part C of Schedule II to Regulation 18(3) of the Listing Regulations.

The terms of reference *inter-alia* are briefly described below:

- oversight of your Company's financial reporting process and disclosure of financial information to ensure that the financial statement is correct, sufficient and credible;
- recommendation for appointment, remuneration, and terms of appointment of auditors of your Company;
- approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- reviewing with the Management the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - matters required to be included in the Director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - changes, if any, in accounting policies and practices and reasons for the same;
  - major accounting entries involving estimates based on the exercise of judgment by Management;
  - significant adjustments made in the financial statements arising out of audit findings;
  - compliance with listing and other legal requirements relating to financial statements;
  - disclosure of any related party transactions;
  - modified opinion(s) in the draft audit report;
- reviewing, with the Management, the quarterly financial statements before submission to the Board for approval;
- reviewing, with the Management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

- reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- approval or any subsequent modification of transactions of your Company with related parties;
- scrutiny of inter-corporate loans and investments;
- valuation of undertakings or assets of the listed entity, wherever it is necessary;
- evaluation of internal financial controls and risk management systems;
- reviewing with the Management performance of statutory and internal auditors, adequacy of internal control systems;
- reviewing the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage, and frequency of internal audit;
- discussion with internal auditors on any significant findings and follow-up thereon;
- reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature, and reporting the matter to the Board;
- discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- to review the functioning of the whistleblower mechanism;
- approval of appointment of Chief Financial Officer after assessing the qualifications, experience, background, etc. of the candidate;
- carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- reviewing the utilisation of loans and/or advances from/investment by the holding company in the subsidiary exceeding INR 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments existing as on April 1, 2019 (adopted at the Board Meeting held on February 4, 2019).

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

- management discussion and analysis of financial condition and results of operations;
- statement of significant related party transactions (as defined by the Audit Committee), submitted by Management;
- Management letter/letters of internal control weaknesses issued by the statutory auditors;
- internal audit reports relating to internal control weaknesses; and
- the appointment, removal and terms of remuneration of the Head, Internal Audit
- Statement of deviations:
  - Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the Listing Regulations
  - Annual statement of funds utilised for purposes other than those stated in the Offer document/prospectus/ notice in terms of Regulation 32(7) of the Listing Regulations

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

Mr. Suresh Senapaty, the Chairman of the Audit Committee, was present at the last Annual General Meeting held on August 6, 2018.

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

The Audit Committee presently consists of four Non-Executive Directors, out of which three are Independent Directors. Ms. Neera Saggi was appointed at the Board Meeting held on February 4, 2019 as a member of the Audit Committee effective February 4, 2019. The members of the Committee have the relevant experience in the field of financial reporting and accounting. The Company Secretary acts as the Secretary to the Committee. Audit Committee meetings are attended by the Chief Financial Officer, the Company Secretary and Head-Legal. Head-Internal Audit and the representative(s) of the Statutory Auditors are invited to the meetings.

The Audit Committee held four meetings during the financial year ended March 31, 2019 on the following dates and the maximum interval between any two meetings did not exceed one hundred and twenty days:

1. May 14, 2018                      2. August 6, 2018                      3. October 31, 2018                      4. February 4, 2019

The composition of the Audit Committee and the attendance of members at the meetings held during the financial year ended March 31, 2019 are as follows:

Name of Director	No. of Meetings Attended
Mr. Suresh Senapaty (Chairman, Independent Director)	4
Mr. N. Srinath (Independent Director)	4
Ms. Nisha Gupta (Non-Executive Director)	4
Ms. Neera Saggi (Independent Director) w.e.f. February 4, 2019	N.A.

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

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

- Formulating the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors a policy relating to the remuneration of the Directors, key managerial personnel and other employees;
- Formulating criteria for evaluation of performance of Independent Directors and the Board of Directors;
- Devising a policy on diversity of Board of Directors;
- Identifying persons who are qualified to become Directors and who may be appointed in senior management positions in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal;
- Assessing whether to extend or continue the term of appointment of the Independent Director on the basis of the report of performance evaluation of Independent Directors.

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

Currently, the Nomination and Remuneration Committee consists of three Non-Executive Directors and two being Independent Directors. The Chairman is a Non-Executive and Independent Director (Regulation 19 of the Listing Regulations). The Nomination and Remuneration Committee held three meetings during the financial year ended March 31, 2019 on the following dates:

1. May 14, 2018                      2. October 31, 2018                      3. February 4, 2019

The composition of the Nomination and Remuneration Committee and the attendance of members at the meetings held during the year 2018-19 are as follows:

<b>Name of Director</b>	<b>No. of Meetings Attended</b>
Mr. N. Srinath (Chairman, Independent Director)	3
Mr. Suresh Senapaty (Independent Director)	3
Mr. Vikas Chadha (Non-Executive Director)	3

The Committee met on February 4, 2019 to appraise and decide the commission and compensation payable to Mr. Ashish Gaikwad, Managing Director, and other key managerial personnel as defined under the Companies Act, 2013.

Mr. N. Srinath, the Chairman of the Nomination and Remuneration Committee was present at the last AGM of your Company held on August 6, 2018.

**Performance Evaluation**

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

During the year under review, Mr. Suresh Senapaty and Mr. N. Srinath, Independent Directors, met on February 4, 2019 to discuss the evaluation of the Board and the Non-Executive Directors. Further, all the Directors of the Board met to discuss the evaluation of the committees. The discussions covered both strategic and operational aspects of the Board functioning, as well as the quality, content, and timeliness of the flow of information between the Management and the Board. Inputs from the meeting were shared with the Nomination and Remuneration Committee (Regulation 25 of the Listing Regulations). All ratings for the Board, Committees, and the Non-Executive Directors were favourable. The Board committed to provide strategic oversight to the businesses of your Company and help mentor talent for developing leadership succession.

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

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

The Independent Directors are paid remuneration by way of commission and sitting fees. The commission is paid at a rate not exceeding one percent per annum of the net profits of your Company calculated in accordance with the provisions of Section 198 of the Companies Act, 2013. The amount of commission is determined on the basis of their roles, responsibilities, and contribution to the Company as Chairman/Member of the Board and various committees of the Board.

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

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

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

The Company pays remuneration to its Managing Director by way of salary, perquisites and allowances (a fixed component), commission (a variable component), and long-term incentives (comprising of performance plan, stock options, restricted stock units of the Ultimate Holding Company). Salary is paid within the range approved by shareholders. The Board approves the annual increments (effective April 1 of each year) on the recommendation of the Nomination and Remuneration Committee.

The Board fixes a ceiling on perquisites and allowances as a percentage of salary. The commission is calculated with reference to the net profit of your Company in a particular financial period and is determined by the Board of Directors at the end of the financial period based on the recommendations of the Nomination and Remuneration Committee, subject to the overall ceiling as stipulated in the Companies Act, 2013.

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

The details of Remuneration paid to Directors for the year 2018-19 for attending the Board meetings and various Board constituted Committee Meetings are as under:

#### Non-Executive Directors

(INR in Lakhs)

Director	Sitting Fees	Commission	Shareholding (No. of shares)
Mr. Suresh Senapaty (Independent)	6.20	22.00	NIL
Mr. N. Srinath (Independent)	7.40	20.00	NIL
Ms. Neera Saggi (Independent) (w.e.f. February 4, 2019)	1.20	3.50	NIL
Mr. Vikas Chadha	N.A.	N.A.	NIL
Ms. Nisha Gupta	N.A.	N.A.	NIL
Mr. Brian Buffington	N.A.	N.A.	NIL

#### Managing Director

(INR in Lakhs)

Name	Salary, perquisites & allowances for the financial year 2018-19	ICP, other long term incentives and Retirement benefits	Stock Options*	Total
Mr. Ashish Gaikwad	121.25	99.43	88.58	309.26

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

Period of contract of Managing Director:  
(Mr. Ashish Gaikwad)

5 years from October 1, 2016

The contract may be terminated by either party by giving the other party three months' notice or the Company paying three months' salary in lieu thereof.

Severance fees – as per the policy of the Company as applicable to all employees from time to time.

## 6. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee is constituted in accordance to Section 178 of the Companies Act, 2013 and Regulation 20 of Listing Amendment Regulations, 2018 in order to consider and resolve the grievances of the equity shareholders of your Company, including complaints related to transfer of shares, non-receipt of annual report, non-receipt of declared dividends, etc. The said Committee has been authorised to approve the transfer/transmission of shares and issue of duplicate share certificates.

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

Currently, the Committee has three members Ms. Nisha Gupta, Non-Executive Director as the Chairperson and Mr. Ashish Gaikwad and Mr. N. Srinath (w.e.f. August 7, 2018).

The Committee met on May 14, 2018, August 6, 2018 and February 5, 2019 during the financial year ended March 31, 2019 and the meeting was attended by all the members.

Name, designation and address of Compliance Officer: Ms. Farah Irani  
Company Secretary  
56 & 57, Hadapsar Industrial Estate.  
Pune – 411 013  
Phone: 020-6603-9400 / 020-6607-2577  
Fax no. 020-6603-9800

Investor Complaints	Number
Number of pending complaints as on April 1, 2018	0
Number of shareholders' complaints received during year ended March 31, 2019	9
Number of complaints resolved during year ended March 31, 2019	9
Number of pending complaints as on March 31, 2019	0

## 7. Corporate Social Responsibility Committee

Pursuant to Section 135 of the Act, a Corporate Social Responsibility (CSR) Committee of the Board has been constituted. The committee has three members, Ms. Nisha Gupta as the Chairperson, Mr. N. Srinath, Independent Director and Mr. Ashish Gaikwad, Managing Director.

The Committee met on May 14, 2018 and August 6, 2018 during the financial year ended March 31, 2019 and the meeting was attended by all the members.

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



**8. Risk Management Committee**

Pursuant to Regulation 21 of Listing (Amendment) Regulations, 2018, the Board of Directors at its meeting held on February 4, 2019 constituted the Risk Management Committee. The Committee has six members, Mr. N. Srinath – Independent Director as the Chairman, Mr. Suresh Senapaty – Independent Director, Ms. Neera Saggi – Independent Director, Mr. Ashish Gaikwad – Managing Director, Ms. Nisha Gupta – Non-Executive Director and Mr. Amit Tania – Chief Financial Officer.

The terms of reference of the Risk Management Committee are as stipulated under Regulation 21 of the SEBI Listing (Amendment) Regulations, 2018.

**9. Enterprise Risk Management**

The Company's Enterprise Risk Management process ensures that the management controls and effectively mitigates risk through means of a properly defined framework. The risk areas are reviewed periodically by the Managing Director and the Chief Financial Officer through an Enterprise Risk Management Framework and half-yearly by the Audit Committee/Board of Directors.

Identification, assessment, and mitigation of risk is facilitated entity-wide, re-assessed periodically by the Risk Committee, and half-yearly reviewed by the Audit Committee/Board of Directors. We are exposed to a host of risks owing to a dynamic business environment including strategic, operational, compliance, financial, legal, IT and cybersecurity. In addition, the key aspects like Liquidity & Foreign Exchange, Competition and Unplanned Incidents are assessed as a part of Company's risk framework. The Enterprise Risk Management framework assesses management's actions to mitigate the exposures in a timely manner and is critical to achieving our business objectives.

Pursuant to Regulation 21 of the Listing (Amendment) Regulations, 2018, the Board of Directors at its meeting held on February 4, 2019, constituted the Risk Management Committee consisting of Independent Directors, Managing Director, Non-Executive Director and Chief Financial Officer.

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

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

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

**11. Disclosures****Disclosures on materially significant related party transactions.**

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

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

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

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

The Related Party Transactions Policy is available on the Company's website at the following link: <https://www.honeywell.com/content/dam/honeywell/files/india-hail/policies/Related%20Party%20Transactions%20Policy%202019.pdf>

### **Statutory Compliance, Penalties, and Strictures**

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

### **Legal Compliance Reporting**

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

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

### **Whistle Blower Policy/Vigil Mechanism**

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

The details of the policy are available on the Company's website at the following link: <https://www.honeywell.com/content/dam/honeywell/files/india-hail/policies/vigil-mechanism-whistle-blower-policy.pdf>

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

### **Code of Conduct**

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

All the Board Members and the senior management personnel have affirmed compliance with the Code of Conduct for the financial year ended March 31, 2019.

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015 and Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 and 2019, your Company has amended Code of Conduct for Prohibition of Insider Trading and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information.

### Reconciliation of share capital audit

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

### Payment to Statutory Auditors

The total fees for all services paid by the Company to the statutory auditor for the financial year ended March 31, 2019 and all entities in the network firm/network entity of which the statutory auditor is a part is disclosed in the notes to the Financial Statements and reproduced below:

1. As Auditors: INR 46 Lakhs
2. Others (including tax audit): INR 21 Lakhs
3. Out of pocket expenses: INR 1 Lakh

### Certificate from Company Secretary in Practice

The certificate from M/S. JB Bhavé & Co., Company Secretary in practice, in compliance with corporate governance norms prescribed under the Listing Regulations is annexed hereto.

Pursuant to Schedule V (Part C) of the Listing Regulations, the Company has obtained a certificate from M/S. J B Bhavé & Co, Company Secretary in practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority and is annexed hereto.

### General Body Meetings

#### Location and time, where last three annual general meetings held

For the year	Venue	Day and date	Time
2017-2018	Honeywell Automation India Limited 56 & 57, Hadapsar Industrial Estate, Pune – 411013	Monday, August 6, 2018	4.00 p.m.
2016-2017		Wednesday, August 9, 2017	4.00 p.m.
2015-2016		Wednesday, August 10, 2016	3.00 p.m.

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

A special resolution for approval of Material related party transactions/arrangements with Honeywell International Inc., Ultimate Holding Company, was passed at the 31<sup>st</sup> Annual General Meeting of your Company held on July 21, 2015.

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

**Person who conducted the postal ballot exercise:** Not applicable

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

As on date, your Company does not have any proposal to pass any special resolution by way of postal ballot

**Procedure for postal ballot:** Not applicable

## 12. Means of Communication

The quarterly/half-yearly/annual financial results are published in The Economic Times (English daily) and Maharashtra Times (Marathi daily).

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

Your Company has a dedicated help desk with email ID: HAIL.InvestorServices@Honeywell.com in the Secretarial Department for providing necessary information to investors.

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

## 13. General Shareholder Information

Annual General Meeting (AGM) Date, Time and Venue	Friday, August 9, 2019 at 4.00 p.m. at Honeywell Automation India Limited, 56 & 57, Hadapsar Industrial Estate, Pune – 411013
The profile of Directors seeking appointment / re-appointment at the ensuing AGM are given in the Annexure to the Notice of AGM.	
Financial year	Company's financial year is April – March
Record date	August 2, 2019
Dividend payment date	August 23, 2019
Listing on Stock Exchanges	The equity shares of the Company are currently listed with the following Stock Exchanges in India:  BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001  National Stock Exchange of India Limited (NSE) Bandra Kurla Complex, Mumbai 400 051
The Company has paid the annual listing fee to both the stock exchanges.	
Stock code (Equity)	NSE HONAUT BSE 517174 ISIN INE671A01010
Financial Calendar*	
Q1 2019-20 Results	On or before second week of August 2019
Q2 2019-20 Results	On or before second week of November 2019
Q3 2019-20 Results	On or before second week of February 2020
Q4 and Annual 2019-20 Results	On or before second week of May 2020

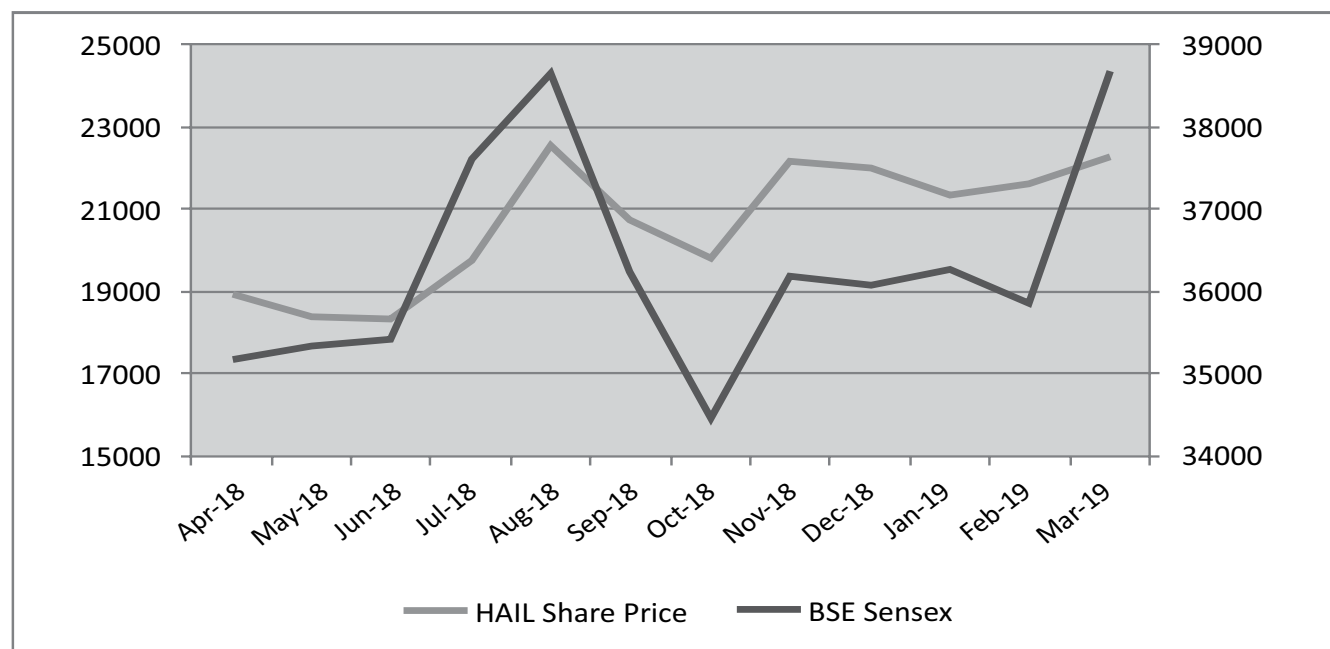
\*Tentative

Company’s Market Price Data \*

Particulars	BSE		NSE	
	High	Low	High	Low
April 2018	19915.00	<b>17140.00</b>	19442.20	<b>16878.60</b>
May 2018	19259.85	18062.40	19249.60	18000.00
June 2018	18780.60	18018.95	18900.00	18055.00
July 2018	20600.05	18200.00	20600.00	18250.00
August 2018	<b>24178.00</b>	19150.00	<b>24242.00</b>	18000.00
September 2018	23350.00	19799.95	23399.05	19800.05
October 2018	20667.25	17980.00	21137.10	18000.00
November 2018	22285.05	19925.00	22277.00	20025.00
December 2018	23551.95	21201.05	23567.00	21179.90
January 2019	22300.00	20810.90	22230.75	20655.15
February 2019	22102.25	20700.00	22100.00	20611.25
March 2019	22799.95	21415.00	22935.00	21193.90

\* Source : BSE and NSE website.

BSE SENSEX v/s Honeywell Automation India Limited (HAIL) Share Price (BSE)



**Distribution of Shareholding**

Number of ordinary shares held	Number of shares	
	31-03-2019 (%)	31-03-2018 (%)
1 to 500	6.40	6.39
501 to 1000	0.72	0.69
1001 to 2000	0.57	0.52
2001 to 3000	0.13	0.08
3001 to 4000	0.45	0.37
4001 to 5000	0.22	0.16
5001 to 10000	1.21	0.54
Over 10000	90.30	91.25
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

**Categories of Shareholders as on March 31, 2019**

Category	No. of shareholders	No. of shares held
Foreign promoters	1	66,31,142
Non-resident individuals	479	1,67,68
Foreign institutional investors	30	43,313
Banks	2	1,450
Mutual funds / UTI	47	13,15,791
Central Government / State Governments(s)	1	285
Resident individuals	14,386	7,47,222
Trust and charitable institutions	7	885
IEPF	1	12,704
Directors	1	200
Bodies Corporate	416	71,082
Alternate Investment Fund	1	681
<b>Total</b>	<b>15,372</b>	<b>88,41,523</b>

Registrar to an issue and share transfer agents	<p>TSR Darashaw Consultants Pvt. Ltd.* (Previously TSR Darsahaw Ltd.) 6-10, Haji Moosa Patrawala Ind. Estate, 20, Dr. E. Moses Road, Near Famous Studio, Mahalaxmi, Mumbai - 400 011 Tel: (022) 66568484; Fax: (022) 66568494 Email: csg-unit@tsrdarashaw.com; Website: <a href="http://www.tsrdarashaw.com">http://www.tsrdarashaw.com</a></p> <p>* The Company's Registrars TSR Darashaw Limited' ('TSRDL') informed that their Registry Business stands transferred to a new entity TSR Darashaw Consultants Private Ltd. ('TSRDCPL') effective May 28, 2019, pursuant to the de-merger of the Registry business from TSRDL to TSRDCPL.</p>
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Share transfer system	Share transfers in physical form can be lodged with TSR Darashaw Consultants Pvt. Ltd. (Previously TSR Darashaw Ltd.) at the above mentioned address or at their branch offices, addresses of which are available on their website.
Dematerialisation of shares and liquidity	Your Company has arrangements with NSDL as well as the CDSL for demat facility. 99.17% of your Company's share capital is dematerialised as on March 31, 2019.
Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity	As on date, your Company has not issued GDRs, ADRs or any other convertible instruments and as such, there is no impact on the equity share capital of your Company.
Commodity price risk or foreign exchange risk and hedging activities	Your Company is exposed to foreign exchange risk on account of import and export transactions which is monitored periodically. Your Company leverages the global treasury operations of Honeywell to improve mitigation of risk relating to foreign exchange.
Plant locations	Honeywell Automation India Limited Gat # 181, Fulgaon Industrial Estate, Lonikand Tulapur Road, Pune, Maharashtra, India
Address for correspondence	Honeywell Automation India Limited, 56 & 57, Hadapsar Industrial Estate, Pune – 411 013 Tel: (020) 66039400 Fax: (020) 66039800 Email: HAIL.InvestorServices@Honeywell.com Website: <a href="https://www.honeywell.com/en-us/global/en-in/hail">https://www.honeywell.com/en-us/global/en-in/hail</a>
List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilisation of funds, whether in India or abroad	Not applicable
Corporate Identity Number	L29299PN1984PLC017951

**14. Compliance with Mandatory Requirements**

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

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

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

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

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

**Suresh Senapaty**  
Chairman

Pune, May 13, 2019

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**Declaration by the Managing Director under the Listing Regulations Regarding Compliance with Code of Conduct**

Pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is hereby certified that all Board Members and Senior Management personnel have affirmed compliance with the Company's Code of Conduct for the financial year ended March 31, 2019.

**For Honeywell Automation India Limited**

**Ashish Gaikwad**  
Managing Director

Pune, May 13, 2019



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

In connection with the financial statements of the Company for the year April 1, 2018 to March 31, 2019, we, Ashish Gaikwad, MD and Amit Tantia, CFO certify that:

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

**For Honeywell Automation India Limited**

**Ashish Gaikwad**  
Managing Director

**Amit Tantia**  
Chief Financial Officer

Pune, May 13, 2019

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

To  
The Members of  
Honeywell Automation India Limited

Dear Sirs,

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

I have examined all relevant records of Honeywell Automation India Limited for the purpose of certifying compliance of the conditions of Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended 31st March 2019. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of the above certification.

The compliance of conditions of corporate governance is the responsibility of the management. My examination was carried out in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. My examination was limited to the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of corporate governance. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

On the basis of our examination of the records produced, explanations and information furnished, I certify that the Company has complied with the mandatory conditions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as applicable and amended from time to time; for the financial year ended 31<sup>st</sup> March 2019.

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

**Jayavant Bhavé**  
Proprietor  
FCS: 4266 CP: 3068

Place : Pune  
Date : May 13, 2019

**SCHEDULE V of SEBI (LODR) 2015  
COMPLIANCE CERTIFICATE  
BY COMPANY SECRETARY IN WHOLE-TIME PRACTICE**

To  
The Company Secretary  
HONEYWELL AUTOMATION INDIA LIMITED

I have examined the details from the portal of Ministry of Corporate Affairs (MCA), website of Securities and Exchange Board of India (SEBI) and yearly disclosures provided by the directors of HONEYWELL AUTOMATION INDIA LIMITED, ("the Company") having CIN: L29299PN1984PLC01795, for the Financial year 2019-20 as stipulated in the Companies Act, 2013, Securities and Exchange Board of India Act, 1992 and the applicable SEBI Regulations. I certify under sub regulation 10(i) of regulation 34(3) of schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 that, none of the directors on the board of the company as stated in the below table have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority as on date of the Certificate.

Following are the directors of the Company as on date of the Certificate.

S. No.	Name	Designation	DIN
1	Mr. Suresh Chandra Senapaty	Non-Executive - Independent Director	00018711
2	Mr. Srinath Narasimhan	Non-Executive - Independent Director	00058133
3	Ms. Neera Saggi	Non-Executive - Independent Director	00501029
4	Ms. Nisha Gupta	Non-Executive - Non Independent Director	02331771
5	Mr. Vikas Chadha	Non-Executive - Non Independent Director	06624266
6	Mr. Ashish Madhukar Gaikwad	Executive Director	07585079
7	Mr. Brian Ray Buffington	Non-Executive - Non Independent Director	08060965

This certificate is issued on the request of the company.

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

**Jayavant Bhawe**  
Proprietor  
FCS: 4266 CP: 3068

Place : Pune  
Date : May 13, 2019

**BUSINESS RESPONSIBILITY REPORT**  
**For the Financial Year ended March 31, 2019**

{Pursuant to Regulation 32(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015}

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

1.	Corporate Identity Number (CIN) of the Company	L29299PN1984PLC017951
2.	Name of the Company	HONEYWELL AUTOMATION INDIA LIMITED
3.	Registered address	56 & 57, Hadapsar Industrial Estate, Pune - 411013
4.	Website	<a href="https://www.honeywell.com/en-us/global/en-in/hail">https://www.honeywell.com/en-us/global/en-in/hail</a>
5.	E-mail id	<a href="mailto:HAIL.InvestorServices@Honeywell.com">HAIL.InvestorServices@Honeywell.com</a>
6.	Financial Year reported	April 1, 2018 to March 31, 2019
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Automation Sector (the three principal business activities are): (i) Manufacture of electronic systems and components – NIC Code 26 (ii) Repair and maintenance – NIC Code 33 (iii) Trading of machinery, equipments and supplies – NIC Code 46
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	1. Industrial software applications called Honeywell Connected Enterprise to leverage the power of software and IIoT for making plants and buildings safer, more efficient / cost-effective, reliable, and sustainable. 2. Automation and control projects / solutions for fuel terminals / LNG terminals, process plants, commercial buildings, smart cities, gas and liquid pipelines for safer, reliable, and efficient operations. 3. Lifecycle services and technology migration services, industrial cyber security services, and benefit Guardianship for our installed base of customers.
9.	Total number of locations where business activity is undertaken by the Company	In India, the Company operates from its registered office and factory in Pune, and branch offices in key cities, including Chennai, Bangalore, Kolkata, Mumbai, Baroda, Jamshedpur, Ahmedabad, Hyderabad and Gurugram. The Company also has an office in Dubai and USA.
(a)	Number of International Locations (Provide details of major 5)	
(b)	Number of National Locations	
10.	Markets served by the Company – Local/State/ National/International	In addition to serving the domestic market, the company exports goods/services to global customers in the U.S., Europe, Asia Pacific and other regions.

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

1.	Paid up Capital (INR)	INR 884.15 Lakhs
2.	Total Turnover (INR)	INR 317,474 Lakhs (Revenue from operations)
3.	Total profit after taxes (INR)	INR 35,884 Lakhs
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Please refer to Corporate Social Responsibility Report for the financial year 2018-19 on pages from 20 to 22 of this Annual Report.
5.	List of activities in which expenditure in (4) above has been incurred	<p>During the period under review, your Company has contributed a sum of INR 605 lakhs towards its CSR commitment to Honeywell Hometown Solutions India Foundation (HHSIF). Of this:</p> <ul style="list-style-type: none"> <li>• INR 91 lakhs was contributed towards the Honeywell Science Experience programme in partnership with Agastya International Foundation, a not-for-profit organisation, that will deploy these funds over FY 2018-19 and FY 2019-20</li> <li>• INR 307 lakhs was contributed towards the Honeywell Safe Water Network initiative to be implemented by Safe Water Network, a not-for-profit organisation, over FY 2018-19 and FY 2019-20</li> <li>• INR 98 lakhs was contributed towards the Honeywell Science Academy, implemented by Avasara Leadership Institute, a not-for-profit organisation over FY 2018-19 and FY 2019-20.</li> <li>• INR 73 lakhs was contributed towards Safe Kids at Home, implemented by Safe Kids Foundation India, a not-for-profit organisation over FY 2018-19 and FY 2019-20.</li> <li>• INR 36 lakhs spent towards dedicated administrative expenditure of HHSIF for managing Company's CSR programmes over FY 2018-19</li> </ul>

**SECTION C: OTHER DETAILS**

1.	Does the Company have any Subsidiary Company / Companies?	No. The Company does not have any subsidiary company / companies.
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Not applicable
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the Business Responsibility (BR) initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No. Entities with whom the Company does business with viz. suppliers, distributors etc. (other than Honeywell Group Companies in India) do not participate in the BR initiatives of the Company.

**SECTION D: BR INFORMATION**

**1. Details of Director/Directors responsible for BR**

(a) Details of the Director/Director responsible for implementation of the BR policy/policies

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

(b) Details of the BR Head

No.	Particulars	Details
1	DIN Number (if applicable)	N.A.
2	Name	Mr. Abhishek Kumar
3	Designation	Head, Human Resources
4	Telephone number	+91 22 6607 2710
5	e-mail id	Abhishek.Kumar@honeywell.com

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

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

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

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for	Y	Y	Y	Y	Y	Y	N	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	N.A.	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Yes. The policies are in line with the international standards and practices adopted by the ultimate holding company, Honeywell International Inc. USA, such as Foreign Corrupt Practices Act of U.S. and meet national regulatory requirements such as Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.								
4	Has the policy being approved by the Board? Is yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Yes. The mandatory policies under Indian laws and regulations have been adopted by the Board and signed by the Managing Director, Mr. Ashish Gaikwad.								

5	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	The Company has a CSR committee for Principle No. 4 & 8 and an internal governance structure to ensure implementation of several policies through internal audit, risk management process and monitoring of key indicators, in line with the established policies.
6	Indicate the link for the policy to be viewed online?	Mandatory policies are available on the company's website. viz., Code of Conduct policy - <a href="https://www.honeywell.com/content/dam/honeywell/files/india-hail/policies/Code%20of%20Conduct%202019.pdf">https://www.honeywell.com/content/dam/honeywell/files/india-hail/policies/Code%20of%20Conduct%202019.pdf</a> Corporate Social Responsibility policy - Refer page 20 of the annual report Whistle blower Policy - Refer page 62 of the annual report and Sustainable Opportunity Policy, Honeywell's Commitment to Health, Safety and Environment - <a href="https://www.honeywell.com/content/dam/honeywell/files/india-hail/policies/sustainable-opportunity-policy--honeywells-commitment-to-health-safety-and-the-environment.pdf">https://www.honeywell.com/content/dam/honeywell/files/india-hail/policies/sustainable-opportunity-policy--honeywells-commitment-to-health-safety-and-the-environment.pdf</a>
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes. The policies are communicated to internal stakeholders and are available on the Company's internal network. If required, the policies are also shared with our external stakeholders and are published on the Company's website.
8	Does the Company have in-house structure to implement the policy/ policies?	Yes. The Company has an existing structure with defined roles and responsibilities, which periodically reviews the implementation of various policies. It also evaluates key indicators at several management levels.
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Yes. Every policy formulated by the Company has an inbuilt grievance and redressal mechanism.
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Yes. The working of these policies are evaluated periodically through internal audit.

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

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

**3. Governance related to BR**

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

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

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

No.

**SECTION E: PRINCIPLE-WISE PERFORMANCE****Principle 1: Businesses should conduct and govern themselves with ethics, transparency and accountability**

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

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

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

During the review period, 40 complaints received and 36 complaints have been satisfactorily resolved till the date of this report. The balance, 4 complaints are in the process of being reviewed.

The Company has adopted the Whistle Blower Policy / Vigil Mechanism where it allows employees and stakeholders to report violation of the Code of Conduct, Company policy, or any applicable law or regulation. The details of the policy are available on the Company's website at the following link: <https://www.honeywell.com/content/dam/honeywell/files/india-hail/policies/vigil-mechanism-whistle-blower-policy.pdf>

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

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

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

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

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

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



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

(a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

The Company has implemented the following initiatives:

1. Introduced latest VRV (Variable Refrigerant Technology) for Hadapsar office. Complete BMS upgradation and Automation of HVAC system to improve operational efficiency.
2. Ductable DX (Direct Expansion) Units introduced with zoning for Hadapsar office.

The Company also received power factor credit, time of day credit, and prompt discount during the year under review.

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

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

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

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

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

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

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

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

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

1. **Please indicate the Total number of employees :** Total number of employees are 3,324 of which 3,251 are full-time employees as on March 31, 2019.
2. **Please indicate the Total number of employees hired on temporary/contractual/casual basis:** 73
3. **Please indicate the Number of permanent women employees:** 501
4. **Please indicate the Number of permanent employees with disabilities:** N.A.
5. **Do you have an employee association that is recognised by management.** No
6. **What percentage of your permanent employees is members of this recognised employee association?** N.A.
7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

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

8. **What percentage of your above mentioned employees were given safety & skill up-gradation training in the last year?**
  - (a) Permanent Employees: 73.3%
  - (b) Permanent Women Employees: 72.4%
  - (c) Casual/Temporary/Contractual Employees: 36%
  - (d) Employees with Disabilities: Not Applicable

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

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

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

- Science and Math Education
- Housing and Shelter

- Sustainability
- Family Safety and Security
- Humanitarian Relief

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

- Safe Kids at Home is a home safety program, in collaboration with Safe Kids Foundation. The program focuses on burns and scald injuries among children under 14 years in Pune. Safe Kids at Home has taught children and parents in Pune to be fire-safe. The program engages citizens and civic bodies to make Pune a model safe city.
- Honeywell Safe Water Network Initiative in collaboration with Safe Water Network is setting up safe water stations in rural Telangana and districts of Maharashtra, in regions that suffer groundwater contamination from fluorides. Safe water access reduces incidences of skeletal fluorosis, a debilitating condition that causes teeth mottling, stunting, bending of spine, and loss of productivity.
- Honeywell Science Experience with Agastya International Foundation, is a hands-on science education program for economically disadvantaged students and teachers. Honeywell Science Experience had established science centres, mobile science labs, and young instructor leaders or student mentors across Delhi, Faridabad, Noida, Gurugram, Mysore, Madurai, Chennai, Hyderabad, Bengaluru, and Pune benefitting students and teachers across all centres and mobile labs.
- Honeywell Safe Schools, implemented by Sustainable Environment and Ecological Development Society (SEEDS), takes a comprehensive approach to school safety. It seeks to ensure that children go to school without fear, remain safe in school, and return home safely. This is a pioneering school safety program that brings a tailor-made approach to address the unique issues of each school or location involving structural assessment of each school by engineers and architects; evaluation of risk perception; and examination of preparedness in the face of any natural or manmade disaster.
- Honeywell Science Academy with Avasara Leadership Institute is providing deep, transformative, residential science education program to disadvantaged girl students in Pune.

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

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

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

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

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

NIL

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

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

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

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

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

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

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

Solar energy project is under installation at Fulgaon factory.

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

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

Yes. Your Company identifies and assesses all potential environmental risks. It is also covered in the consent to operate given by the pollution control board. We have a strong and competent Health, Safety and Environment team that ensures compliance with regulations and promotes sustainable environment by minimising the environmental impact from our operations.

Your Company also follows the local norms directed by the Central Pollution Control Board (CPCB).

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

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

The following returns are filed (a) Monthly Water CESS report (b) Annual Hazardous waste report and (c) Annual Environment statement with MPCB.

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

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

1. Introduced latest VRV (Variable Refrigerant Technology) for Hadapsar office. Complete BMS upgradation and Automation of HVAC system to improve operational Efficiency.
2. Ductable DX (Direct Expansion) Units introduced with zoning for Hadapsar office. (Induction of VFD for all AHU's)

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

Yes.

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

NIL

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

**1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:** (a) American Chamber of Commerce (AMCHAM) - Group Company membership (b) United States India Strategic Partnership Forum (USISPF) - Group Company membership (c) Maharashtra Chamber of Commerce Industries & Agriculture (MCCIA) (d) Hadapsar Industries Association (HIA)

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

Yes.

(a) Governance and Administration (b) Economic Reforms (c) Ease of doing business

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

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

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

- Honeywell Science Experience with Agastya International Foundation.
- Honeywell-Safe Water Network Initiative.
- Honeywell Science Academy with Avasara Leadership Institute.
- Safe Kids at Home with Safe Kids Foundation India.

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

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

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

- Safe Kids at Home with Safe Kids Foundation, is a three-year sensitisation programme. In the programme, the NGO partner conducts pre-assessment and post assessment before and after every training session for each individual beneficiary. The NGO partner has also conducted a midline and an endline assessment in 2017 and 2018. Further, HAIL internal audit also conducted a full financial and social audit of the programme in 2017.
- Honeywell Science Experience with Agastya International Foundation, is a three-year STEM education programme. The NGO partner conducts pre-assessment and post assessment after every session. A third-party auditor conducted a full financial and social audit in 2017 and 2018.
- FY 2017-18 and FY 2018-19 programme assessments will be conducted after completion of one year of these programmes.

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

During the period under review, the Company has contributed a sum of INR 605 lakhs towards its CSR commitment to Honeywell Hometown Solutions India Foundation (HHSIF). Of this:

- INR 91 lakhs was contributed towards the Honeywell Science Experience programme in partnership with Agastya International Foundation that will deploy these funds over FY 2018-19 and FY 2019-20
- INR 307 lakhs was contributed towards the Honeywell-Safe Water Network Initiative to be implemented by Safe Water Network over FY 2018-19 and FY 2019-20
- INR 98 lakhs was contributed towards Honeywell Science Academy, to be implemented by Avasara Leadership Institute, a not-for-profit organisation, over FY 2018-19 and FY 2019-20
- INR 73 lakhs was contributed towards Safe Kids at Home to be implemented by Safe Kids Foundation India, a not-for-profit organisation, over FY 2018-19 and FY 2019-20.
- Balance contribution of INR 36 lakhs spent towards related dedicated administrative expenditure during FY 2018-19 for managing your Company's CSR programmes.

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

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

- Honeywell Science Experience program with Agastya International Foundation covers Mysore, Madurai, Chennai, Hyderabad, Bengaluru, Pune, Faridabad, Gurugram, Noida and Delhi. Honeywell Science Experience has established science centers, mobile labs, student mentors impacting students and teachers across all centres and mobile labs.
- Honeywell Safe Water Network Initiative with Safe Water Network, provide safe drinking water access to people via safe water stations in districts of Telangana and Maharashtra.

- Safe Kids at Home with Safe Kids Foundation India, an educational home safety program for teachers and parents to help prevent and reduce burns and scalds among children in Pune.
- Honeywell Science Academy with Avasara Leadership Institute is providing deep, transformative, residential science education program to disadvantaged girl students in Pune.

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

- 1. What percentage of customer complaints /consumer cases are pending as on the end of financial year.**  
The percentage of customer complaints pending as on the end of financial year is 10.8%.
- 2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)**  
No. The company has been displaying product information on product label per the local law mandate.
- 3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.**  
Nil
- 4. Did your company carry out any consumer survey/consumer satisfaction trends?**  
Yes. Customer satisfaction surveys are carried out periodically that measures performance on various parameters, such as timely completion, quality of testing, quality of product / services, product safety etc.

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

**Ashish Gaikwad**  
Managing Director

**Suresh Senapaty**  
Chairman

Pune, May 13, 2019

**To The Members of HONEYWELL AUTOMATION INDIA LIMITED**  
**Report on the Audit of the Financial Statements****Opinion**

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

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

**Basis for Opinion**

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	<p>Accuracy of recognition, measurement, presentation and disclosure of revenues in view of adoption of Ind AS 115 "Revenue from Contracts with Customers"</p> <p>(i) The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period. Additionally, new revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</p> <p>(ii) Additionally, significant management estimates relating to contract amendments could lead to management bias that could potentially affect POC contracts and thus the related revenue recognition.</p>	<p>Principal audit procedures performed:</p> <p>We assessed the process to identify the impact of adoption of the new revenue accounting standard. Further, our audit procedures related to assessment of management's estimates of total costs and profit for the performance obligations used to recognize revenue for certain long-term contracts included :</p> <ol style="list-style-type: none"> <li>1) Evaluation of the design of internal controls relating to implementation of the new revenue accounting standard;</li> <li>2) Testing the effectiveness of controls over contract revenue including but not limited to long-term contracts, including those over the estimates of total costs and profit for performance obligations, amendments/modifications made to contracts and SAP generated reports.</li> </ol>



Sr. No.	Key Audit Matter	Auditor's Response
	Refer Note 2(G) and Note 21.1 to the financial statements	3) Tested a sample of contracts for : <ul style="list-style-type: none"> <li>a) whether the contracts were properly included in management's calculation of long-term contract revenue based on the terms and conditions of each contract.</li> <li>b) management's identification of distinct performance obligations by evaluating whether the underlying goods, services, or both were highly interdependent and interrelated.</li> <li>c) in case of multiple performance obligation; we tested the allocation of the transaction price to each distinct performance obligation by comparing the relative standalone selling prices ("SSP") to the selling prices of similar goods or services.</li> <li>d) the accuracy and completeness of the costs incurred to date for the performance obligation.</li> <li>e) the estimates of total cost and profit for the performance obligation by:               <ul style="list-style-type: none"> <li>- Comparing costs incurred to date to the costs management estimated to be incurred to date.</li> <li>- Comparing management's estimates for the selected contracts to costs and profits of similar performance obligations, when applicable.</li> </ul> </li> </ul>
2	<p><b>Provision for expected credit losses</b></p> <p>The expected credit loss (ECL) in respect of trade receivable and unbilled revenue for goods and services represents management's best estimate of the loss allowance. The ECL allowance is computed based on a simplified model based on judgement considering past experience. The calculation of ECL allowance is a complex area and requires management to make significant assumptions on customer payment behaviour and other relevant risk characteristics when assessing the historical information and estimating the level and timing of expected future cash flows.</p> <p>Refer Note 2(O)(iv) and footnotes to Note 7 and Note 10 to the financial statements.</p>	<p>Principal audit procedures performed:</p> <p>We tested the key controls relating to calculation of provision for credit losses of trade receivable and unbilled revenue for goods and services. The computation is based on standard debtors and unbilled ageing reports derived from SAP.</p> <p>We tested the methodology applied in credit loss provision calculation and compared it to the requirements of Ind AS 109 - Financial Instruments to ensure that the higher of the two was considered for provision.</p> <p>We also tested the mathematical accuracy and assessed the judgements used in the management's model used to calculate provision for credit losses.</p> <p>We understood and critically assessed the Company's policy for credit loss provisioning. We assessed whether the historic experience on which the policy was determined is representative of current circumstances and the whether the bad debts incurred were within the provisions created.</p>
3	<p><b>Evaluation of uncertain tax positions with respect to Direct and Indirect tax laws</b></p> <p>The Company operates in different state level jurisdictions within India and is therefore subject to tax regimes with different rules and regulations. As described in note 3 to the financial statements on significant accounting estimates and judgements, significant judgement is required in determining provisions for uncertain tax positions including estimates of interest and penalties wherever appropriate.</p> <p>Refer Note 2(L) and note 34 to the financial statements.</p>	<p>Principal audit procedures performed:</p> <p>We assessed management's processes and tested the internal controls implemented for the identification, recognition and measurement of uncertain tax positions and it's assessment of the potential impact on the Company.</p> <p>For all the claims and assessments against the company, management evaluated the possibility, probability and remoteness (PPR) of the claims. We evaluated management's assessments with respect to prospects of success of appeals and tax proceedings.</p>

Sr. No.	Key Audit Matter	Auditor's Response
		<p>In proceedings involving material amounts, we examined the possibility, probability and remoteness of the claim/cases for which, we have involved internal specialist to challenge the management's position on these uncertain Direct/Indirect tax positions. Our internal experts also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions.</p> <p>Further, we obtained independent external confirmations from the Company's legal advisors/consultants. We discussed the status of significant known actual and potential litigation with in-house legal.</p>

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the financial information included in the Board's Reporting including specific Annexures to Board's Report and Management Discussion and Analysis, but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended.  

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements;
    - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

**Hemant M. Joshi**  
Partner  
(Membership No. 38019)

Pune, 13 May, 2019

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

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

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

We have audited the internal financial controls over financial reporting of Honeywell Automation India Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditor's Responsibility**

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

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

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

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

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

prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**Hemant M. Joshi**  
Partner  
(Membership No. 38019)

Pune, 13 May, 2019

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of five years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us and the records examined by us and based on the examination of the copy of the registered sale deed, title search report and tax paid receipts provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. The Company does not have any immovable properties of leasehold land and building.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
  - (iii) The Company has not granted any loans, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act.
  - (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of investments made by the Company. According to the information and explanations given to us, the Company has not granted loans or provided guarantees and securities.
  - (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public and hence reporting under clause 3 (v) of the Order is not applicable to the Company.
  - (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of Act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Act, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
  - (vii) According to the information and explanations given to us, in respect of statutory dues:
    - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Goods and Service Tax (GST), Cess and other material statutory dues applicable to it to the appropriate authorities.
    - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Goods and Service Tax (GST), Cess and other material statutory dues in arrears as at 31st March, 2019 for a period of more than six months from the date they became payable.
    - (c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Goods and Service Tax (GST) which have not been deposited as on 31st March, 2019 on account of disputes are given below:

(Rs. in Lakhs)

Income Tax Act, 1961				
Nature of Due	Forum where Pending	Period to which it pertains	Amount unpaid	Amount Paid
Income Tax	Commissioner of Income Tax	1999-00 to 2002-03, 2014-15, 2015-16	6,667	374
Income Tax	Assessing Officer/Transfer Pricing Officer	2011-12	776	1,871
Income Tax	Income Tax Appellate Tribunal	2003-04, 2005-06, 2006-07, 2009-10, 2010-11, 2012-13, 2013-14	2,503	7,969
Respective sales tax laws- Sales tax, Value added tax (VAT), Central Sales Tax (CST), Works Contract Tax, Entry Tax, etc				
Nature of Dues	Forum where pending	Period to which it pertains	Amount Unpaid	Amount Paid
VAT	Additional Commissioner Uttar Pradesh	2010-11 & 2012-13	171.62	-
VAT	Assistant Commissioner, West Bengal	2007-08	19.25	-
CST	Assistant Commissioner, Haryana	2014-15 & 2015-16	73.30	-
VAT/CST	Assistant Commissioner, Jharkhand	2007-08	18.69	-
VAT/CST	Assistant Commissioner (Commercial tax), Karnataka	2009-10 to 2012-13	76.98	147.80
CST	Assistant commissioner, Tamilnadu	2013-14 to 2016-17	16.75	16.32
VAT/CST	Assistant Commissioner, Rajasthan	2006-07 to 2009-10 & 2014-15	83.27	-
CST	Deputy Commissioner, Rajasthan	2010-11	20.79	-
VAT	Assistant Commissioner, Telangana	2014-15 & 2015-16	7.18	1.03
CST	Commercial tax officer, Andhra Pradesh	2010-11	0.34	-
VAT	Commercial tax officer, Kerala	2011-12	5.35	0.72
CST	Commercial tax officer, Telangana	2014-15	52.41	-
VAT	Commercial tax officer, Kerala	2011-12 to 2013-14	137.71	30.02
VAT	Deputy Commissioner, Andhra Pradesh	2010-11	7.66	-
VAT/CST	Deputy Commissioner, Uttar Pradesh	2005-06, 2006-07, 2008-09, 2011-12, 2013-14, 2014-15, 2015-16	696.35	0.19
VAT	Sales tax office, Jharkhand	1997-98 to 1999-00	39.73	-
VAT	Assistant commissioner, Kerala	2009-10	0.74	0.19
CST	Deputy commissioner, Maharashtra	2012-13 & 2013-14	776.22	40.00
Entry tax	Deputy Commissioner, Uttar Pradesh	2005-06 & 2006-07	26.00	-
VAT	Deputy Commissioner (A) Gujarat	2001-02	19.73	-
VAT/CST/ MWCT	Joint Commissioner (A) Maharashtra	2001-02, 2007-08, 2009-10	439.76	77.80
VAT/CST	Senior Joint Commissioner, West Bengal	2012-13	195.43	28.91
VAT/CST	Sales Tax Officer, West Bengal	2014-15	25.55	2.68
VAT/CST	Deputy commissioner, West Bengal	2010-11	56.32	-
VAT/CST	Commercial Tax Office, West Bengal	2011-12	5.14	-
CST	Joint Commissioner, Cuttack	2011-12 & 2012-13	153.61	-
VAT	Joint commissioner, Delhi	2005-06, 2006-07, 2008-09 to 2011-12, 2014-15 & 2015-16	1,146.42	65.13
VAT/CST	Joint commissioner, Maharashtra	2010-11 & 2011-12	253.61	51.96
VAT/CST	Joint commissioner, West Bengal	2013-14 & 2015-16	602.06	75.03
VAT/CST	Special Commissioner, Delhi	2007-08	341.48	-
CST	Delhi VAT Officer	2014-15	38.64	-
The Customs Act, 1962				
Nature of dues	Forum where it is pending	Period to which amount pertains	Amount Unpaid	Amount Paid
Customs	Deputy Commissioner (Customs), Mumbai	1994-95 & 2007-08	81.35	-
The Central Excise Act, 1944				
Nature of dues	Forum where it is pending	Period to which amount pertains	Amount Unpaid	Amount Paid
Excise	Deputy/Assistant Commissioner, Excise Pune	2000-01	2.40	-



- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and Government or has not issued any debentures. Hence reporting under clause 3 (viii) of the Order is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc., as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

**Hemant M. Joshi**  
Partner  
(Membership No. 38019)

Pune, 13 May, 2019

(Rupees in lakhs)

Particulars	Notes	As at 31st March 2019	As at 31st March 2018
<b>Assets</b>			
<b>Non-current assets</b>			
(a) Property, Plant and Equipment	4	8,515	8,382
(b) Capital work in progress	4	801	110
(c) Intangible assets	5	3	10
(d) Financial assets			
(i) Trade receivables	7	988	854
(ii) Other financial assets	10	3,432	2,399
(e) Income tax assets (net)	11	8,661	7,162
(f) Deferred tax assets (net)	12	7,452	7,666
(g) Other non-current assets	13	7,765	9,461
<b>Total non-current assets</b>		<b>37,617</b>	<b>36,044</b>
<b>Current assets</b>			
(a) Inventories	14	10,506	7,977
(b) Financial assets			
(i) Investments	6	-	7,777
(ii) Trade receivables	7	51,708	59,112
(iii) Cash and cash equivalents	8	21,524	38,072
(iv) Bank balances other than (iii) above	9	100,928	46,071
(v) Other financial assets	10	53,865	39,940
(c) Other current assets	13	12,912	8,197
<b>Total current assets</b>		<b>251,443</b>	<b>207,146</b>
<b>Total Assets</b>		<b>289,060</b>	<b>243,190</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
(a) Equity share capital	15	884	884
(b) Other equity	16	173,862	140,984
<b>Total Equity</b>		<b>174,746</b>	<b>141,868</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Trade payables	18		
(A) Trade payables to Micro Small and Medium Enterprise		-	-
(B) Trade payables others		368	179
(b) Provisions	17	3,375	1,224
<b>Total non-current liabilities</b>		<b>3,743</b>	<b>1,403</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Trade payables	18		
(A) Trade payables to Micro Small and Medium Enterprise		8,914	1,011
(B) Trade payables others		74,186	76,067
(ii) Other financial liabilities	19	663	688
(b) Other current liabilities	20	17,123	13,324
(c) Provisions	17	9,685	8,829
<b>Total current liabilities</b>		<b>110,571</b>	<b>99,919</b>
<b>Total Equity and Liabilities</b>		<b>289,060</b>	<b>243,190</b>

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/W100018  
Chartered Accountants

**For and on behalf of the Board**

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

**Suresh Senapaty**  
Chairman

**Ashish Gaikwad**  
Managing Director

**Farah Irani**  
Company Secretary

**Amit Tantia**  
Chief Financial Officer

Place : Pune  
Date : May 13, 2019

Place : Pune  
Date : May 13, 2019

**Statement of Profit and Loss for the  
year ended 31st March 2019**

**Honeywell Automation India Limited  
Annual Report 2018-19**

(Rupees in lakhs)

Particulars	Notes	Year ended 31st March 2019	Year ended 31st March 2018
<b>(I) Revenue from operations</b>	<b>21</b>	<b>317,474</b>	<b>269,814</b>
(II) Other Income	22	7,087	3,312
<b>(III) Total Income (I + II)</b>		<b>324,561</b>	<b>273,126</b>
<b>(IV) Expenses:</b>			
Cost of materials consumed	23	134,598	113,711
Purchases of Stock in Trade		31,797	25,564
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	(1,525)	777
Excise duty on sale of goods		-	816
Employee benefits expense	25	53,980	45,835
Finance costs	26	348	28
Depreciation and amortization expense	4 & 5	1,589	1,520
Other expenses	27	48,285	46,752
<b>Total expenses</b>		<b>269,072</b>	<b>235,003</b>
<b>(V) Profit before tax (III - IV)</b>		<b>55,489</b>	<b>38,123</b>
<b>(VI) Income tax expense:</b>			
- Current tax		19,536	13,874
- Deferred tax		69	(724)
- Relating to earlier years		-	-
<b>Total tax expense</b>		<b>19,605</b>	<b>13,150</b>
<b>(VII) Profit for the year (V-VI)</b>		<b>35,884</b>	<b>24,973</b>
<b>(VIII) Other comprehensive income</b>			
A (i) Items that will not be reclassified to Profit and Loss			
(a) Remeasurements losses of the defined benefit plans		76	(193)
A (ii) Income tax relating to items that will not be reclassified to profit or loss		(27)	68
B (i) Items that may be reclassified to Profit and Loss			
(a) Effective portion of gains and loss on designated portion of hedging instruments in cashflow hedge		341	(86)
B (ii) Income tax relating to items that may be reclassified to profit and loss		(119)	30
<b>Total other comprehensive income (A (i-ii) + B (i-ii) )</b>		<b>271</b>	<b>(181)</b>
<b>(IX) Total comprehensive income for the year (VII + VIII)</b>		<b>36,155</b>	<b>24,792</b>
Earning per equity share (In Rs.)			
Basic and Diluted	31	405.86	282.45
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/W100018  
Chartered Accountants

**For and on behalf of the Board**

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

**Suresh Senapaty**  
Chairman

**Ashish Gaikwad**  
Managing Director

**Farah Irani**  
Company Secretary

**Amit Tantia**  
Chief Financial Officer

Place : Pune  
Date : May 13, 2019

Place : Pune  
Date : May 13, 2019

(Rupees in lakhs)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
<b>A. Cash flow from operating activities</b>		
<b>Profit for the year</b>	<b>35,884</b>	<b>24,973</b>
Adjustments for:		
Income tax expense recognised in profit and Loss account	19,605	13,150
Depreciation and amortisation of non current assets	1,589	1,520
(Gain) / Loss on sale / write off of property, plant and equipment (net)	(27)	424
Interest income recognised in profit and loss	(5,587)	(2,103)
Dividend income in profit and loss	(239)	(352)
Employee stock options provisions	134	112
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(265)	(192)
Effect of unrealized exchange (Gain)/Loss	37	114
Interest (Refer Note 32)	348	28
Liabilities no longer required written back	(65)	(356)
Interest on Other financial assets carried at amortised cost	(59)	(69)
Expected credit loss allowance	(2,364)	(71)
<b>Movements in working capital:</b>		
(Increase) /decrease in trade and other receivables	9,525	(11,113)
(Increase) /decrease in amount due from customers under construction contracts and unbilled services	(13,718)	(7,397)
(Increase) in inventories	(2,529)	1,714
(Increase) /decrease in other assets	(3,175)	(2,708)
Increase/ (decrease) in trade payables	6,035	20,979
Increase/ (decrease) in provisions	3,083	1,500
Increase/ (decrease) in other current liabilities	3,799	2,151
<b>Cash generated from operations</b>	<b>52,011</b>	<b>42,305</b>
Income taxes paid (net of refund, if any)	(21,134)	(16,015)
<b>Net cash generated from operations</b>	<b>30,877</b>	<b>26,289</b>
<b>B. Cash flow from investing activities</b>		
Payments for Property, Plant and equipment	(2,370)	(1,928)
Proceeds from disposal of property, plant and equipment	50	52
Payment for intangible assets	(1)	-
Payments to acquire financial assets net of proceeds	300	86
Interest received	4,580	1,818
Fixed deposits placed during the year	(100,900)	(46,000)
Proceeds from fixed deposits matured during the year	46,043	27,701
Redemption of Mutual funds	8,016	850
<b>Net cash generated from investing activities</b>	<b>(44,282)</b>	<b>(17,421)</b>
<b>C. Cash flow from financing activities</b>		
Dividend paid (including dividend distribution tax of Rs 582 lakhs (Previous year Rs. 180 lakhs) there on)	(3,408)	(1,063)
<b>Net cash used in financing activities</b>	<b>(3,408)</b>	<b>(1,063)</b>
<b>Net change in cash and cash equivalents</b>	<b>(16,813)</b>	<b>7,805</b>
Cash and cash equivalents as at the beginning of the Year	38,072	30,075
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	265	192
Cash and cash equivalents as at the end of the Year	21,524	38,072
<b>Movement in cash and cash equivalents</b>	<b>(16,813)</b>	<b>7,805</b>

(Rupees in lakhs)

Cash and cash equivalents consist of	31st March 2019	31st March 2018
<b>Bank Balances</b>		
Current Accounts	16,592	25,576
Cheques on hand	-	463
Demand deposits (Original maturity less than 3 months )	4,932	12,033
	<u>21,524</u>	<u>38,072</u>

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Chartered Accountants

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

Place : Pune  
Date : May 13, 2019

**For and on behalf of the Board**

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

Place : Pune  
Date : May 13, 2019

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

**A. Equity share capital**

(Rupees in lakhs)

	<b>Amount</b>
Balance as at 31st March 2018	884
Changes in equity share capital	-
As at 31st March 2019	884

**B. Other equity**

(Rupees in lakhs)

	Reserves and surplus				Other comprehensive Income		Total
	Securities Premium	General Reserves	Retained earnings	Share based payment reserve	Remeasurements of the defined benefit plans	Effective portion of cash flow hedge	
<b>Balance as at 31st March 2017</b>	<b>1,577</b>	<b>18,552</b>	<b>97,234</b>	<b>277</b>	<b>(496)</b>	-	<b>117,144</b>
Profit for the year	-	-	24,973	-	-	-	24,973
Other comprehensive income for the year, net of income tax	-	-	-	-	(125)	(56)	(181)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>24,973</b>	<b>-</b>	<b>(125)</b>	<b>(56)</b>	<b>24,792</b>
Dividend Paid	-	-	(884)	-	-	-	(884)
Dividend Distribution Tax Paid	-	-	(180)	-	-	-	(180)
Recognition of share-based payments	-	-	-	112	-	-	112
<b>Balance as at 31st March 2018</b>	<b>1,577</b>	<b>18,552</b>	<b>121,143</b>	<b>389</b>	<b>(621)</b>	<b>(56)</b>	<b>140,984</b>
Profit for the year	-	-	35,884	-	-	-	35,884
Other comprehensive income for the year, net of income tax	-	-	-	-	49	222	271
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>35,884</b>	<b>-</b>	<b>49</b>	<b>222</b>	<b>36,155</b>
Dividend Paid	-	-	(2,829)	-	-	-	(2,829)
Dividend Distribution Tax Paid	-	-	(582)	-	-	-	(582)
Recognition of share-based payments	-	-	-	134	-	-	134
<b>Balance as at 31st March 2019</b>	<b>1,577</b>	<b>18,552</b>	<b>153,616</b>	<b>523</b>	<b>(572)</b>	<b>166</b>	<b>173,862</b>

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

For and on behalf of the Board

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

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

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

Place : Pune  
Date : May 13, 2019

Place : Pune  
Date : May 13, 2019

**NOTES TO THE FINANCIAL STATEMENTS****NOTE 1 - GENERAL INFORMATION:**

Honeywell Automation India Limited (the 'Company') is engaged primarily in the business of Automation & Control systems on turnkey basis and otherwise. The Company is a public limited company and is listed on the Bombay Stock Exchange, Mumbai (BSE) and the National Stock Exchange (NSE).

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

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

All assets and liabilities have been classified as current or non-current as per the Company's 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 liabilities that the entity can access at the measurement date;

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

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

**C. Property, Plant and Equipment**

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

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

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

Freehold land is not depreciated.

The Company depreciates Property, Plant and Equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

<b>Class of Assets</b>	<b>Useful Lives</b>
Buildings	30 years
Plant and Machinery*	10 years
Test Equipment*	4 - 10 years
Computers	3 years
Vehicles*	4 - 5 years
Office Equipment	5 - 6 years
Furniture and Fixture	5 - 10 years

\* Based on technical evaluation, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence, the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Assets installed in leased premises are depreciated over lease period or useful life of assets whichever is lower.

The estimated useful life of the Property, Plant and Equipment are reviewed at the end of each financial year, with the effect of any changes in estimate accounted for on a prospective basis.

**D. Intangible Assets and Amortization**

“Intangible assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives. The amortisation period and the amortisation method are reviewed at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. Losses arising from the retirement of, gain or losses arising from disposal of an intangible asset are recognised in the Statement of Profit and Loss. The Purchased Software are amortized over a period of 3 years.”

The estimated useful life of the intangible assets are reviewed at the end of each financial year, with the effect of any changes in estimate accounted for on a prospective basis.

**E. Impairment of Property, Plant and Equipment and Intangible Assets**

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (property, plant and equipment and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication



exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

#### F. Inventories

Inventories comprise of raw material, work in progress, finished goods, stock in trade and are stated at lower of cost and net realisable value. Cost is determined using the technique of standard cost method, which approximates the actual cost using the Moving Weighted Average basis. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

#### G. Revenue Recognition

- i) The Company earns revenue primarily from turnkey projects with respect to automation and related control systems, AMC services and other business solutions.

On March 28, 2018, the Ministry of Corporate Affairs (MCA) has notified Indian Accounting Standard (Ind AS) 115 – Revenue from contracts with customers. Ind AS 115 replaces Ind AS 18 Revenue. The Company has adopted Ind AS 115 with effect from April 1, 2018 by using cumulative catch-up transition method applied to contracts that were not completed as on April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. Revenue from construction of plants and systems with performance obligations satisfied over time are recognized using input method. Revenue from such contracts is recognized over time because of the continuous transfer of control to the customer. With control transferring over time, revenue is recognized based on the extent of progress towards completion of the performance obligation. Cost based input method of progress is used because it best depicts the transfer of control to the customer that occurs as costs are incurred. Under the cost based cost method, the extent of progress towards completion is measured based on the proportion of costs incurred to date to the total estimated costs at completion of the performance obligation. Cost estimates on significant contracts are reviewed on a periodic basis, or when circumstances change and warrant a modification to a previous estimate. Cost estimates are largely based on negotiated or estimated purchase contract terms, historical performance trends and other economic projections. Significant factors that influence these estimates include if the desired site is made available on time, inflationary trends, technical and schedule risk, internal and subcontractor performance trends, business volume assumptions, asset utilization and anticipated labour agreements. Provisions for anticipated losses on long-term contracts are recorded in full when such losses become evident, to the extent required.

- ii) Revenue from contract with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration Company expects to be entitled in exchange for those goods or services. Service sales, principally representing software development are recognized over the contractual period or as services are rendered.
- iii) The terms of a contract or the historical business practice can give rise to variable consideration due to, but not limited to, cash-based incentives, rebates, performance awards, or credits. Variable consideration is estimated at the most likely amount receivable from customers. Estimated amounts are included in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized

for such transaction will not occur, or when the uncertainty associated with the variable consideration is resolved. Estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of our anticipated performance and all information (historical, current and forecasted) that is reasonably available.

- iv) A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration excluding any amounts presented as a receivable.
- v) A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

#### H. Foreign Currency Transactions

- i) Functional currency

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

- ii) Initial Recognition

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

- iii) Subsequent Recognition

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

All monetary assets and liabilities in foreign currency are restated at the end of accounting period. Exchange differences on restatement of all other monetary items are recognised in the Statement of Profit and Loss.

#### I. Employee Benefits

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

- i) Superannuation fund:

Contribution towards superannuation fund for certain employees is made to the Life Insurance Corporation, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

- ii) Provident Fund:

Provident Fund contributions are made to a Trust administered by the Company. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of the period/ year and any shortfall in the fund size maintained by the Trust set up by the Company is additionally provided for.

## iii) Gratuity:

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972 (as amended from time to time). The Gratuity Plan provides a lump sum payment to eligible employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each reporting period.

## iv) Compensated Absences:

Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

## v) Termination Benefits:

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

Actuarial gain or losses and remeasurements:

Actuarial gains or losses on defined benefit obligations are recognized in other comprehensive income. Further, the profit or loss does not include an expected return on plan assets. Instead net interest recognized in profit and loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income.

Remeasurements comprising actuarial gains or losses and return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are not reclassified to profit and loss in subsequent periods.

**J. Share Based Payments**

Certain employees of the Company receive remuneration in the form of equity settled instruments given by the ultimate holding company (Honeywell International Inc.), for rendering services over a defined vesting period. Equity instruments granted are measured by reference to the fair value of the instrument at the date of grant.

The expense is recognized in the statement of profit and loss with a corresponding increase to the share based payment reserve, as a component of equity. The equity instruments generally vest in a graded manner over the vesting period. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants. The stock compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest.

**K. Income Tax**

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period.

Current tax:

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

**Deferred tax:**

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

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

Deferred tax liabilities are recognized for all taxable temporary differences.

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

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

**L. Provisions and Contingencies**

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

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

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

**M. Leases**

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

As a lessee:

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expense on a straight line basis in the statement of profit and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

**N. Financial Instruments**

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

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

**O. Financial Assets**

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

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

**i. Classification of financial assets**

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

- a) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- b) the contractual terms of the instrument give rise on specified date to cash flows that are solely payments of principal and interest on the principal and interest on the principal amount outstanding.

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

- a) the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- b) the contractual terms of the instrument give rise on specified date to cash flows that are solely payments of principal and interest on the principal and interest on the principal amount outstanding.

Interest income is recognised in profit and loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit and loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'.

When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to the Statement of Profit and Loss.

All other financial assets are subsequently measured at fair value.

**ii. Effective interest method**

The effective interest method is a method of calculating the amortised cost of debt instrument and of allocating interest over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt

instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income recognised on an effective interest basis for debt instruments other than those financial assets classified as FVTPL. Interest income is recognised in profit and loss and is included in "Other income".

iii. Financial assets at fair value through profit or loss (FVTPL):

Investments in equity instruments are classified as FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investment in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet amortised cost criteria or FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduced a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporate any dividend or interest earned on the financial asset and is included in 'Other income'. Dividend on financial asset at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that economic benefits associated with dividend will flow to the entity, the dividend does not represent recovery of part of cost of the investment and the amount of dividend can be measured reliably.

iv. Impairment of financial assets

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

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

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

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

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

For trade receivables or any contractual right to receive cash or another financial asset that results from transactions that are within the scope of Ind AS 115, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

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

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

v. Derecognition of financial assets

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

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

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

vi. Foreign exchange gains and losses

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

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

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

For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange difference on the amortised cost are recognised in profit and loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

vii. Derivative financial instruments and hedge accounting

In the ordinary course of business, the Company uses certain derivative financial instruments to reduce business risks which arise from its exposure to foreign exchange fluctuations. The instruments are confined principally to foreign exchange forward contracts. The instruments are employed as hedges of transactions included in the financial statements or for highly probable forecast transactions/firm contractual commitments. These derivatives contracts do not generally extend beyond six months.

Derivatives are initially accounted for and measured at fair value from the date the derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period

The Company adopts hedge accounting for forward contracts. At the inception of each hedge, there is a formal, documented designation of the hedging relationship. This documentation includes, inter alia, items such as identification of the hedged item or transaction and the nature of the risk being hedged. At inception each hedge is expected to be highly effective in achieving an offset of changes in fair value or cash flows attributable to the hedged risk. The effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at the inception and on an ongoing basis. The ineffective portion of designated hedges is recognised immediately in the statement of profit and loss.

When hedge accounting is applied:

- a. for fair value hedges of recognised assets and liabilities, changes in fair value of the hedged assets and liabilities attributable to the risk being hedged, are recognised in the statement of profit and loss and compensate for the effective portion of symmetrical changes in the fair value of the derivatives.
- b. for cash flow hedges, the effective portion of the change in the fair value of the derivative is recognised directly in equity and the ineffective portion is taken to the statement of profit and loss. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of a nonfinancial asset or liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of a non-financial asset or a liability, amounts deferred in equity are recognised in the statement of profit and loss in the same period in which the hedged item affects the statement of profit and loss.

In cases where hedge accounting is not applied, changes in the fair value of derivatives are recognised in the statement of profit and loss as and when they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the statement of profit and loss for the period.



**P. Financial Liabilities and Equity Instruments**

## i. Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of financial liability and equity instrument.

## ii. Equity instruments

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue cost.

## iii. Financial liabilities

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

## iii. a) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or designated as at FVTPL.

Financial liability at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit and loss. The net gain or loss recognised in profit and loss incorporates any interest paid on the financial liability and is included in 'Other Income'.

## b) Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held for trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amount of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expenses that is not capitalised as part of cost of an asset is included in 'finance cost'. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

## c) Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instrument and are recognised in other income. The fair value of financial liabilities denominated in foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liability that are measured at FVTPL, the foreign exchange component forms part of fair value gains or losses and is recognised in the Statement of Profit and Loss.

## iv) Derecognition of financial liabilities

The Company derecognises financial liability when, and only when, the Company obligations are discharged, cancelled and have expired. An exchange between with a lender of debt instrument is substantially different term is accounted for as and extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of a term of existing financial liability is accounted for as and extinguishment of the original financial liability and recognition of new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit and loss.

**Q. New Accounting Standards, Amendments to Existing Standards, Annual Improvements and Interpretations applicable to the Company effective subsequent to March 31, 2019****Ind AS 116 Leases:**

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

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application. The effective date for adoption of Ind AS 116 is financial periods beginning on or after April 1, 2019.

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

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

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12. The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company is in process of evaluating the effect of this on the financial statements.

**Ind AS 19 Plan Amendment, Curtailment or Settlement:**

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

**NOTE 3 - CRITICAL JUDGEMENTS, ESTIMATIONS AND ASSUMPTIONS IN APPLYING ACCOUNTING POLICIES**

In the application of the Company's accounting policies, which are described in note 2, the directors of the company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

1. The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Company estimates the probability of collection of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit-worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.
2. The Company uses the percentage-of-completion method in accounting for its contract revenue. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.
3. The stock compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest.
4. Provision for warranty is considered based on the rolling average warranty expense incurred in the preceding 12 months, the warranty period for which ranges from 12 months to 24 months as per provisions of the contracts.
5. In case of Property, Plant and Equipment and Intangible assets, the charge in respect of periodic depreciation/ amortisation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

## Notes to the financial statements

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

(Rupees in lakhs)

	31st March 2019	31st March 2018
<b>Carrying amounts of :</b>		
Freehold land	30	30
Buildings	3,846	3,941
Plant and machinery	2,798	3,044
Computers	1,035	804
Furniture and fixtures	336	356
Office equipments	468	205
Vehicles	2	2
	<b>8,515</b>	<b>8,382</b>
Capital work-in-progress	801	110
	<b>9,316</b>	<b>8,492</b>

(Rupees in lakhs)

	Freehold land	Buildings	Plant and machinery	Computers	Furniture and fixtures	Office equipments	Vehicles	Total
<b>Cost or deemed cost</b>								
<b>Balance at March 31, 2017</b>	<b>30</b>	<b>3,857</b>	<b>3,870</b>	<b>2,135</b>	<b>548</b>	<b>210</b>	<b>163</b>	<b>10,813</b>
Additions	-	883	950	449	101	124	-	2,507
Disposals/ assets written off	-	(238)	(375)	(11)	(15)	-	(93)	(732)
<b>Balance at March 31, 2018</b>	<b>30</b>	<b>4,502</b>	<b>4,445</b>	<b>2,573</b>	<b>634</b>	<b>334</b>	<b>70</b>	<b>12,588</b>
Additions	-	179	300	837	94	327	-	1,737
Disposals/ assets written off	-	-	(103)	(282)	(20)	(1)	(47)	(453)
<b>Balance at March 31, 2019</b>	<b>30</b>	<b>4,681</b>	<b>4,642</b>	<b>3,128</b>	<b>708</b>	<b>660</b>	<b>23</b>	<b>13,872</b>
<b>Accumulated depreciation and impairment (if any)</b>								
<b>Balance at March 31, 2017</b>	-	<b>410</b>	<b>977</b>	<b>1,149</b>	<b>189</b>	<b>88</b>	<b>143</b>	<b>2,956</b>
Eliminated on disposal/ assets written off	-	(30)	(117)	(9)	(7)	-	(93)	(256)
Depreciation expenses	-	181	541	629	96	41	18	1,506
<b>Balance at March 31, 2018</b>	-	<b>561</b>	<b>1,401</b>	<b>1,769</b>	<b>278</b>	<b>129</b>	<b>68</b>	<b>4,206</b>
Eliminated on disposal of assets	-	-	(92)	(280)	(11)	(0)	(47)	(430)
Depreciation expenses	-	274	535	604	105	63	-	1,581
<b>Balance at March 31, 2019</b>	-	<b>835</b>	<b>1,844</b>	<b>2,093</b>	<b>372</b>	<b>192</b>	<b>21</b>	<b>5,357</b>
<b>Carrying Amount</b>								
<b>Balance at March 31, 2018</b>	<b>30</b>	<b>3,941</b>	<b>3,044</b>	<b>804</b>	<b>356</b>	<b>205</b>	<b>2</b>	<b>8,382</b>
<b>Balance at March 31, 2019</b>	<b>30</b>	<b>3,846</b>	<b>2,798</b>	<b>1,035</b>	<b>336</b>	<b>468</b>	<b>2</b>	<b>8,515</b>

## Notes to the financial statements

## NOTE 5 - INTANGIBLE ASSETS

(Rupees in lakhs)

	31st March 2019	31st March 2018
Computer software	3	10
Product distribution rights HSPL	-	-
	3	10

(Rupees in lakhs)

	Computer software	Product distribution rights HSPL
<b>Cost or deemed cost</b>		
<b>Balance at March 31, 2017</b>	76	-
Additions	-	-
Disposals/ write off	-	-
<b>Balance at March 31, 2018</b>	76	-
Additions	1	-
Disposals/ write off	-	-
<b>Balance at March 31, 2019</b>	77	-
<b>Accumulated amortisation and impairment (if any)</b>		
<b>Balance at March 31, 2017</b>	52	-
Amortisation expenses	14	-
<b>Balance at March 31, 2018</b>	66	-
Amortisation expenses	8	-
<b>Balance at March 31, 2019</b>	74	-
<b>Carrying Amount</b>		
<b>Balance at March 31, 2018</b>	10	-
<b>Balance at March 31, 2019</b>	3	-

## Notes to the financial statements

## NOTE 6 - INVESTMENTS

(Rupees in lakhs)

	As at 31st March 2019	As at 31st March 2018
Investment in mutual funds (Unquoted):		
Nil units at NAV of Rs: Nil (31st March 2018 : 43,42,036 at NAV of Rs:100.30) in DHFL Pramerica Insta Cash Plus Fund - Direct Plan - Daily Dividend -Reinvestment (previously known as DWS Insta Cash Plus Fund-Direct Plan - Daily Dividend -Reinvestment)	-	4,355
Nil units at NAV of Rs: Nil (31st March 2018 : 3,42,044 at NAV of Rs. 1000.81) in DSP Blackrock Liquidity Fund- Direct Plan - Daily Dividend -Reinvestment	-	3,422
<b>Total</b>	<b>-</b>	<b>7,777</b>

## NOTE 7 - TRADE RECEIVABLES

(Rupees in lakhs)

	As at 31st March 2019	As at 31st March 2018
<b>Non-Current</b>		
(a) Secured, considered good	-	-
(b) Unsecured, considered good	1,067	916
Less: Expected credit loss allowance for doubtful trade receivables	(79)	(62)
<b>Total</b>	<b>988</b>	<b>854</b>
<b>Current</b>		
(a) Secured considered good	-	-
(b) Unsecured, considered good	55,534	65,180
Less: Expected credit loss allowance for doubtful trade receivables	(3,826)	(6,068)
	51,708	59,112
(c) Credit impaired	72	234
Less: Expected credit loss allowance for doubtful trade receivables	(72)	(234)
	-	-
<b>Total</b>	<b>51,708</b>	<b>59,112</b>

Also, refer note 21.1(B) below.

**Notes to the financial statements**

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:

<b>Ageing</b>	<b>Expected credit loss %</b>	
	<b>31st March 2019</b>	<b>31st March 2018</b>
0-90 days past due	0.95%	1.69%
More than 90 days past due	24.81%	25.99%

<b>Age of trade receivables</b>		
	(Rupees in lakhs)	
	<b>As at 31st March 2019</b>	<b>As at 31st March 2018</b>
0-90 days past due	42,258	44,753
More than 90 days past due	14,415	21,577
<b>Total</b>	<b>56,673</b>	<b>66,330</b>

<b>Movement in the expected credit loss allowance</b>		
	(Rupees in lakhs)	
	<b>As at 31st March 2019</b>	<b>As at 31st March 2018</b>
Balance at beginning of the year	6,364	5,606
Add: Expected credit loss during the year	2,537	4,580
Less: Amounts recovered / reversed in the current year	(4,924)	(3,822)
Balance at the end of the year	3,977	6,364

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

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

<b>As at</b>		
	(Rupees in lakhs)	
	<b>Number of customers</b>	<b>Outstanding balance</b>
31 <sup>st</sup> March 2019	2	6,026
31 <sup>st</sup> March 2018	3	11,675

**NOTE 8 - CASH AND CASH EQUIVALENTS**

<b>NOTE 8 - CASH AND CASH EQUIVALENTS</b>		
	(Rupees in lakhs)	
	<b>As at 31st March 2019</b>	<b>As at 31st March 2018</b>
<b>Bank balances</b>		
In current accounts	16,592	25,576
Cheques on hand	-	463
Demand deposits (Original maturity less than 3 months)	4,932	12,033
<b>Total</b>	<b>21,524</b>	<b>38,072</b>

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

## Notes to the financial statements

**NOTE 9 - BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS**

(Rupees in lakhs)

	As at 31st March 2019	As at 31st March 2018
<b>Other bank balances</b>		
Long term deposits with original maturity more than 3 months but less than 12 months	100,901	46,047
Unpaid dividend account	27	24
<b>Total</b>	<b>100,928</b>	<b>46,071</b>

**NOTE 10 -OTHER FINANCIAL ASSETS**

(Rupees in lakhs)

	As at 31st March 2019	As at 31st March 2018
<b>Non-Current</b>		
Deposits against bank guarantee	2,217	1,046
Security deposits [net of expected credit loss allowance Rs.276 Lakhs, (31st March 2018 Rs. 196 Lakhs)]	991	1,353
Amounts due from customers under construction contracts (refer note 21.1(B) and note below)	224	-
<b>Total</b>	<b>3,432</b>	<b>2,399</b>
<b>Current</b>		
Deposits against bank guarantee	155	917
Interest accrued on deposits with banks	1,847	840
Foreign currency forward contracts designated in hedge accounting relationships	302	-
Security deposits	338	235
Earnest money deposits [net of expected credit loss allowance Rs. 370 Lakhs, (31st March 2018 Rs. 294 Lakhs )]	258	610
Amounts due from customers under construction contracts (refer note 21.1(B) and note below) [net of expected credit loss allowance of Rs. 1,206 Lakhs; (31st March 2018 Rs. 1,425 Lakhs)]	48,398	35,039
Unbilled services (refer note 21.1(B)) [net of expected credit loss allowance of Rs. 158 Lakhs; (31st March 2018 Rs. 72 Lakhs)]	2,567	2,299
<b>Total</b>	<b>53,865</b>	<b>39,940</b>



**Notes to the financial statements**

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

(Rupees in lakhs)

	<b>As at 31st March 2019</b>	<b>As at 31st March 2018</b>
Balance at beginning of the year	1,425	2,361
Add: Expected credit loss during the year	705	373
Less: Amounts recovered / reversed in the current year	(924)	(1,309)
Balance at the end of the year	1,206	1,425

**NOTE 11 - INCOME TAX ASSETS (NET)**

(Rupees in lakhs)

	<b>As at 31st March 2019</b>	<b>As at 31st March 2018</b>
Taxes paid in advance less provisions [Net of Provision for tax Rs. 93,364 Lakhs; (31st March 2018 Rs. 73,828 Lakhs)]	8,661	7,162
	<b>8,661</b>	<b>7,162</b>

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

	<b>As at 31st March 2019</b>	<b>As at 31st March 2018</b>
Profit before tax	55,489	38,123
Tax expenses	19,605	13,150
Effective tax rate	<b>35.33%</b>	<b>34.49%</b>
Net impact of deduction/exemption and disallowance	-0.39%	0.12%
Tax rate as per Income Tax Act	<b>34.94%</b>	<b>34.61%</b>

The applicable Indian statutory tax rate for financial year ended March 31, 2019 is 34.94% and March 31, 2018 is 34.61%.

**NOTE 12 - DEFERRED TAX ASSET (NET)**

(Rupees in lakhs)

	<b>As at 31st March 2019</b>	<b>As at 31st March 2018</b>
Deferred tax liability (A)	205	68
Deferred tax assets (B)	7,657	7,734
<b>Deferred tax assets (Net) (B-A)</b>	<b>7,452</b>	<b>7,666</b>

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

## Notes to the financial statements

## 2018-19

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

## 2017-18

	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
<b>Deferred tax assets/ (liabilities) in relation to</b>				
Depreciation and amortisation	(266)	198	-	(68)
<b>Total</b>	<b>(266)</b>	<b>198</b>	<b>-</b>	<b>(68)</b>
Expected Credit Loss on trade and other receivables	2,917	(170)	-	2,747
Provision for estimated cost to complete	726	578	-	1,304
Provision for compensated absences	437	20	-	457
Provision for other expenses	1,572	123	-	1,695
Provision for Gratuity	305	(77)	49	277
Provision for Bonus	755	142	-	897
Loss on designated portion of hedging instruments	-	-	30	30
Others	398	(90)	19	327
<b>Total</b>	<b>7,110</b>	<b>526</b>	<b>98</b>	<b>7,734</b>

## Notes to the financial statements

## NOTE 13 - OTHER ASSETS

(Rupees in lakhs)

	As at 31st March 2019	As at 31st March 2018
<b>Non-current</b>		
Advance rent	248	125
Balances with Government authorities (including payments made under protest)	7,470	9,254
Prepaid expenses	47	82
<b>Total</b>	<b>7,765</b>	<b>9,461</b>
<b>Current</b>		
Advance rent	67	60
Balances with Government authorities	11,479	6,938
Advances recoverable in cash or kind	963	647
Advances to employees	273	438
Prepaid expenses	130	114
<b>Total</b>	<b>12,912</b>	<b>8,197</b>

## NOTE 14 - INVENTORIES

(Rupees in lakhs)

	As at 31st March 2019	As at 31st March 2018
Inventories (lower of cost and net realisable value)		
Raw materials [includes in transit: Rs. 833 lakhs (31st March 2018 : Rs. 958 lakhs)]	5,821	4,817
Work-in progress	540	292
Finished goods	420	132
Stock-in-trade (in respect of goods acquired for trading)	3,725	2,736
<b>Total</b>	<b>10,506</b>	<b>7,977</b>

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

## NOTE 15 - EQUITY SHARE CAPITAL

(Rupees in lakhs)

	As at 31st March 2019	As at 31st March 2018
<b>Authorised:</b>		
10,000,000 (March 31, 2018: 10,000,000 ) equity shares of Rs.10 each	1,000	1,000
	<b>1,000</b>	<b>1,000</b>
<b>Issued:</b>		
8,841,697 (March 31, 2018: 8,841,697 ) equity shares of Rs.10 each	884	884
	<b>884</b>	<b>884</b>
<b>Subscribed and paid up</b>		
8,841,523 (March 31, 2018: 8,841,523 ) equity shares of Rs. 10 each (fully paid up)	884	884
<b>Total</b>	<b>884</b>	<b>884</b>

## Notes to the financial statements

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

Equity shares: The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**(b) Reconciliation of shares:**

(Rupees in lakhs)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number of shares	Amount	Number of shares	Amount
<b>Equity shares</b>				
Balance as at the beginning and end of the year	8,841,523	884	8,841,523	884

**(c) Shares held by the holding company**

(Rupees in lakhs)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number of shares	Amount	Number of shares	Amount
<b>Equity shares:</b>				
HAIL Mauritius Limited (Holding company) (previous year Honeywell Asia Pacific Inc.)	6,631,142	663	6,631,142	663

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

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number of shares	Percentage	Number of shares	Percentage
HAIL Mauritius Limited (Holding company) (previous year Honeywell Asia Pacific Inc.)	6,631,142	75	6,631,142	75

- e)** 6,631,142 (March 31, 2018 : 6,631,142 ) Equity shares constituting 75% (March 31,2018 : 75%) of the paid-up capital of the Company are held by Honeywell International Inc., the ultimate holding company, through its 100% subsidiary, HAIL Mauritius Limited (previous year Honeywell Asia Pacific Inc.)
- f)** The Company has neither allotted any shares as fully paid up bonus shares nor pursuant to contract(s) payment being received in cash during 5 years immediately preceding March 31, 2019.
- g)** Honeywell Asia Pacific Inc. ("HAPI") has merged with HAIL Mauritius Limited ("HAIL Mauritius"), resulting in:
- change in the immediate holding company of the Company, and
  - an inter se transfer of 6,631,142 equity shares aggregating to 75.00% of the shareholding of the Company, from HAPI to HAIL Mauritius. Honeywell International Inc. continues to be the ultimate holding company.

## Notes to the financial statements

## NOTE 16 - OTHER EQUITY

(Rupees in lakhs)

	As at 31st March 2019	As at 31st March 2018
<b>Securities Premium (A)</b>	1,577	1,577
<b>Share based payment reserve (B)</b>	523	389
<b>General Reserve (C)</b>	18,552	18,552
<b>Other comprehensive Income (D)</b>		
Remeasurements of the defined benefit plans (net)	(572)	(621)
Effective portion of cash flow hedge (net)	166	(56)
<b>Retained Earnings (E)</b>	153,616	121,143
<b>Total (A+B+C+D+E)</b>	<b>173,862</b>	<b>140,984</b>

## NOTE 17 - PROVISIONS

(Rupees in lakhs)

	As at 31st March 2019	As at 31st March 2018
<b>Non Current</b>		
Gratuity and other retirement benefits (Refer note 36)	2,981	938
Provision for Warranty (Refer note 35)	394	286
	<b>3,375</b>	<b>1,224</b>
<b>Current</b>		
Compensated absences	1,489	1,308
Gratuity and other retirement benefits (Refer note 36)	1,000	1,000
Provision for Warranty and other potential claims (Refer note 35)	1,101	905
Provision for litigations/disputes (Refer note 35)	2,386	1,873
Provision for estimated cost to complete on contracts (Refer note 35)	3,709	3,743
	<b>9,685</b>	<b>8,829</b>

## NOTE 18 - TRADE PAYABLES

(Rupees in lakhs)

	As at 31st March 2019	As at 31st March 2018
<b>Non current</b>		
Trade Payable	368	179
<b>Total</b>	<b>368</b>	<b>179</b>
<b>Current</b>		
Trade Payable to Micro Small and Medium Enterprise (refer note 32)	8,914	1,011
Trade Payables others	74,186	76,067
<b>Total</b>	<b>83,100</b>	<b>77,078</b>

## Notes to the financial statements

## NOTE 19 - OTHER FINANCIAL LIABILITIES

(Rupees in lakhs)

	As at 31st March 2019	As at 31st March 2018
<b>Current</b>		
Unclaimed dividend	27	24
Foreign currency forward contracts designated in hedge accounting relationships	-	86
Creditors for capital goods	636	578
	<b>663</b>	<b>688</b>

## NOTE 20 - OTHER CURRENT LIABILITIES

(Rupees in lakhs)

	As at 31st March 2019	As at 31st March 2018
Deferred revenue from services (refer note 21.1(B))	7,950	5,888
Amount due to customers under construction contract (refer note 21.1(B))	3,934	4,087
Advances from customers	2,924	326
Statutory dues (including Provident Fund and Tax deducted at Source)	2,315	3,023
	<b>17,123</b>	<b>13,324</b>

## NOTE 21 - REVENUE FROM OPERATIONS (GROSS)

(Rupees in lakhs)

	Year ended 31st March 2019	Year ended 31st March 2018
<b>Revenue from contracts with customers (refer note 21.1)</b>		
Manufactured products and jobs	181,344	150,531
Traded products	42,687	36,344
Sale of services	93,310	82,821
<b>Other operating revenue</b>		
Scrap sale	35	26
Refund of taxes and duties	98	92
<b>Total</b>	<b>317,474</b>	<b>269,814</b>

## Notes to the financial statements

## NOTE 21.1 - REVENUE FROM CONTRACTS WITH CUSTOMERS

(Rupees in lakhs)

	<b>Year ended 31st March 2019</b>
<b>A. Disaggregation of revenue</b>	
(a) Timing of revenue recognition	
Point in time	77,907
Over time	239,434
(b) Geographical location	
India	171,193
Other	146,148
(c) Type of contract	
Fixed price	226,107
Time and material	91,234

**B. Contract balances**

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

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

(Rupees in lakhs)

	<b>Year ended 31st March 2019</b>
(a) Opening balances	
Contract receivables (net of expected credit loss allowance)	59,966
Contract assets (net of expected credit loss allowance)	37,338
Contract liabilities	9,975
Closing balances	

**Notes to the financial statements**

Contract receivables (net of expected credit loss allowance)	52,696
Contract assets (net of expected credit loss allowance)	51,189
Contract liabilities	11,884
(b) Revenue recognised from opening balance of contract liability	5,130
(c) Revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods	(6)

The net change was primarily driven by the increase in recognition of revenue as performance obligations were satisfied exceeding milestone billings.

**C. Performance obligation**

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. When contracts with customers require highly complex integration or manufacturing services that are not separately identifiable from other promises in the contracts and, therefore, not distinct, then the entire contract is accounted for as a single performance obligation. Performance obligations are satisfied as of a point in time or over time. Performance obligations are supported by contracts with customers, providing a framework for the nature of the distinct goods, services or bundle of goods and services. The timing of satisfying the performance obligation is typically indicated by the terms of the contract. Typical payment terms of fixed-price over time contracts include progress payments based on specified events or milestones, or based on project progress. For some contracts the Company may be entitled to receive an advance payment. The Company provides standard warranty on its products and records obligation on the same based on past trend.

**D. Transaction price**

(Rupees in lakhs)

	<b>Year ended 31st March 2019</b>
Amount of transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied)	119,963
<b>Reconciliation of revenue</b>	
Contracted Price	317,639
Liquidated Damages	(298)
Revenue as per Statement of Profit & Loss	317,341

The Company has applied the practical expedient for certain revenue streams to exclude the value of remaining performance obligations for contracts with an original expected term of one year or less. Performance obligations recognized as of March 31, 2019 will be satisfied over the course of future periods. The disclosure of the timing for satisfying the performance obligation is based on the requirements of contracts with customers. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts and periodic revalidations.



## Notes to the financial statements

**NOTE 22 - OTHER INCOME**

(Rupees in lakhs)

	Year ended 31st March 2019	Year ended 31st March 2018
Interest income earned on financial assets that are not designated as a fair value through the Statement of Profit and Loss		
i) Bank Deposits	5,587	2,103
ii) Other financial assets carried at amortised cost	59	69
Foreign exchange gain (net)	968	-
Interest on income tax refund	-	347
Liabilities no longer required written back	65	356
Profit on sale of Property, Plant and Equipment (net)	27	-
Dividend on current investments	239	352
Miscellaneous income	142	85
<b>Total</b>	<b>7,087</b>	<b>3,312</b>

**NOTE 23 - COST OF MATERIALS CONSUMED**

(Rupees in lakhs)

	Year ended 31st March 2019	Year ended 31st March 2018
Raw materials consumed		
Opening inventory	4,817	5,754
Add: Purchases (net)	135,602	112,774
Less: Inventory at the end of the year	5,821	4,817
<b>Cost of raw materials consumed</b>	<b>134,598</b>	<b>113,711</b>

## Notes to the financial statements

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

(Rupees in lakhs)

	Year ended 31st March 2019	Year ended 31st March 2018
(Increase)/decrease in stock		
Stock at the beginning of the year		
Finished goods	132	314
Work in progress	292	157
Stock-in-trade (in respect of goods acquired for trading)	2,736	3,466
<b>Total (A)</b>	<b>3,160</b>	<b>3,937</b>
Stock at the end of the year		
Finished goods	420	132
Work in progress	540	292
Stock-in-trade (in respect of goods acquired for trading)	3,725	2,736
<b>Total (B)</b>	<b>4,685</b>	<b>3,160</b>
<b>(Increase)/ decrease in stock (A-B)</b>	<b>(1,525)</b>	<b>777</b>

**NOTE 25 - EMPLOYEE BENEFIT EXPENSES**

(Rupees in lakhs)

	Year ended 31st March 2019	Year ended 31st March 2018
Salaries, wages and bonus*	50,111	42,378
Share based payment	134	112
Contribution to Provident and Other Funds (Refer note 36)	2,865	2,401
Staff welfare expenses	870	944
<b>Total</b>	<b>53,980</b>	<b>45,835</b>

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

**NOTE 26 - FINANCE COST**

(Rupees in lakhs)

	Year ended 31st March 2019	Year ended 31st March 2018
Interest (Refer Note 32)	348	28
<b>Total</b>	<b>348</b>	<b>28</b>

## Notes to the financial statements

## NOTE 27 - OTHER EXPENSES

(Rupees in lakhs)

	Year ended 31st March 2019	Year ended 31st March 2018
Power and fuel	1,139	905
Rent [(Refer note 2 (M) and 30)]	2,356	2,255
Rates and taxes	1,842	1,312
Repairs and maintenance		
Plant and machinery	59	43
Others	1,067	1,010
	1,126	1,053
Auditors remuneration		
As Auditors	46	46
Others (including tax audit)	21	12
Out of pocket expenses	1	1
	68	59
Travelling and conveyance	23,665	21,783
Warranty expenses (refer note 35)	1,324	583
Communication expenses	599	583
Insurance	122	92
Loss on sale / write off of Property, Plant and Equipment (net)	-	424
Sales commission	164	134
Professional fees	2,511	3,018
Foreign exchange loss (net)	-	450
Bad debts written off (net of expected credit loss allowance) (refer note 27.1)	490	532
Customer deductions/claims	-	464
Corporate overhead allocations	11,069	10,688
Expenditure towards Corporate Social Responsibility (refer note 38)	605	469
Bank Charges	301	352
Miscellaneous expenses	904	1,596
<b>Total</b>	<b>48,285</b>	<b>46,752</b>

## Notes to the financial statements

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

(Rupees in lakhs)

	Year ended 31st March 2019	Year ended 31st March 2018
Bad debts written off	2,854	603
Expected credit loss allowance	(2,364)	(71)
Bad debts written off (net of expected credit loss allowance)	490	532

## NOTE 28 - SEGMENT INFORMATION

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

**Geographical Information:**

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

(Rupees in lakhs)

Particulars	Revenue from external customer for the year ended		Non current assets* as at	
	31st March 2019	31st March 2018	31st March 2019	31st March 2018
India	171,326	149,731	9,319	8,502
Other	146,148	120,083	-	-
<b>Total</b>	<b>317,474</b>	<b>269,814</b>	<b>9,319</b>	<b>8,502</b>

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

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

## Notes to the financial statements

## NOTE 29 - RELATED PARTY DISCLOSURE :

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

<b>i)</b>	<b>Parties where control exists</b>	
	HAIL Mauritius Limited, Holding company (previous year Honeywell Asia Pacific Inc.) (refer note 15(g)) Honeywell International Inc., Ultimate holding company	
	<b>Other related parties with whom transactions have taken place during the year:</b>	
<b>ii)</b>	<b>Fellow Subsidiaries</b>	
	Honeywell Measurex (Ireland) Limited Honeywell Turki-Arabia Limited Honeywell International (India) Private Limited Honeywell Automation and Control Solutions South Africa (Pty) Ltd Honeywell GmbH Honeywell Kuwait K.S.C. Honeywell Technology Solutions Qatar LLC Honeywell S.r.l. Honeywell Control Systems Limited Honeywell Middle East B.V. Honeywell Co., Ltd. (Korea) HONEYWELL LIMITED / HONEYWELL LIMITEE Honeywell Technology Solutions Lab Private Limited Honeywell Environmental and Combustion Controls (Tianjin) Co., Ltd. Honeywell Pte. Ltd. Honeywell Limited (Hong Kong) Honeywell Technologies S.a.r.l. Honeywell Engineering Sdn. Bhd. Intelligrated Systems, LLC Honeywell & Co. Oman LLC Honeywell B.V. Honeywell (Tianjin) Limited Honeywell (China) Co., Ltd. ZAO Honeywell Honeywell Sensing and Control (China) Co., Ltd. Honeywell Japan Inc. Enraf B.V. Tridium Asia Pacific Pte Ltd Honeywell Egypt LLC Elster GmbH Honeywell Specialty Chemicals MTO Honeywell Systems (Thailand) Limited HONEYWELL ASCa INC.	Honeywell Oy Saia-Burgess Controls AG Honeywell Enraf Americas, Inc. Honeywell Sp. z o.o. Honeywell Sensing and Control Honeywell A/S [Denmark] Elster Holdings US, Inc. Honeywell Aerospace B.V. Honeywell Iraq Company for Technology Solutions and Services Ltd Honeywell, S.L. [Spain] Honeywell Algerie S.a.r.l. EnviteC-Wismar GmbH Bryan Donkin RMG Gas Controls Ltd. Honeywell Automation Controls System LLP (Kazakhstan) Honeywell AG Honeywell Szabalyozastechnikai es Automatizalasi Kft. Honeywell Limited (New Zealand) Life Safety Germany GmbH UOP India Private Limited Bryan Donkin RMG Canada Ltd. Honeywell Chile S.A. Honeywell Uruguay S.R.L. Enraf Tankssystem AG Honeywell Integrated Technology (China) Co Ltd. Maxon International BVBA Eclipse Combustion Equipment (Suzhou) Co. Ltd. Honeywell Automotive de Mexico, S.A. de C.V. Honeywell Hometown Solution India Foundation Movilizer GmbH Honeywell EOOD Novar Systems Limited Honeywell (China) Advanced Solutions Co., Ltd. Maxon Combustion Equipment (Shanghai) Co. Ltd.

## Notes to the financial statements

Honeywell Taiwan Limited	Salisbury Electrical Safety L.L.C.
Honeywell International Middle East Ltd.	Automation and Control Solutions, S. de R.L. de C.V.
PT Honeywell Indonesia	Elster Water Metering Limited
Honeywell S.A. [France]	Pittway Systems Technology Group Europe Limited [till October 28, 2018]
Honeywell NV [Belgium]	Honeywell Controls International Ltd.
Honeywell Teknoloji Anonim Sirketi	PT Honeywell Indonesia
Tridium, Inc.	Elster-Instromet Sdn. Bhd.
Honeywell Building Solutions GmbH	Honeywell A.B.
Integrated Technical Innovation Company for General Services & Trade	Honeywell Angola Limitada
Honeywell Romania s.r.l.	Honeywell Co., Ltd. (Korea)
Trend Control Systems Limited	Honeywell Control Systems Limited
Eclipse Combustion (Pvt.) Ltd.	Honeywell Ltd. (Australia)
Honeywell Electrical Devices & Systems India Limited	Honeywell S.A.I.C.
UOP Limited	Honeywell Sinochem Lantian New Materials Co. Ltd.
Xtralis Pty Ltd	Honeywell Gas Technologies GmbH
AUTOMATION AND CONTROL SOLUTIONS LIMITED	Eclipse, Inc.
Life Safety Distribution AG	Honeywell Austria Gesellschaft mbH
Honeywell AS [Norway]	Kromschröder S.A.
Energy ICT N.V.	Ademco Smart Homes Technology (Tianjin) Co., Ltd.
Honeywell Europe NV	Elster Metering Limited
Honeywell Automation and Controls Solutions Phillipines	Honeywell Peru S.A.
Honeywell Middle East FZE	Honeywell spol. s.r.o. [Czech Republic]
Honeywell Turbo Technologies (India) Private Limited [till September 30, 2018]	Pittway Sarl
Elster Metering Private Limited	Ademco Korea Co., Ltd.
Maxon Corporation	Elster Rometrics S.r.l.
Intermec Technologies (S) Pte. Ltd.	S.C.A.M.E. Sistemi S.r.l.
Honeywell Portugal Automacao e Controlo S.A.	Elster s.r.o.
Ademco Asia Pacific Limited	Xtralis (UK) Limited
Novar ED&S Limited	Honeywell International Sarl [till October 28, 2018]
Honeywell International Sdn. Bhd.	Honeywell Controls & Automation India Private Ltd. [till April 1, 2018]
Honeywell Automatizacija i Kontrola d.o.o. (Honeywell Automation & Control d.o.o.)	Honeywell Asia Pacific Inc.
Honeywell d.o.o.	Ademco Inc.
Honeywell Middle East Limited	Matrikon Europe Limited
Honeywell spol. s.r.o. [Slovakia]	Metrologic Asia (Pte) Ltd
PT Honeywell Indonesia Trading	Honeywell Southern Africa (Proprietary) Limited
Elster GmbH	Honeywell Marine SAS
Honeywell Automation and Control Solutions Carribean Limited	MK Electric (Malaysia) Sdn. Bhd.
Honeywell Life Safety AS	

## Notes to the financial statements

iii)	<b>Key Management Personnel</b>	
	Mr. Ashish Gaikwad, Managing Director Mr. R Ravichandran, CFO [Resigned w.e.f. May 15, 2018] Mr. Amit Tantia, CFO [Appointed w.e.f. May 16, 2018] Ms. Farah Irani, Company Secretary [Appointed w.e.f. May 16, 2017]	

(Rupees in lakhs)

Transactions with Related Parties	Volume of transactions for year ended		Amount outstanding as at			
	31st March 2019	31st March 2018	31st March 2019		31st March 2018	
			Receivable	Payable	Receivable	Payable
<b>Description of the nature of transactions</b>						
<b>Sale of goods, services and reimbursement of expenses</b>						
Ultimate Holding Company						
Honeywell International Inc.	27,194	23,243	1,932	-	1,242	-
<b>Total</b>	<b>27,194</b>	<b>23,243</b>	<b>1,932</b>	<b>-</b>	<b>1,242</b>	<b>-</b>
Fellow Subsidiaries						
Honeywell Ltd. (Australia)	2,948	3,262	609	-	328	-
Honeywell Turki-Arabia Limited	15,320	15,199	875	-	2,532	-
Honeywell Middle East B.V.	5,913	10,827	1,249	-	363	-
Honeywell Co., Ltd. (Korea)	3,430	4,102	53	-	1,890	-
Other Fellow Subsidiaries	65,521	43,843	13,941	-	11,000	-
<b>Total</b>	<b>93,132</b>	<b>77,233</b>	<b>16,727</b>	<b>-</b>	<b>16,113</b>	<b>-</b>
<b>Purchase of goods, services and Property, Plant and Equipment (including GIT)</b>						
Ultimate Holding Company						
Honeywell International Inc.	14,560	13,619	-	3,674	-	2,023
<b>Total</b>	<b>14,560</b>	<b>13,619</b>	<b>-</b>	<b>3,674</b>	<b>-</b>	<b>2,023</b>
Fellow Subsidiaries						
Honeywell Measurex (Ireland) Limited	20,798	12,977	-	1,218	-	3,346
Honeywell International (India) Private Limited	7,913	9,814	-	1,623	-	1,455
Other Fellow Subsidiaries	24,585	18,971	-	5,710	-	6,866
<b>Total</b>	<b>53,296</b>	<b>41,762</b>	<b>-</b>	<b>8,551</b>	<b>-</b>	<b>11,667</b>
<b>Expenditure towards Corporate Social Responsibility</b>						
Fellow Subsidiaries						
Honeywell Hometown Solution India Foundation	605	469	-	-	-	-
<b>Total</b>	<b>605</b>	<b>469</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Dividends paid						
Holding Company						
Honeywell Asia Pacific Inc.	2,122	663	-	-	-	-
<b>Total</b>	<b>2,122</b>	<b>663</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Notes to the financial statements

## Remuneration to Key Management Personnel

(Rupees in lakhs)

	Year ended	
	31st March 2019	31st March 2018
Short term benefits	294	323
Post-employment benefits	20	18
Other long-term benefits	21	20
Share-based payments	93	62
Termination benefits	-	-

The Company generates a large percentage of its sales and profits from its business with the Honeywell group (Honeywell), its major shareholder. Sales to Honeywell group accounted for approximately 38% and 37% of our total net sales for the year ended March 31, 2019 and year ended March 31, 2018 respectively. The Company's ability to maintain or grow its business with Honeywell depends upon a number of performance factors. However, the Company cannot be assured that its level of sales and profits associated with its relationship with Honeywell will continue. Honeywell-specific business considerations (independent of its shareholding in the Company), including changes in Honeywell's strategies regarding utilization of alternate opportunities available to it to source products and services currently provided by the Company (including from alternate sources which Honeywell may acquire or develop within its own group), may also reduce the level and/or mix of Honeywell's business with the Company.

**NOTE 30 - LEASE TRANSACTIONS:****As a Lessee in Operating Lease**

Rentals for office premises, land, building under operating leases of Rs. 2,356 ('lakhs) [Previous year Rs. 2,255 ('lakhs)] have been included under Rent Expense.

**Non-Cancellable**

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

	Not later than 1 year	Later than 1 year but not later than 5 years	Later than 5 years
Minimum lease payments	1,504 (1,529)	5,549 (5,384)	967 (2,157)

Previous year figures are indicated in brackets.



## Notes to the financial statements

**NOTE 31 - EARNING PER SHARE (EPS):**

EPS is calculated by dividing the profit attributable to the equity shareholders by the average number of shares outstanding during the year. The basic and diluted earnings per share have been calculated as under:

	For the year ended	
	31st March 2019	31st March 2018
Profit after tax (Rs. in lakhs)	35,884	24,973
Weighted average number of equity shares	8,841,523	8,841,523
Basic/ Diluted earnings per share (Rs.)	405.86	282.45
Face value per share (Rs.)	10	10

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

(Rupees in lakhs)

Sr No	Particulars	31st March 2019	31st March 2018
i)	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the accounting period - Principal amount outstanding - Interest thereon	8,914 348	1,011 28
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	- - 6,780	- - 578
iii)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006 - Normal Interest accrued during the year, for all the delayed payments, as per the agreed terms and not as payable under the Act - Normal Interest payable during the year, for the period of delay in making payment, as per the agreed terms and not as payable under the Act.	- -	- -
iv)	The amount of interest accrued and remaining unpaid at the end of each accounting period - Total interest accrued during the period - Total Interest remaining unpaid out of the above as at the balance sheet date	348 348	28 28

**Notes to the financial statements**

Sr No	Particulars	31st March 2019	31st March 2018
v)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.		
	Outstanding interest at the end of current year	532	184
	Outstanding interest at the end of previous year	184	156

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

**NOTE 33 - SHARE BASED PAYMENTS****Employee share option plan of the company**

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

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

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

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

The fair value of each stock option award is estimated on the date of grant using the Black-Scholes option-pricing model. Expected volatility is based on implied volatilities from traded options on common stock of HII and historical volatility of common stock of HII. Monte Carlo simulation model is used to derive an expected term which represents an estimate of the time options are expected to remain outstanding. Such model uses historical data to estimate option exercise activity and post-vest termination behavior. The risk-free rate for periods within the contractual life of the option is based on the U.S. treasury yield curve in effect at the time of grant.

## Notes to the financial statements

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

Grant Date	26-Feb-19	27-Feb-18	28-Feb-17	25-Feb-16	26-Feb-15	27-Feb-14
Exercise price	\$154.22	\$155.39	\$124.99	\$103.07	\$103.31	\$93.44
*Exercise price in equivalent INR	10,665	10,746	8,644	7,128	7,144	6,462
Expected volatility	18.38%	18.93%	18.96%	23.07%	21.55%	23.07%
Option life	4.87	4.95	5.04	4.97	4.96	4.99
Dividend yield	2.65%	2.49%	2.81%	2.92%	1.98%	2.05%
Risk-free interest rate	2.51%	2.71%	2.02%	1.29%	1.61%	1.48%
Fair value per share	\$21.53	\$23.65	\$16.65	\$15.59	\$17.21	\$16.35
Fair value per share in equivalent INR*	1,489	1,636	1,151	1,078	1,190	1,131

\* converted into INR using exchange rate 69.155

The following share-based payment arrangements were in existence during the current and previous year :

Options series	Number	Grant date	Expiry date	Exercise price	Fair value at grant date	Equivalent fair value INR*
<b>Restricted stock option</b>						
2011	1,000	25-Jul-14	NA	NA	\$89.80	6,210
2011	700	31-Jul-15	NA	NA	\$98.28	6,797
2011DIV	670	25-Feb-16	NA	NA	\$103.65	7,168
2011DIV	590	26-Feb-15	NA	NA	\$103.90	7,185
2016	2,000	29-Jul-16	NA	NA	\$106.79	7,385
2016DIV	2,000	29-Jul-16	NA	NA	\$115.78	8,007
2016DIV	320	28-Feb-17	NA	NA	\$124.99	8,644
2016DIV	1,300	27-Jul-17	NA	NA	\$137.53	9,511
2016DIV	300	27-Feb-18	NA	NA	\$155.39	10,746
2016DIV	301	26-Feb-19	NA	NA	\$154.22	10,665
<b>Stock options</b>						
2011	2,611	26-Feb-15	25-Feb-25	103.31	\$17.21	1,190
2011	1,500	27-Feb-14	26-Feb-24	93.44	\$16.35	1,131
2011	4,000	25-Feb-16	24-Feb-26	103.07	\$15.59	1,078
2016	2,200	28-Feb-17	27-Feb-27	124.99	\$16.65	1,151
2016	2,100	27-Feb-18	26-Feb-28	155.39	\$23.65	1,636
2016	2,153	26-Feb-19	25-Feb-29	154.22	\$21.53	1,489

\* converted into INR using exchange rate 69.155

## Notes to the financial statements

Movements in Restricted Stock Units during the year	Restricted Stock Units	
	2018-19	2017-18
	No of Units	No of Units
Balance at beginning of year	7,679	7,277
Adjustments during the year*	254	-
Granted during the year	301	1,600
Forfeited during the year	619	-
Vested and issued during the year	1,115	1,198
Expired during the year	-	-
Balance at end of year	6,500	7,679

Movements in share options during the year	Employee stock option plan			
	2018-19		2017-18	
	No of Options	Weighted average exercise price	No of Options	Weighted average exercise price
Balance at beginning of year	9,832	131.58	10,311	118.45
Adjustments during the year*	348		-	
Granted during the year	2,153		2,100	
Forfeited during the year	-		-	
Exercised during the year	2,674		2,579	
Expired during the year	-		-	
Balance at end of year	9,659		9,832	

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

## Restricted Stock Units vested and issued during the year

	Number Settled	Issue date
2011DIV	705	25-Feb-19
2011	410	31-Jul-18

## Notes to the financial statements

## NOTE 34 - CONTINGENT LIABILITIES AND COMMITMENTS

## A Contingent liabilities

(Rupees in lakhs)

Particulars		31st March 2019	31st March 2018
a)	Income tax liability that may arise in respect of matters in appeal	9,422	9,647
b)	Excise duty claims against the Company	51	51
c)	Sales tax liability that may arise in respect of matters in appeal	4,684	4,101
d)	Customs duty claims against the Company	187	187
e)	Third party Claims against the Company not acknowledged as debts	1,775	3,226

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

**B** Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances) - Rs. 925 ('lakhs) [31st March 2018 Rs. 211 ('lakhs)]

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

(Rupees in lakhs)

	Year ended 31st March	Opening balance	Additions	Utilizations	Reversals	Total
Provision for litigations/ disputes (A)	2019	1,873	1,090	(577)	-	2,386
	2018	1,569	304	-	-	1,873
Provision for warranty (B)	2019	1,191	1,505	(1,020)	(181)	1,495
	2018	1,399	859	(791)	(276)	1,191
Provision for estimated cost to complete on contracts (C)	2019	3,743	2,396	(2,078)	(352)	3,709
	2018	2,111	2,761	(509)	(620)	3,743
Total	2019	6,807	4,991	(3,675)	(533)	7,590
	2018	5,079	3,924	(1,300)	(896)	6,807

**A** Litigations/ disputes mainly include:

- Provision for disputed statutory matters comprises matters under litigation with Sales Tax and Local authorities.
- The amount of provision made by the Company is based on the estimate made by the Management considering the facts and circumstances of each case.  
To the extent the Company is confident that it may have a strong case that portion is disclosed under contingent liabilities.
- The timing and the amount of cash flows that will arise from these matters will be determined when the matters are settled with respective Appellate Authorities.

**B** Warranty

Provision for warranty is considered based on the rolling average warranty expense incurred in the preceding 12 months, the warranty period for which ranges from 12 months to 24 months as per provisions of the contracts.

**Notes to the financial statements****C Provision for Estimated Cost to complete on Contracts**

A provision for estimated cost to complete on construction contracts is recognized when it is probable that the total contract cost will exceed total contract revenue. The provision shall be utilized as and when the contract gets executed.

**NOTE 36 - EMPLOYEE BENEFIT PLANS****A Defined contribution plans**

The company has recognized the following amounts in the Statement of Profit and Loss for the year.

(Rupees in lakhs)

Sr no	Particulars	31st March 2019	31st March 2018
1	Contribution to employees' superannuation fund	78	83
	<b>Total</b>	<b>78</b>	<b>83</b>

**B Defined benefit plans (gratuity and other retirement benefits)**

The Company also provides for gratuity, covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment

Provident Fund contributions are made to a Trust administered by the Company for its qualifying employees. This defined benefit plans is administered by separate trust that is legally separated from the entity. The board of the trust is required by law and by its trust deed to act in the interest of the fund and of all the relevant stakeholders in the scheme; i.e. active employees, inactive employees, retirees, employers. The board of the fund is responsible for the investment policy with regard to the assets of the fund.

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

Sr. No.	Particulars	31st March 2019	31st March 2018
1	Discount rate	7.55%	7.65%
2	Yield on asset based on the Market Value	8.40%	8.09%
3	Rate considered for actuarial valuation for PF interest shortfall	8.65%	8.65%
4	Salary escalation rate	8.00%	8.00%
5	Mortality rate	Provident Fund and Gratuity : IALM (2006-08) Ultimate Pension : LIC (1996-98) Annuitants	Provident Fund and Gratuity : IALM (2006-08) Ultimate Pension : LIC (1996-98) Annuitants
6	Withdrawal rate	Age Based: Upto 30 years - 11.5% 31 to 44 years - 5.9% 45 to 50 years - 5.5% Above 50 years - 4.5%	Age Based: Upto 30 years - 7% 31 to 44 years - 9.5% 45 to 50 years - 5% Above 50 years - 2.2%
7	Retirement age	60 years	60 years

## Notes to the financial statements

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

Total expense recognised in the statement of Profit and Loss

(Rupees in lakhs)

Sr. No.	Particulars	For the year ended	
		31st March 2019	31st March 2018
1	Current service cost	699	652
2	Past service cost	-	-
3	Net Interest cost	130	128
	<b>Component of defined benefit costs recognised in profit and loss</b>	<b>829</b>	<b>780</b>
4	Remeasurement of defined benefit liability :		
5	Return on plan assets (excluding amounts included in net interest expenses)		
6	Actuarial (gain)/losses arising from changes in demographic assumptions	31	-
7	Actuarial (gain)/losses arising from changes in financial assumptions	63	(378)
8	Actuarial (gain)/losses arising from changes in experience adjustments	40	612
9	Return on plan assets (greater)/less than discount rate	(11)	(71)
10	Adjustments for restriction on defined benefit asset	-	-
	<b>Component of defined benefit costs recognised in other comprehensive income</b>	<b>123</b>	<b>163</b>
	<b>Total</b>	<b>952</b>	<b>943</b>

The current service cost and the net interest expenses for the year are included in 'Employee benefits expense' in the statement of profit and loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

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

(Rupees in lakhs)

Sr. No.	Particulars	For the year ended	
		31st March 2019	31st March 2018
1	Present value of obligation as at beginning of the year	5,730	5,026
2	Current service cost	699	652
3	Interest cost	421	337
	Remeasurement (gains)/losses:		
4	Actuarial (gain)/losses arising from changes in demographic assumptions	31	-
	Actuarial (gain)/losses arising from changes in financial assumptions	63	(378)
	Actuarial (gain)/losses arising from changes in experience adjustments	40	626
5	Curtailed cost/(credit)	-	-
6	Settlement cost/(credit)	-	-
7	Benefits paid	(579)	(519)
8	Acquisition/Divestiture	(27)	(14)
9	Present value of obligation as at end of the year	6,378	5,730

## Notes to the financial statements

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

(Rupees in lakhs)

Sr. No.	Particulars	For the year ended	
		31st March 2019	31st March 2018
1	Fair value of plan assets as at beginning of the year	3,792	3,008
2	Interest income	-	-
3	Remeasurement gain/(loss)	11	85
4	Expected return on plan assets	290	209
5	Employers' contribution	1,058	1,002
6	Benefits payment from plan asset	(556)	(498)
7	Acquisition/ Divestiture	(27)	(14)
8	Fair value of plan assets as at end of the year	4,568	3,792

Amount recognized in the Balance Sheet (for gratuity and other retirement benefits) including a reconciliation of the present value of defined benefit obligation and the fair value of assets.

(Rupees in lakhs)

Sr. No.	Particulars	31st March 2019	31st March 2018
1	Present value of funded obligation	6,378	5,730
2	Fair value of plan assets	4,568	3,792
3	Net liability recognized in the Balance Sheet	1,810	1,938

Amount recognized in the Balance Sheet (for provident fund) including a reconciliation of the present value of defined benefit obligation and the fair value of assets.

(Rupees in lakhs)

Sr. No.	Particulars	31st March 2019	31st March 2018
1	Present value of funded obligation	24,764	21,129
2	Fair value of plan assets	22,593	21,417
3	Net liability	2,171	(288)

Note - Whenever there is a net surplus position in PF valuation, as per the PF trust act, no surplus can be transferred to the Company as it is separate from the Company. The Company would not be accounting for any amount in its books in this position.



**Notes to the 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 above.
- 2 The assumptions used in preparing the sensitivity analysis is  
Discount rate at +100bps and – 100 bps  
Salary escalation rate at +100 bps and -100 bps
- 3 The method used to calculate the liability in these scenarios is by keeping all the other parameters and the data same as in the base liability calculation except for the parameters to be stressed.
- 4 There is no change in the method from the previous period and the points/percentage by which the assumptions are stressed are same as that in the previous year.

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

(Rupees in lakhs)

<b>Discount rate</b>	<b>March 31, 2019 Present value of Obligation</b>	<b>March 31, 2018 Present value of Obligation</b>
a) Discount rate -100 basis point	7,065	6,286
b) Discount rate +100 basis point	5,792	5,254

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

(Rupees in lakhs)

<b>Salary escalation rate</b>	<b>31st March 2019</b>	<b>31st March 2018</b>
a) Salary escalation rate -100 basis point	5,789	5,254
b) Salary escalation rate +100 basis point	7,055	6,279

In presenting the above sensitivity analysis, the present value of the defined benefit obligations has been calculated using Projected Unit Credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the Balance sheet.

**Notes to the financial statements**

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

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

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

The actual return on plan assets is as follows

(Rupees in lakhs)

Sr. No.	Particulars	For the year ended	
		31st March 2019	31st March 2018
a	Actual return on plan assets	302	280

**A note on other risks**

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

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

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

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

**Expected future cash flow of defined benefit obligation:**

(Rupees in lakhs)

Year	Amount
Year -1	439
Year -2	385
Year -3	425
Year -4	474
Year -5	436
Years 6 to 10	2,700

## Notes to the financial statements

## NOTE 37 - FINANCIAL INSTRUMENT

Categories of financial instrument

(Rupees in lakhs)

	31st March 2019	31st March 2018
<b>Financial assets</b>		
Measured at Fair Value through Profit or Loss (FVTPL)		
i) Investment in mutual funds (Basis of Valuation : Level -1 described in Note 2. B )	-	7,777
Measured at amortised cost		
(i) Trade Receivables	52,696	59,966
(ii) Cash and cash equivalents	21,524	38,072
(iii) Bank balances other than (iii) above	100,928	46,071
(iv) Other financials assets		
(a) Deposits against bank guarantee	2,372	1,963
(b) Interest accrued on deposits with banks	1,847	840
(c) Security deposits	1,329	1,588
(d) Earnest money deposits	258	610
(e) Amounts due from customers under construction contracts	48,622	35,039
(f) Unbilled services	2,567	2,299
Measured at Fair Value through Other Comprehensive Income		
(a) Foreign currency forward contracts designated in hedge accounting relationships (Basis of Valuation : Level - 2 described in note 2.B )	302	-
<b>Financial Liabilities</b>		
Measured at amortised cost		
(i) Trade payables		
(A) Trade payables to Micro Small and Medium Enterprise	8,914	1,011
(B) Trade payables others	74,554	76,246
(ii) Other financials Liabilities		
(a) Creditors for capital goods	636	578
(b) Unclaimed dividend	27	24
Measured at Fair Value through Other Comprehensive Income		
(i) Other Financials Liabilities		
(a) Foreign currency forward contracts designated in hedge accounting relationships (Basis of Valuation : Level - 2 described in note 2.B)	-	86

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

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

**Foreign currency risk management**

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

**Unhedged by derivative instruments / or otherwise**

(Rupees in lakhs)

Particulars	31st March 2019	31st March 2018
<b>a) Liability - Trade Creditors</b>		
In GBP	4	4
(Equivalent approximate in Rs.)	356	411
In USD	169	223
(Equivalent approximate in Rs.)	11,718	14,542
In EURO	41	29
(Equivalent approximate in Rs.)	3,215	2,376
In CAD	0	1
(Equivalent approximate in Rs.)	23	52
In AUD	0	1
(Equivalent approximate in Rs.)	12	38
In JPY	81	12
(Equivalent approximate in Rs.)	51	7
In SGD	0	-
(Equivalent approximate in Rs.)	0	-
In CNY	136	110
(Equivalent approximate in Rs.)	1,389	1,134
In CHF	-	0
(Equivalent approximate in Rs.)	-	9
In NOK	0	-
(Equivalent approximate in Rs.)	0	-
In ZAR	-	-
(Equivalent approximate in Rs.)	-	-
In THB	-	2
(Equivalent approximate in Rs.)	-	5

## Notes to the financial statements

Particulars	31st March 2019	31st March 2018
In RUB	1	1
(Equivalent approximate in Rs.)	1	1
In AED	0	0
(Equivalent approximate in Rs.)	1	6
In MYR	-	-
(Equivalent approximate in Rs.)	-	-
In IDR	-	55
(Equivalent approximate in Rs.)	-	0
In BDT	-	14
(Equivalent approximate in Rs.)	-	11
In SAR	3	2
(Equivalent approximate in Rs.)	60	38
In PHP	-	-
(Equivalent approximate in Rs.)	-	-
In DZD	18	5
(Equivalent approximate in Rs.)	11	3
In RON	0	0
(Equivalent approximate in Rs.)	1	1
<b>b) Asset - Trade Receivables</b>		
In GBP	0	0
(Equivalent approximate in Rs.)	44	26
In EURO	10	5
(Equivalent approximate in Rs.)	758	422
In USD	274	274
(Equivalent approximate in Rs.)	18,980	17,879
<b>c) Asset - Bank Balances</b>		
In USD	177	395
(Equivalent approximate in Rs.)	12,224	25,764

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

**Foreign currency exchange rate risk:**

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

**Notes to the financial statements**

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

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

Particulars	As At	Bought / Sold	Currency	Amount in foreign Currency (Lakhs)	Amount in Rs. (Lakhs)
Foreign Exchange Forward contracts	March 31,2019	Sold	USD/INR	152	10,981
	March 31,2018	Sold	USD/INR	236	15,541

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

(Amount in USD lakhs)

	31st March 2019	31st March 2018
Not Later than one month	20	29
Later than one month but not later than three months	18	43
Later than three month but not later than one year	114	164

**Foreign currency sensitivity analysis**

The Company is exposed mainly to the fluctuation in the value of USD and EURO. The following table details the company sensitivity to a 5% increase and decrease in functional currency against the relevant foreign currency. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjust there translation at the period end for a 5 % change in foreign currency rate.

	31st March 2019	31st March 2018
<b>USD Impact</b>		
<b>5% Appreciation in USD</b>		
Impact on profit or loss for the year {Gain/(Loss)}	974	1,457
Impact on total equity as at the end of the year	974	1,457
<b>5% Depreciation in USD</b>		
Impact on profit or loss for the year {Gain/(Loss)}	(974)	(1,457)
Impact on total equity as at the end of the year	(974)	(1,457)
<b>EURO Impact</b>		
<b>5% Appreciation in EURO</b>		
Impact on profit or loss for the year {Gain/(Loss)}	(123)	(85)
Impact on total equity as at the end of the year	(123)	(85)
<b>5% Depreciation in EURO</b>		
Impact on profit or loss for the year {Gain/(Loss)}	123	77
Impact on total equity as at the end of the year	123	77

**Notes to the financial statements****Credit risk management**

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

**Liquidity risk management**

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

**NOTE 38**

As set out in section 135 of the Companies Act, 2013 the Company is required to contribute/ spend Rs. 605 lakhs towards Corporate Social Responsibility activities, as calculated basis 2% of its average net profits of the last three financial years. Accordingly, during the current year, the Company has spent Rs. 605 lakhs (previous year Rs. 469 lakhs).

**NOTE 39**

The financial statements were approved for issue by the board of directors on May 13, 2019. The Board of Directors have recommended dividend of Rs. 45 per equity share for the financial year ended March 31, 2019 (previous year ended March 31, 2018: Rs. 32 per equity share) for approval of shareholders. The face value of the equity share is Rs. 10 each.

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For and on behalf of the Board

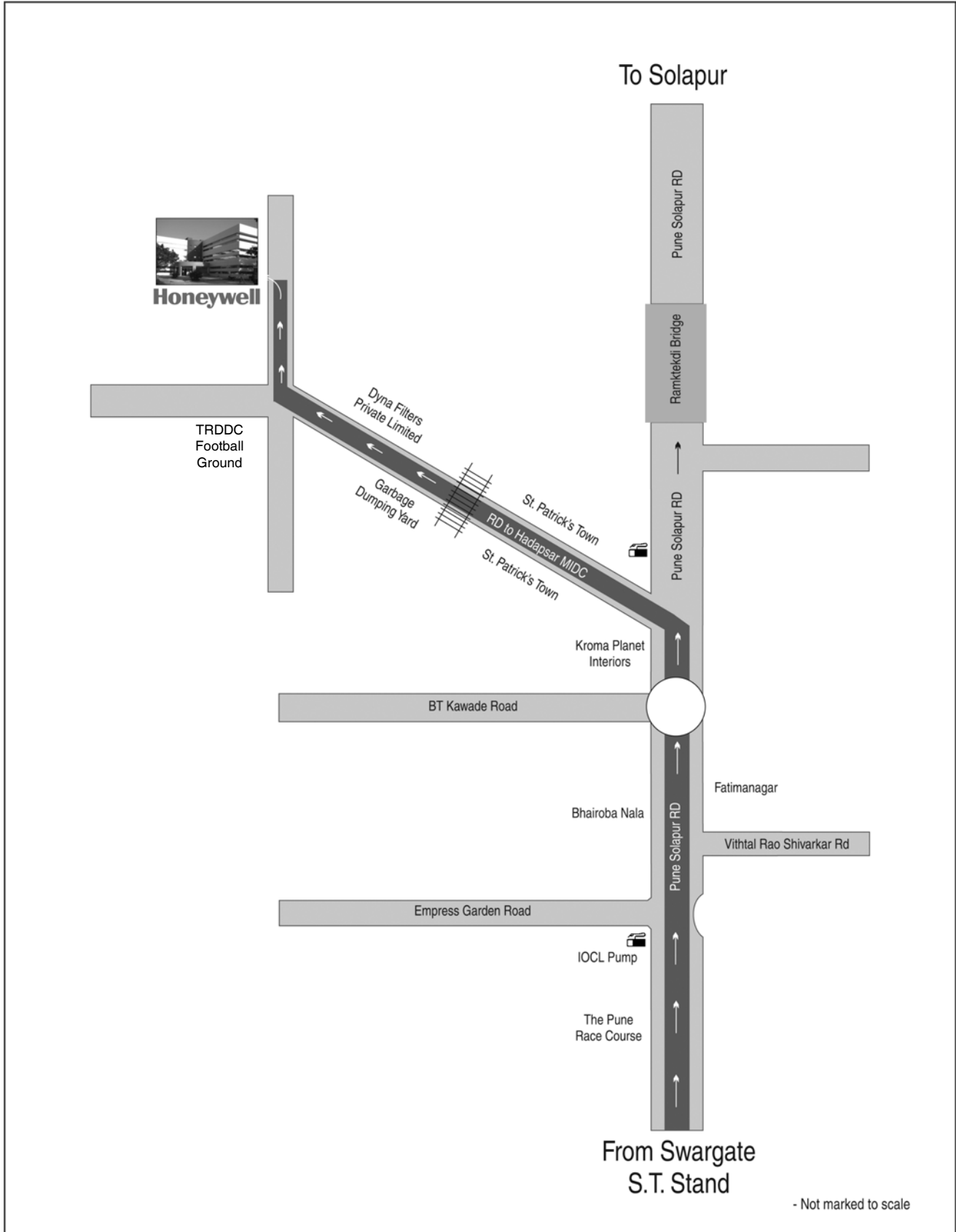
**Suresh Senapaty**  
Chairman

**Ashish Gaikwad**  
Managing Director

**Farah Irani**  
Company Secretary

**Amit Tantia**  
Chief Financial Officer

Place : Pune  
Date : May 13, 2019





**HONEYWELL AUTOMATION INDIA LIMITED**

Registered Office: 56 & 57, Hadapsar Industrial Estate, Pune – 411 013, Maharashtra  
CIN: L29299PN1984PLC017951, Tel: +91 20 6603 9400; Fax: +91 20 6603 9800

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

**CONSENT FOR RECEIVING DOCUMENTS IN ELECTRONIC FORM**

Dear Shareholders,

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

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

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

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

**Honeywell Automation India Limited**

Place: Pune  
Date: May 13, 2019

**Farah Irani**  
Company Secretary

**HONEYWELL AUTOMATION INDIA LIMITED**

Registered Office: 56 & 57, Hadapsar Industrial Estate, Pune – 411 013, Maharashtra  
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**CONSENT FOR RECEIVING DOCUMENTS IN ELECTRONIC FORM**

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

\*Strike out whichever is not applicable.

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

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

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

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

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

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

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









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